

LOCAL MUNICIPALITY

IKAMVA ELIQAQAMBILEYO

ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2024

ABBREVIATIONS:

AIDS:	Acquired Immune Deficiency Syndrome
CDWs:	Community Development Workers
CLARA:	Communal Land Rights Act No. 11 of 2004
CPLW:	Community Participation Liaison Worker
CSS:	Community Satisfaction Survey
CRDP:	Comprehensive Rural Development Programme
CIF:	Capital investment Framework
CMA:	Catchment Management Area
DEDEA:	Department of Economic Development & Environmental Affairs
DoE:	Department of Energy
DEA	Department of Environmental Affairs
DFA:	Development Facilitation Act 67 of 1995
DLGTA:	Department of Local Government and Traditional Affairs
DLTC:	Driving Licence Testing Centre
DM:	District Municipality
DRP:	Disaster Recovery Plan
DWA:	Department of Water Affairs
EC:	Eastern Cape
ECBCP:	Eastern Cape Biodiversity Conservation Plan
ECPSDP:	Eastern Cape Provincial Spatial Development Plan
ECSECC:	Eastern Cape Socio-Economic Consultative Council
ELM:	Elundini Local Municipality
EMF:	Environmental Management Framework
ES:	Ethics Strategy
EXCO:	Executive Committee
FET:	Further Education & Training
GDP:	Gross Domestic Product.
GDS:	Growth and Development Summit
GGP:	Gross Geographic Product.
GIS:	Geographic Information System
HIV:	Human Infected Virus
HSP:	Housing Sector Plans
ICT:	Information and Communication Technology
IDP:	Integrated Development Plan
IGR:	Inter-governmental Relations
ISRDP:	Integrated Sustainable Rural Development Programme
ISDM:	Integrated Service Delivery Model
ITPs:	Integrated Transport Plans
IPILRA:	Interim Protection of Informal Land Rights Act
IDC:	Industrial Development Corporation
IWMP:	Integrated Waste Management Plan
JGDM:	Joe Gqabi District Municipality
JoGEDA:	Joe Gqabi Economic Development Agency
KPA:	Key Performance Area
KPI:	Key Performance Indicator
LDO:	Land Development Objective
LED:	Local Economic Development
LRAD:	Land Redistribution for Agriculture Development
LM:	Local Municipality
LUM:	Land Use Management

MEC:	Member of the Executive Council
MFMA:	Municipal Finance Management Act
MIG:	Municipal Infrastructure Grant
MIMF:	Municipal Integrity Management Framework
MSA:	Municipal Systems Act
MSI:	Mayor's Social Investment
MSIG:	Municipal Systems Improvement Grant
MSP:	Master Systems Plan
MTEF:	Medium Term Expenditure Framework
MTSF:	Medium Term Strategic Framework
MYPE:	Mid-year population estimates
NDP:	National Development Plan, Vision 2030
NEMA:	National Environmental Management Act
NGO:	National Government Organisations
NSDP:	National Spatial Development Perspective
PES:	Poverty Eradication Strategy
PGDP:	Provincial Growth Development Plan
PPPFA:	Preferential Procurement Policy Framework Act
PSDP:	Provincial Spatial Development Plan
PSDF:	Provincial Spatial Development Framework
PGDS:	Provincial Growth Development Strategies
PLAS:	Pro-active Land Acquisition Strategy
PLTF:	Provincial Land Transport Framework
PSF:	Provincial Strategic Framework
RAMS:	Road Asset Management System
RDA:	Rural Development Agency
RDAT:	Rural Development & Agrarian Transformation
RDP:	Reconstruction and Development Programme
RMC:	Risk Management Charter
RMCo:	Risk Management Committee
RR:	Risk Register
RULIV:	Rural Livelihoods
SANRAL:	South African National Road Agency
SAPS:	South African Police Services
SCM:	Supply Chain Management
SDF:	Spatial Development Framework
SEDA:	Small Enterprise Development Agency
SETA:	Sector Education Training Authority
SMME:	Small, Medium & Micro Enterprises
SPLUMA:	Special Planning and Land Use Management Act
SPU:	Special Programmes Unit
STEP:	Sub Tropical Ecosystem Planning Project
TA:	Tribal Authority
VIP:	Ventilated Improved Pit Latrine
VTS:	Vehicle Testing Station
WMA:	Water Management Area
WMP:	Water Management Plan
WSA:	Water Services Authorities
WSDP:	Water Services Development Plan

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1. CHAPTER ONE:

COMPONENT A: Mayor's Foreword

As the Mayor of Elundini Municipality I am honoured to present the annual report which gives an account of what has been done in the 30 June 2024 financial year.

One of the fundamental pillars of a democratic system of government is accountability. In line with this principle and being directed by Section 52(a) of the Municipal Finance Management Act, this report is compiled.
The municipality had identified six key priorities which if achieved or maintained, would help change the plight of our communities for the better. These are Basic Service Delivery, Community Services, Municipal Transformation and Organisational Development, Local Economic Development, Financial Viability and Management, Good Governance and Public Participation.

Despite the challenges in relation to funding, the municipality also developed and approved a budget which provided a plan on how these objectives could be achieved. This was achieved through the involvement and participation of community structures and stakeholders. The municipality has established ward committee structures in all 17 wards, with members drawn from stakeholders within each ward. These ward committees meet quarterly and are a vital link between the ward community and the municipality. The Municipality has also established a quarterly village community meeting system which is a broader and more closer system than the conventional ward community meeting system stipulated in Chapter 4 of the Local Government Municipal Systems Act.
In addition, there is a Mayor's Conversation where the Mayor meet the other stakeholders who, due to the nature of their business, are unable to attend the normal public participation sessions convened during the day. All these platforms have been used to encourage the participation of the communities and stakeholders in the activities of the municipality including commenting on the IDP, budget, other service deliver matters and governance issues
I must, however, state categorically that the historical huge backlog and the geographical terrain of our area where torrential rains and resultant storm water from the mountains normally wash away finished projects and work-in-progress as well as minimal grant funding have again taken a tall on the implementation of projects to achieve these key priorities.

The performance management system adopted by the council provides a mechanism to ensure that milestones in the implementation of the service delivery targets are achieved. The system provide for quarterly reporting and evaluation and identifies poor performances for improvement.
The performance achievements stated on the annual report are a testament to the commitment and resilient efforts of our Council, Administration and community.
In conclusion I wish to thank our community, partnering stakeholders, council, the Speaker, members of the Executive Committee, Management Team and all staff for their unwavering support during the financial year. Your support is really appreciated.

MPS Leteba
MPS Leteba
Mayor

31/01/205
Date

1.1 Executive Summary

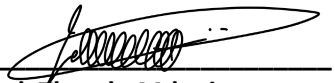
It gives me pleasure to that our municipality, as legislative required, has prepared the annual report for the 2023/2024 financial year.

The municipality convened quarterly IDP Rep Forums where sister departments are invited. In these sessions both the municipality and the sister departments present their plans in this with an aim of consolidating all the plans and presenting a consolidated plan to the IDP Roadshows. During the year under review two IDP Roadshows were conducted per ward with the communities.

Elundini municipality obtained an unqualified audit opinion for the financial year under review. As it is a norm an audit action plan has been developed for implementation with an aim of obtaining better results the following year.
In as far as the financial health of the municipality is concerned, the following summarizes ratios that analyze the situation:-
On **Current ratio** the achievement is 1.2:1 against the norm that is between 1.5:1 and 2:1. This ratio assesses the ability to discharge the short term obligations as they fall due.
On **Cost coverage** the achievement is 1 month against the the norm that is between 1 and 3 months The ratio assesses the period current resources will carry municipality without intervention.
On **Collection rate** the achievement is 93% against the 95% norm. The ratio reflects on collection appetite on debtors.
On **Net debtors days** the achievement is 677 days against the 30 days norm. This ratio measures the number of days revenue is in debtors.
The ratios indicate that the state of financial health of the municipality has, somewhat, declined. Efforts are being done to ensure a turnaround into the foreseeable.

In as far as risk assessment is concerned, as the municipality, we identified top 5 priority areas to be addressed, including the development and implementation of mitigation plans:-
Service delivery. On this risk we decided to conduct independent external review of infrastructure projects processes.
Economic risk. On this risk the municipality is required to allocate implementing agencies for the implementation of the LED programs and LED strategy, and the ongoing implementation of the municipal land use schemes and development of Municipal building control by-laws to improve the building control environment.
Litigation. On this risk we will improve SCM bidding processes through reviewing our bid documents and policies.
Human resources. The Implementation of Attraction and Retention Policy and development of integrated and comprehensive wellness plan was taken as an action to mitigate this risk.
Fraud and corruption. The municipality was to encourage reporting of casting couch through workshops (anti-fraud & corruption) and annual workshops on code of conduct.

A special word of appreciation to the directors, managers and staff of the municipality for always being there and able when a need arises.



Jack Thando Mdeni
Municipal Manager

31/01/2025

Date

1.2 MUNICIPAL OVERVIEW

The Elundini Local municipality provides refuse removal, and electricity as part of basic services. It also provides roads and storm water, Local Economic development, and building regulations to local communities. The detailed list of services provided by the ELM are listed in **appendix D.** Elundini municipality crafted and adopted its development vision, ***"A pioneer for sustainable rural development"***. The vision is driven by the objects of Local Government as entailed in the Constitution of the Republic of South Africa, Act 108 of 1986: Section 152 which prescribes the following as the principal mandates of the Local Government.

(a) To provide democratic and accountable government for local communities.

(b) to ensure the provision of services to communities in a sustainable manner.

(c) to promote social and economic development.

(d) to promote a safe and healthy environment; and

(e) to encourage the involvement of communities and community organisations

in the matters of local government.

The mission statement of the ELM is "To deliver service delivery to the community through good governance and administration".



Municipal Strategic Goals

In order to ensure integrated and focused service delivery between all spheres of government it was important for the Municipality to align its budget priorities with that of national and provincial government. All spheres of government place a high priority on infrastructure development, economic development and job creation, efficient service delivery, poverty alleviation and building sound institutional arrangements. Local priorities were identified as part of the IDP review process which is directly aligned to that of the national and provincial priorities.

2021-2026 Council Term		2024/25MTREF	
1.	Accelerate delivery of reliable basic service and resilient infrastructure.	1.	Accelerate delivery of reliable basic service and resilient infrastructure
2.	Promote economic growth, environment sustainability through job absorbing sectors	2.	Promote economic growth, environment sustainability through job absorbing sectors
3.	Improve the effectiveness of governance administrative and financial systems	3.	Improve the effectiveness of governance administrative and financial systems

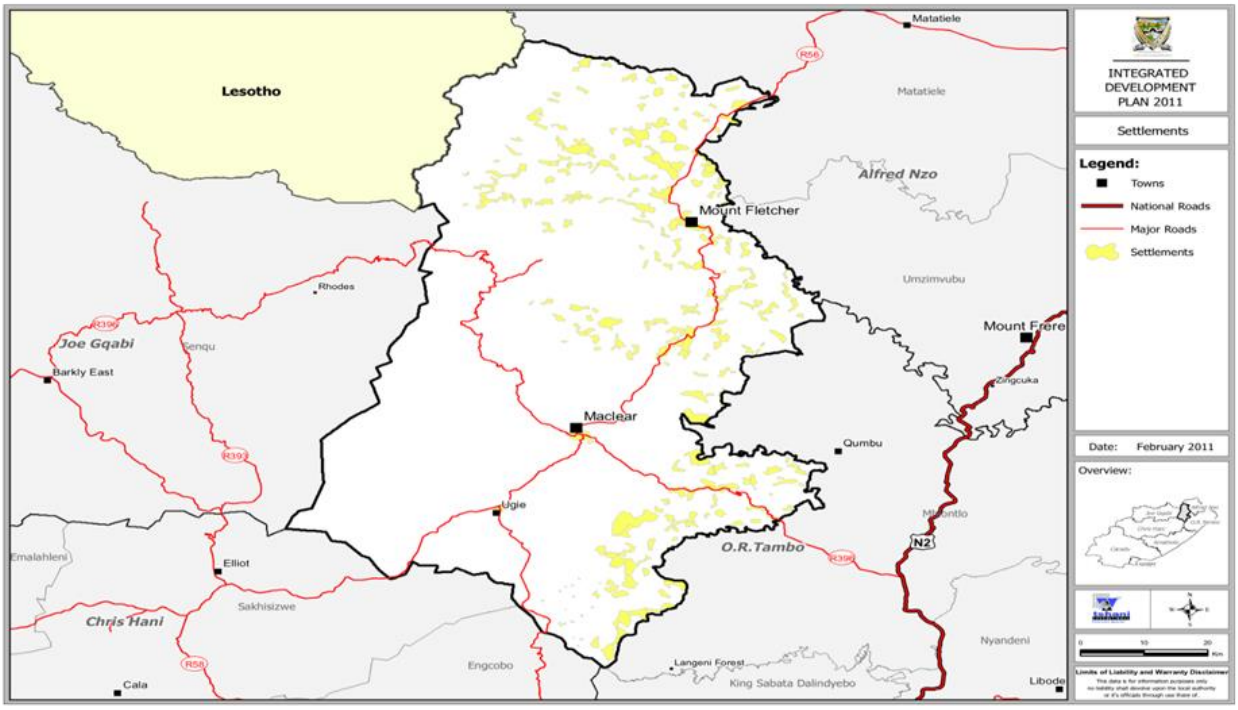
POPULATION STATISTICS

The population of Elundini forms part of the ultimate objective of the development process as well as being subject in the process since demographic processes such as fertility, mortality and migration determine the demographic outcomes such as size, age-sex structure and spatial distributions of the population which affect the functioning of socio-economic processes of land use, labour absorption, consumption and expenditure which in turn define the socio-economic outcomes in terms of income, employment, education, health, housing etc. This analysis will shade some light on the dynamics of the Municipal population, which can then be used to develop strategic interventions. These demographics characteristic analyses the socio-demographic and human settlement characteristics of the Elundini local Municipality.

Elundini Municipality is a Category B municipality located within the Joe Gqabi District in the north-eastern portion of the Eastern Cape Province, the municipality consist of three towns namely, Nqanqarhu, Tlokoeng, and Ugie the ELM is bounded by the Alfred Nzo District in the North, Chris Hani District in the South, OR Tambo District in the East, and Lesotho and Senqu in the West. It is the smallest of three municipalities in the district, making up a quarter of its geographical area (refer to map below).

The map below depicts the geographical area of ELM:

Figure 1: ELM Geographical Area



Source: Elundini IDP 2024/2025

POPULATION SIZE

The municipality covers an area of 5,064 km² and has 17 Wards. According to the recent Census of 2022 released by Stats SA, the Elundini Local Municipality is the second populous municipality in the Joe Gqabi District Municipality. The JGDM total population has increased by 44 375 people from the Census 2011 figures of 348 673 to 393 048 of the Census 2022 and an increase of 20 136 from the CS 2016 figures of 372 912. This represents a 11,0% increase between 2011 and 2022. From the JGDM total population increase, the ELM has seen a significant increase of 3 621 people representing an increase of 2.55% between 2011 and 2022 as compared to an increase of 0, 5% between 2001 and 2011. Between 2022 and 2011, in both the JGDM and the ELM, there is a noticeable increase in the number of households by 3 659 in ELM and 26 823 in the JGDM, both the municipalities have experienced an increase of 9,7% and 27,5% of households respectively as depicted by the table overleaf. Of the total number of households in both the JGDM and Elundini municipalities, there has been an increase in the formal structures where the formal structures in JGDM increased from 69,6% to 86, 1% and on ELM increased from 47,8% to 76, 5%.

The table below depicts the changes in the total numbers of households between JGDM and ELM from 2011, 2016 to 2022:

Table 1: Population Changes

Municipality	2011	2016	2022	% growth			Number of households			
				2001 – 2011	2011 - 2016	2016 - 2022	2011	2016	2022	% Change
JGDM	349 768	372 912	393 048	2.3%	6.2%		95 294	95 107	124 294	27.5%
Elundini	138 141	144 929	141 762	0.5%	4.7%		35 992	35 804	41 210	9.7%

Source: Census 2011, CS 2016 and Census 2022

Distribution of Total Population by Age and Gender

The graph below depicts the distribution of population by age and gender:

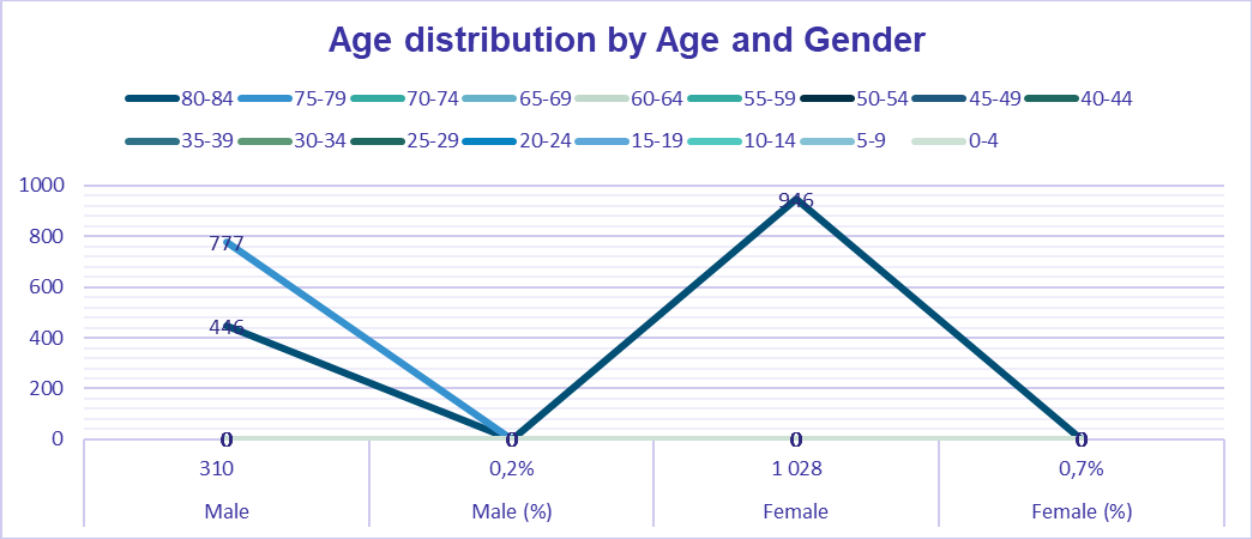


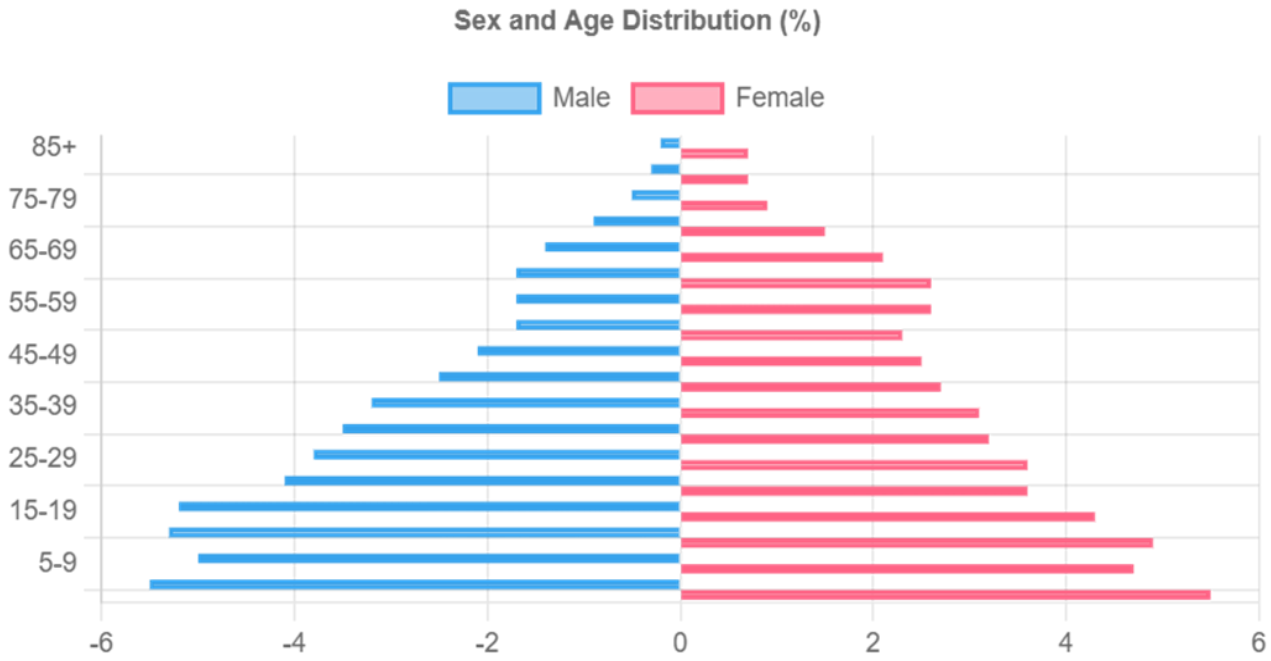
Figure 2: Source: Census 1996, Census 2001, Census 2011, CS 2016 and Census 2022.

Age group	Males	% Males	Females	% Females
85+	310	0.2	1028	0.7
80-84	446	0.3	946	0.7
75-79	777	0.5	1275	0.9
70-74	1334	0.9	2067	1.5
65-69	1919	1.4	2945	2.1
60-64	2349	1.7	3648	2.6
55-59	2344	1.7	3727	2.6
50-54	2457	1.7	3318	2.3
45-49	2932	2.1	3606	2.5
40-44	3588	2.5	3773	2.7
35-39	4506	3.2	4332	3.1
30-34	4918	3.5	4539	3.2
25-29	5357	3.8	5106	3.6
20-24	5755	4.1	5077	3.6
15-19	7385	5.2	6144	4.3

10-14	7498	5.3	6955	4.9
5-9	7109	5	6691	4.7
0-4	7779	5.5	7816	5.5

Although there has been an overall increase of 3,4% in the total population in Elundini, there has been a decrease of 2,5% of the female population and an increase of 2, 5% of the male population between 2011 and 2022. The female population in Elundini makes 51.5% of the total population and males constitute 48,5% of the total population. In terms of the demographic distribution of the Elundini population, a younger population, between the ages of 0-4, comprises the largest population with 15 595 followed by 10-14 with 14 453, 05-09 with 13 800 and 15-19 with 13 529.

The pyramid below provides a clear depiction of age and sex distribution of the ELM population. In terms of the stages of demographic transition model, the ELM pyramid appears to be at the third stage, which shows stationary growth and mortality particularly in the 25 to 75+ years cohorts. It is clear how many people of each age range and sex are found within the municipality. Moreover, the pyramid shows that the population is generally older on average.



1.4. SERVICE DELIVERY OVERVIEW

For the financial year 2023/24, ELM had a total of 23 indicators; Basic Service Delivery had a total of 10 indicators out of the 23 indicators; 7 indicators were achieved, and 3 indicators were not achieved which translated to 70% achievement and 30 % not achieved. Financial Viability had a total of 05 indicators out of 23, and 4 indicators were achieved while 1 was not achieved which accounted for 80% achievement and 20 % under-achievement. Good Governance had 02 indicators; and 2 indicators were achieved which accounted for 100% achievement. Local Economic Development had a total of 04 indicators, 3 indicators were achieved, and 1 indicator was not achieved which translated to 75% of achievement and 25% of under-achievement. Municipal Transformation KPA had 02 indicators, 1 indicator was achieved and 1 was not achieved which translated to 50% achievement and 50% under-achievement.

The municipality performed slightly well compared to the previous financial year, out of 23 indicators a total of 17 indicators were achieved, which accounted for 73.9% of the overall performance. This is a slight improvement from the previous year's performance of 73%. Service delivery challenges for the year under review included: -

- Inadequate capacity of service providers for projects such as training interventions and smart metres
- Poor revenue collection and shortage of debt collection staff
- Inclement weather
- Service delivery protests which led to deviation from planned road maintenance
- Taxi unrests which resulted in the operation of the Municipality being negatively impacted.
- Unreliable power backup and Vandalism of Network Towers leading to unavailability of network connection are affecting the performance of remote backup.
- Unavailability of power backup at Ugie offices Disaster Recovery site
- Budget constraints and cash flow challenges

1.5. FINANCIAL HEALTH OVERVIEW

Financial health refers to the overall well-being of a municipality's financial position. It considers various aspects such as the municipality's liquidity, debt levels and cash flow. By evaluating these factors, you can get a comprehensive picture of the municipality's financial strength and stability.

Current Ratio

The ratio is used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets.

The norm range for this ratio is 1.5:1 as determined by National Treasury in MFMA circular 71.

For the period under review the Municipality's ratio is below the norm range, this is an indication that the municipality will not be able to service its financial obligations in the near future.

Cost Coverage Ratio

This ratio defines the number of months that the municipality based on current available resources would be able to function without any form of revenue being raised. The norm range is 1-3 months. The outcome is within the norm range even though it is on the lowest.

Collection Rate

The ratio indicates the collection rate, i.e., level of payments. It measures increases or decreases in debtors relative to annual revenue collected. The industry norm is 95%. The outcome at year end is below the norm.

Net Debtors Days

The ratio reflects the collection period. Net debtor's days refers to the average number of days required for a municipality to receive payment from its consumers for bills/ invoices issued to them for services. The industry norm is 30 days. The outcome at year end is 677 days and it is above the norm of 30 days.

Summary

The municipality does not have revenue base due to poor collection on arrear debt, it is grant dependent and even the grant is unable to meet all the financial obligations of the municipality. The municipality does not have reserves. The ratios above also indicate that the municipality is not financial stable and healthy.

The solution would be to implement the credit control policy fully, appoint the debt collector and also to implement the cost containment policy.

1.6. ORGANISATIONAL DEVELOPMENT OVERVIEW

ELM's main political and administrative offices are situated in Nqanqarhu with two administrative units in Tlokoeng and Ugie which are headed by their respective unit heads. As part of the IDP process, the Municipality reviewed the Organogram to ensure its alignment to the IDP and Constitutional obligations. As of 30 June 2024, the ELM's reviewed Organogram reflected a total number of 345 positions with 305 funded positions and 278 filled (91.1% filled). The municipality maintained the 8.9% vacancy rate which was also attained in the 2022/23 financial year. The above narration includes senior management positions which were all filled by the end of the 2023/24 financial

The Departmental and Individual Key Performance Areas, Deliverables and Standards are to be formulated and aligned with IDP Objectives.

With effect from July 2019, Individual Performance Management has been cascaded down from Senior Management to TASK Grade 9 and the municipality is implementing an electronic system which starts from the uploading of Signed Annual Performance Agreements and Output Plans by Employees from Senior Management, Middle Management down to TASK Grade 9 employees.

Municipality is implementing performance management as directed by the municipality's policy on PMS as well as the Local Government: Municipal Staff Regulations of 2021 (Reg. 890), which necessitate a feedback driven performance management, which is mainly achieved through formal assessments. In the 2023/24 financial year, the municipality was able to facilitate annual performance assessments for all employees starting from Senior Management, down to TASK Grade 09 employees. The assessments were looking at the performance achieved in the 2022/23 financial year to improve employee, departmental and municipal performance going forward.

2. CHAPTER TWO – GOVERNANCE

2.1. POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1.1. Political Governance

In terms of Section 151 (2) of the Constitution of the Republic of South Africa, 1996, the executive and legislative authority of a municipal council is vested in its municipal council. Section 11 (1) of the Local Government: Municipal Systems Act (Act No 32 of 2000), stipulates that the executive and legislative authority of a municipality is exercised by the council of ELM, and the council takes all the decisions of ELM subject to Section 59. In terms of Section 59 of the Municipal Systems Act, a municipal council must develop a system of delegation that will maximise administrative and operational efficiency and provide for adequate checks and balances and, in accordance with that system, may: -

a) Delegate appropriate powers, excluding a power mentioned in section 160 (2) of the Constitution and the power to set tariffs, to decide to enter into a service delivery agreement in terms of section 76(b) and to approve or amend ELM's integrated development plan, to any of ELM's other political structures, political office bearers, councillors and staff members.
b) Instruct any such political structure, political office bearer, councillor, or staff member to perform any of ELM's duties; and
c) Withdraw any delegation or instruction.

The ELM is a collective executive system combined with a ward participatory system. The original powers of the executive committee are outlined in section 44 of the Local Government: Municipal Structures Act (Act No 117 of 1998). ELM has, in terms of Section 53 of the Municipal Systems Act, defined the role and area of responsibility of each political structure, political office bearer and the municipal manager. In terms of ELM's Policy on Roles and Responsibilities and the Delegation of Power, as well as the delegation's register, Council has devolved certain decision-making powers (apart from those directly assigned by legislation) to the Executive Committee, the Mayor, the Speaker and the Municipal Manager. The Speaker is the chairperson of the municipal council, the Mayor is the chairperson of the Executive Committee and the Municipal Manager is the head of administration. After the Local Government elections that were held in November 2021, the political party composition of the Municipal Council was as follows: -

Table 1: Political Party Representation

Political Party representation	During the year under review	
	Number	% representation
African National Congress	28	82.36
Economic Freedom Fighters	2	5.88
United Democratic Movement	1	2.94
Democratic Alliance	1	2.94
African Transformation Movement	1	2.94
South African Royal Kingdoms Organisation	1	2.94
TOTAL	34	100

The ELM established six (06) Section 80 Committees in line with administrative departments which are referred to as portfolio committees to assist the Executive Committee and they are: -

- Corporate Services Portfolio Committee
- Budget & Treasury Portfolio Committee
- Infrastructure Planning and Development Portfolio Committee
- Planning and Economic Development Portfolio Committee
- Community Services Portfolio Committee
- Strategic Governance Portfolio Committee

These portfolio committees are chaired by members of the Executive Committee. The Executive Committee is the principal committee of the Council. It is the Committee which receives reports from Portfolio Committees of Council and submits these reports together with its recommendations to the Council when it cannot dispose of matters in terms of its delegated authority. All Section 80 Committees were inducted in quarter 3 and quarter 4 on their roles and responsibilities. The following councillors served as members of the Executive Committee during the term under review:

Table 2: Executive Committee Members

Name	Portfolio
Hon Cllr Mamello P.S.S. Leteba	The Mayor and EXCO Chairperson
Hon Cllr Simphiwe Mdoda	Infrastructure Planning and Development
Hon Cllr Mthobeli Siphamla	Planning and Local Economic Development
Hon Cllr Bandile Nqodi	Corporate Services (Whip)
Hon Cllr Lephafa	Budget and Treasury
Hon Cllr Thozama May	Community Services



The Council defined the following roles for the Speaker as the chairperson of the Council (over and above the roles assigned by the Municipal Structures Act): -

- Leader of council in respect of the oversight function.
- Custodian of the interests of the members of the municipal council.
- Politically in charge of the community development workers' program; and
- Responsible for the training and development of ward committees

The ELM has, in terms of its By-laws relating to the Standing Rules and Orders, established the following section 79 committees, inter alia: -

- Audit Committee
- Municipal Public Accounts Committee
- Women Caucus
- Mandate Committee
- Rules Committee
- Members Interests and Ethics Committee

All Section 79 Committees were generally functional but differed from one committee to another. Municipal Public Accounts Committee managed to sit 7 meetings in the financial year under review with more than 1 meeting in quarter 1 and quarter 3. Followed by the member's interest and ethics committee with 3 meetings (quarter 1-3) for the financial year. lastly the Women Caucus sit only 1 meeting (quarter 1). Rules committee and Mandate Committee did not sit for the entire financial year respectively.

Table 6: ***Section 79 Committee members***

Name	Portfolio
Hon Cllr V.V Hokwana	Speaker and Chairperson Rules Committee
Hon Cllr Z. Mampintsha	MPAC Chairperson
Hon Cllr C.L Marrandi	Chairperson Women Caucus
Hon Cllr M. Thokozwayo	Chairperson Mandate Committee
Hon Cllr M. Telile	Chairperson Members interest and Ethics Committee
Hon Cllr M.P.S.S Leteba	Chairperson IDP & Budget Steering Committee

Committee	Quarter 1	Quarter 2	Quarter 3	Quarter 4
MPAC	10 August 2023 26 September 2023	02 November 2023	13 March 2024 19 March 2024 25 March 2024	21 May 2024
RULES COMMITTEE	-	-	-	-
MANDATE COMMITTEE	-	-	-	-
MEMBER'S INTERESTS AND ETHICS	19 September 2023	03 November 2023	26 March 2024	-
WOMAN CAUCUS	20 September 2023	-	-	-

Table 7: ***Section 79 Committee meeting sitting***



Cllr V V Hokwana
Speaker of the Council &
Chairperson of Rules Committee



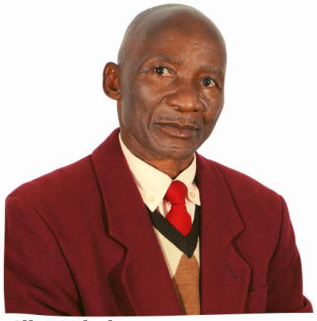
Cllr Z Mampintsha
Chairperson : MPAC



Cllr C L Marrand
Chairperson : Women Caucus



Cllr M Telile
Chairperson : Member's Interest & Ethics Committee



Cllr M Thokozwayo
Chairperson : Mandate Committee

2.1.2. Audit Committee

Name	Portfolio
Mrs. Ntombentsha Mnconywa	Chairperson
Mr. Yongama Madolo	Member
Mr. Rholihlahla Vuzane	Member
Mr. Mxolisi J. Skhosana	Member



Mrs Ntombentsha Mnconywa, CA (SA)
Chairperson - Audit Committee



Mr Yongama Madolo CA (SA)
Audit Committee Member



Mr. Rholihlahla Vuzane, CA (SA)
Audit Committee Member



Mr. Mxolisi J Sikhosana, CA (SA)
Audit Committee Member

2.1.3 Administrative Governance

The ELM's executive management structure consists of the Municipal Manager, appointed in terms of Section 54 (A) of the Local Government: Municipal Systems Act, and five managers appointed by the Municipal Council in terms of Section 56 of the Municipal Systems Act and one non-section 56 senior manager. All these managers are directly accountable to the municipal manager. The macro-organisational structure of ELM, for the year under review, consists of the following departments: -

- Office of the Municipal Manager
- Budget & Treasury
- Community Services
- Corporate Services
- Infrastructure Planning & Development
- Planning & Economic Development

Table 3: Administrative Departments

	NAME	OCCUPATION	DEPARTMENT
1.	Mr. Jack Thando Mdeni	Municipal Manager	Office of the Municipal Manager
2.	Mrs Balisa Mbana-Gantsho	CFO	Budget and Treasury
3.	Mr Siqalo Mrengqwa	Director	Infrastructure Planning & Development
4.	Mrs. Lungiswa Gomana-Kutwana	Director	Community Services
5.	Mrs Ntomboxolo Eddie	Director	Planning and Economic Development
6.	Mr Zibele Xuba	Director	Corporate services

2.1.4 Inter-Governmental Relations

The ELM is represented and participates in various cooperative and intergovernmental forums, through its Mayor and Municipal Manager. At a district level, the mayor is a member of the District Mayor's Forum (DIMAFO) established in terms of sections 24 and 25 of the Intergovernmental Relations Framework Act (Act No 13 of 2005), whilst the Municipal Manager serves in the technical committee/s that support the DIMAFO. At a provincial level, ELM participates directly in the MUNIMEC, which is a meeting of the provincial government of the Eastern Cape with all the Mayors of the province, which is convened by the MEC for Local Government and Traditional Affairs. These meetings sit Quarterly and are preceded by the Technical MUNIMEC at which the Superintendent General of Department of Cooperative Governance and Traditional Affairs convenes all the Municipal Managers of the province to discuss service delivery and cooperative governance matters. At a local level the ELM has convened four (04) IDP & Budget Representative Fora that discussed, among other things, the review and adoption of IDP and budget and other related service delivery issues. Other local IGR platforms that were coordinated effectively by their relevant municipal departments were Local Communicators' Forum and Local AIDS Council to share service delivery information and progress.

The Local Initiation Forum was established in terms of the Eastern Cape Male Circumcision Act which aims to provide guidance to eliminate mortality during male circumcision in the province. The main aim of the forum is to eliminate death during initiation seasons. The membership of the forum includes Dept. of health, Education, House of traditional leaders, NGOs, SAPS, Traditional Nurses and Traditional Surgeons, Elundini Local Municipality and working committees established per traditional council. The forum met numerous times during the year to prepare for the winter season, evaluate the winter season, plan for the summer season, evaluate the summer season and as and when there was need to meet. The forum reported to the District Initiation Forum and the Elundini Local Municipality Council was reported to through the office of the Speaker. The forum made presentations to increase awareness at the Quarterly meetings of the IDP and Local Communicators 'Forum

2.1.5 Public Accountability and Participation

The ELM is enjoined by Section 152 of the Constitution of the Republic of South Africa, 1996, to, inter alia: -

- Provide democratic and accountable government to the local community
- Ensure the provision of services to communities in a sustainable manner
- Promote social and economic development

- Promote safe and healthy environment, and
- Encourage the involvement of communities and community organisations in the matters of local government.

2.1.6 Public Meetings

2.1.6.1 Ward-Based Planning Stakeholder Meetings

Ward-based planning is a form of participatory planning which is linked with Integrated Development Plan (IDP). Ward-based planning is aimed at empowering communities to interact and engage with appropriate socio-economic development interventions including poverty reduction in their communities. The municipality developed ward-based plans with the communities in 2017 as the five-year plan intended to improve lives of citizens of the municipal area. These plans were reviewed with the 2022-2023 IDP & Budget and will be effective up until the end of the term of the current administration which is 2022-2027. As a support mechanism to communities towards implementation of ward-based plans, during the year under review the municipality performed and completed four deliverables in line with the project plan which were the following: -

(a) Prioritization and identification of short- and long-term projects in each ward and their impact to the lives of communities.
(b) Resource mapping (Linking of ward representatives for guidance and support purposes with knowledgeable service providers who have expertise relevant to priorities of the wards)
(c) Establishment of ward task team
(d) Business Plan development support

2.1.6.2 Public Participation Events

ELM supported other public participation events that were hosted within Elundini area of jurisdiction by the municipality and other public bodies such as Independent Electoral Commission; Eastern Cape Provincial Legislature; Joe Gqabi District Municipality; Joe Gqabi Development Agency; etc. The table below shows other public participation events that were supported. These events included Mayor's Conversation with Traditional leadership; Local Initiation Forum; Voter registration; Taking Legislature to the People; Public Hearings; HIV/AIDS Awareness Campaign; District Moral Movement; IDP Representative Forum; Petition Management Community Engagements.

2.1.6.3 Public Participation Meetings

The table below depicts the list of public meetings that were held by ELM during the year under review.

Table 4 : Public Meetings

Nature of meetings	Date & Venue of Events	No of Councillors	No of Municipal Administrators	No of Sector Departments Officials	No of Community Members	No. of Traditional Leaders	No. of Community Development Workers
IDP/Budget Outreach – Ward 1	23 April 2023 Ncembu Pay-point	2	5	0	118	2	0
IDP/Budget Outreach – Ward 2	30 April 2024 Ntokozweni Comm Hall	4	7	0	28	0	1
IDP/Budget Outreach – Ward 3	23 April 2024 Sonwabile Comm Hall	2	5	1	29	0	0
IDP/Budget Outreach – Ward 4	25 April 2024 Lower Tsitsana Comm Hall	5	4	3	134	1	1
IDP/Budget Outreach – Ward 5	30 April 2024 Hopedale	3	13	6	186	0	0
IDP/Budget Outreach – Ward 6	23 April 2024 Lower Sinxako JSS	3	2	0	74	1	0
IDP/Budget Outreach – Ward 7	23 April 2024 Etyeni JSS	3	5	1	66	0	1
IDP/Budget Outreach – Ward 8	23 April 2024 Mfanta	3	3	0	30	0	0
IDP/Budget Outreach – Ward 9	19 April 2024 Tlokoeng T/H	4	11	0	1	0	0
IDP/Budget Outreach – Ward 10	16 April 2024 Ezingonyameni Tribal Authority	1	3	0	57	0	0
IDP/Budget Outreach – Ward 11	02 May 2024 Fletcherville JSS	4	7	0	51	0	0
IDP/Budget Outreach – Ward 12	19 April 2024 Mangoloaneng Paypoint	2	2	0	46	0	1
IDP/Budget Outreach – Ward 13	19 April 2024 Mohoabatsane Comm Hall	2	4	0	103		1

IDP/Budget Outreach – Ward 14	19 April 2024 Bethania	3	4	2	60	0	1
IDP/Budget Outreach – Ward 15	19 April 2024 Hillgate	4	13	4	50	3	0
IDP/Budget Outreach – Ward 16	25 April 2024 Hlankomo	3	5	3	139	0	1
IDP/Budget Outreach – Ward 17	25 April 2024 Mbidlana	4	5	5	138	1	1
Ward 1 Committee (Q 1)	21 September 2023 Ncembu Pay-point	2	1	0	8	0	1
Ward 1 Committee (Q 2)	20 November 2023 Ncembu Pay-point	2	1	0	8	0	1
Ward 1 Committee (Q 3)	7 March 2024 Ncembu Pay-point	1	1	0	7	0	1
Ward 1 Committee (Q 4)	13 June 2024 Ncembu Pay-point	1	1	0	8	0	0
Ward 2 Committee (Q 1)	18 September 2023 Ntokozweni Comm Hall	1	1	0	10	0	0
Ward 2 Committee (Q 2)	17 November 2023 Ntokozweni Comm Hall	1	1	0	6	0	0
Ward 2 Committee (Q 3)	8 March 2024 Ntokozweni Comm Hall	2	1	0	10	0	1
Ward 2 Committee (Q 4)	18 September 2023 Ntokozweni Comm Hall	1	1	0	9	0	0
Ward 3 Committee (Q 1)	14 September 2023 Municipal offices	1	1	0	7	0	0
Ward 3 Committee (Q 2)	24 November 2023 Municipal offices	1	1	0	8	0	0
Ward 3 Committee (Q 3)	1 March 2024 Municipal offices	1	1	0	8	0	0
Ward 3 Committee (Q 4)	14 September 2023 Municipal offices	2	1	0	7	0	0
Ward 4 Committee (Q 1)	19 September 2023 Lower Tsitsana Comm Hall	2	1	0	10	0	1
Ward 4 Committee (Q 2)	20 November 2023 Lower Tsitsana Comm	1	1	0	6	0	1

	Hall						
Ward 4 Committee (Q 3)	6 March 2024 Lower Tsitsana Comm Hall	1	1	0	10	0	1
Ward 4 Committee (Q 4)	4 June 2024 Lower Tsitsana Comm Hall	1	1	0	10	0	1
Ward 5 Committee (Q 1)	26 September 2023 Hopedale	1	1	0	10	0	0
Ward 5 Committee (Q 2)	27 November 2023 Hopedale	1	1	0	10	0	0
Ward 5 Committee (Q 3)	01 March 2024 Hopedale	1	1	0	10	0	0
Ward 5 Committee (Q 4)	3 June 2024 Hopedale	1	1	0	10	0	0
Ward 6 Committee (Q 1)	25 September 2023 Ngxotho JSS	1	1	0	8	0	1
Ward 6 Committee (Q 2)	1 December 2023 Ngxotho JSS	1	1	0	6	0	0
Ward 6 Committee (Q 3)	15 March 2024 Qurana	1	1	0	8	0	0
Ward 6 Committee (Q 4)	7 June 2024 Ngxotho JSS	1	1	0	8	0	0
Ward 7 Committee (Q 1)	15 September 2023 Hlangalane	1	1	0	7	0	1
Ward 7 Committee (Q 2)	23 November 2023 Hlangalane	1	1	0	6	0	0
Ward 7 Committee (Q 3)	22 February 2024 Khohlopong	1	1	0	7	0	1
Ward 7 Committee (Q 4)	13 June 2024 Gamakhulu	1	1	0	7	0	0
Ward 8 Committee (Q 1)	19 September 2023 Umfanta	1	1	0	7	0	1
Ward 8 Committee (Q 2)	4 December 2023	1	1	0	6	0	0
Ward 8 Committee (Q 3)	25 March 2024 Lithoteng	1	1		9	0	1

Ward 8 Committee (Q 4)	06 June 2024 Lithoteng	1	1	0	6	0	0
Ward 9 Committee (Q 1)	13 September 2023 Tlokoeng Town Hall	1	1	0	5	0	0
Ward 9 Committee (Q 2)	4 December 2023 Tlokoeng Town Hall	1	1	0	6	0	0
Ward 9 Committee (Q 3)	26 February 2024 Tlokoeng Town Hall	1	1	0	6	0	1
Ward 9 Committee (Q 4)	10 June 2024 Tlokoeng Town Hall	1	1	0	6	0	0
Ward 10 Committee (Q 1)	18 September 2023 Silindini School	1	1	0	9	0	1
Ward 10 Committee (Q 2)	15 November 2023 Westhoek	1	1	0	7	0	1
Ward 10 Committee (Q 3)	07 March 2024 Ezingonyameni T/ Authority	1	1	0	9	0	0
Ward 10 Committee (Q 4)	5 June 2024 Xaxazana School	1	1	0	10	0	0
Ward 11 Committee (Q 1)	19 September 2023 Tinana SSS	1	1	0	9	0	0
Ward 11 Committee (Q 2)	23 November 2023 Dengwane SPS	1	1	0	6	0	0
Ward 11 Committee (Q 3)	13 March 2024 Tinana School	1	1	0	7	0	0
Ward 11 Committee (Q 4)	18 June 2024 Fletcherville	1	1	0	9	0	0
Ward 12 Committee (Q 1)	25 September 2023 Mangoloaneng Pay-point	1	1	0	8	0	1
Ward 12 Committee (Q 2)	28 November 2023 Kinira Poort	1	1	0	7	0	1
Ward 12 Committee (Q 3)	6 March 2024 Mangoloaneng Pay-point	1	1	0	9	0	0
Ward 12 Committee (Q 4)	10 June 2024 Kinira Poort	1	1	0	9	0	1

Ward 13 Committee (Q 1)	8 September 2023 Mohoabatsane Comm Hall	2	1	0	8	0	1
Ward 13 Committee (Q 2)	10 November 2023 Mohoabatsane Comm Hall	1	1	0	10	0	0
Ward 13 Committee (Q 3)	23 February 2024 Mohoabatsane Comm Hall	1	1	0	10	0	0
Ward 13 Committee (Q 4)	7 June 2024 Mohoabatsane Comm Hall	1	1	0	7	0	0
Ward 14 Committee (Q 1)	20 September 2023 Lehana's Pass	1	2	0	10	0	1
Ward 14 Committee (Q 2)	16 November 2023 Thabakhubedu	2	1	0	8	0	1
Ward 14 Committee (Q 3)	1 March 2024 Bethania Comm Hall	1	1	0	10	0	1
Ward 14 Committee (Q 4)	7 June 2024 Vuvu Pay-point	1	1	0	9	0	1
Ward 15 Committee (Q 1)	8 September 2023 Mohoabatsane Comm Hall	1	1	0	5	0	0
Ward 15 Committee (Q 2)	21 November 2023 Hillgate	1	1	0	8	0	0
Ward 15 Committee (Q 3)	22 March 2024 Hillgate	1	1	0	10	0	0
Ward 15 Committee (Q 4)	10 June 2024 Hillgate	1	1	0	9	0	0
Ward 16 Committee (Q 1)	20 September 2023 Lubalweni	1	1	0	10	0	1
Ward 16 Committee (Q 2)	1 December 2023 Lubalweni	2	1	0	9	0	0
Ward 16 Committee (Q 3)	12 February 2024 Zwelitsha	1	1	0	9	0	1
Ward 16 Committee (Q 4)	4 June 2024 Chavy-chase	1	1	0	9	0	1

Ward 17 Committee (Q 1)	14 September 2023 Bhodi	1	1	0	8	0	1
Ward 17 Committee (Q 2)	24 November 2023 Bhodi	1	1	0	7	0	0
Ward 17 Committee (Q 3)	29 February 2024 Bhodi	2	1	0	7	0	1
Ward 17 Committee (Q 4)	11 June 2024 Bhodi	1	1	0	6	0	0

2.2 IDP Participation and Alignment

The table below depicts the alignment of the IDP participation process:

Table 5: IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does ELM have impact, outcome, input, output indicators?	No, ELM only has output indicators
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes

2.3 CORPORATE GOVERNANCE

The scope of corporate governance in the context of this report is legal services, risk management, fraud and corruption, communication, customer care and supply chain management. Other governance issues are already dealt with in the components above.

2.3.1 Legal Services

Legal services include provision of legal advisory services to the municipality; litigation management; vetting of contracts and other legal documents; review and development of municipal by-laws and legal compliance. For the greater part of the year under review, the municipality relied primarily on external legal practitioners to provide legal services within the framework of a panel of attorneys. The vacancy in the Legal services position was filled in the third Quarter of the year under review.

2.3.1.1 By-Laws

There were eight (10) by-laws that were reviewed for the year under-review by Community Services and Planning and Economic Development These by-laws were: -

- Street Trading By-Law
- Liquor Regulatory By-Law
- Fire Safety By-law

- Gathering By-Law
- Cemetery & Crematorium By-Law
- Waste Management By-Law
- Keeping of Animals By-Law
- Pound Management By-Law
- Building control By-Law
- Street trading by -Law

The table below illustrates the number of by-laws reviewed and processes that still need to be followed until the by-laws are gazetted and published.

Table 6: Development & Review of By-Laws

Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazette* (Yes/No)	Date of Publication
00	10	No. By-Laws were only submitted to the Council for noting and consideration before public participation. By-Laws were taken to communities for public participation, consultation and soliciting inputs from the public.	08August 2023(Ugie) 10 Augsust2023 & 10 April 2024 (Tlokoeng, deferred) 11August 2023(Nqanqarhu)	No	Not yet applicable

2.3.1.2 Cases

For the financial year 2023/2024 Municipality had a total number of 15 legal matters. The table below depicts the number of cases the municipality had for the year under review.

Table 7: Cases

Table 15 Cases	Parties	Case Number	Municipal Attorney	Particulars Of the matter	Claim Amount	Status/ Progress
1	MANXIWA GROUP // ELUNDINI LOCAL MUNICIPALITY		Internally handled	The municipality invited bidders for bid No: ELM-3/005/2020-2021 Manxiwa Group is one of the	N/A	They were furnished with the form for formal request in terms of PAIA manual. Copies for the requested

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				bidders who submitted tender documents for the bid and their bid offer was unsuccessful. They then lodged an appeal after receipt of letter informing them that their bid offer was unsuccessful. After receiving their response that the appeal was unsuccessful, they then made a request for access to information, requesting Manxiwa group bid document and adjudication report		information were made available and are awaiting their proof of payment for access fee. They were informed that they will have to pay access fee of R35.00 and request fee for R140.40. The case is Dormant.
2	XOLISWA T, RWEXANA // ELUNDINI LOCAL MUNICIPALITY	3170/2019	Magqabi Seth Zitha Attorneys	Plaintiff is claiming from the municipality an amount of R3, 035, 000.00 in respect of injuries she allegedly suffered after	R3 035 000.00	The matter has not moved since July 2023, due to the Plaintiffs attorney's that had failed to comply with Rules of the Court in respect of carrying

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				she allegedly fell into a trench that was left uncovered at night where roadworks was being carried out at Back Street, Tlokoeng.		a Joinder of the independent contractor as a co-defendant in this matter. It remains their prerogative to take the matter further.
3	ELUNDINI LOCAL MUNICIPALITY // UNCEDA TAXIE ASSIATION (UGIE)	2189/2020	Gwabeni Inc	The Municipality appointed the attorney to lodge an application for Eviction proceedings against Uncedo Taxi Association in respect of Erf. 442, Ugie for illegal occupation of municipal property	None	The matter was lost on a technicality. The matter is going to be started afresh after the appointment of the panel of attorneys.
4	COUNTERPOINT TRADING // ELUNDINI LOCAL MUNICIPALITY		Mgxaji Incorporated	The Municipality terminated the contract of Counterpoint trade as a result of non-performance in March 2014. The Municipality thereafter received	R1 250 000.00	The Matter is ready for trail and the attorneys are waiting for the allocation of a trial date. The Attorneys are not co-operating on providing progress report.

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				summons from their attorney's claiming loss of profit as a result of the termination		
5	NANGAMSO CIVILS //ELM	4279/2016	Joubert Gaplin Searle	Summons were received for the claim of additional services rendered (LEHANA TO UPPER TOKWANA)	R961 155.60	Matter was withdrawn in court by the Plaintiff, and they were to pay legal cost of the Municipality. Cost consultant was appointed for the Municipality to have its bills of cost prepared and then taxed so that Municipality can request payment from the plaintiff. A request for confirmation of receipt of payment has been made, upon receipt the matter will be removed from the register.
6	ELUNDINI LOCAL MUNICIPALITY// MARAWU	N/A	Magqabi Seth Zitha Attorneys	The Municipality identified a Building Regulations contravention in Erf 466 Ugie for the Building which have not	None	A notice was served in December 2020, on behalf of the Municipality by the attorneys instructing Marawu to comply by submitting "as

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				been constructed in compliance with the legislation. Correspondence has been issued dating back from 2018 on contraventions relating to the National Building Regulations. On record, construction was noted on the site on 14 May 2018. As a result, a noncompliance notice was issued and received (and signed) by a representative of the owner on 29 May 2018. The matter highlighted in the notice of non-compliance was that the owner had proceeded with construction works without submitting a building plan application.		Built" building plans within 21 days. 21 days lapsed and there was no response received. As per the Council resolution the Attorney was instructed to serve another demand to the property owner seeking her action within a specified period of time and indeed the letter was served by the sheriff on the 04th day of March 2021. The time having elapsed without the property owner having acted in terms of the correspondence from the attorney, the attorney requested instruction from the Municipality to proceed with an application for a demolition order for erf 466 Ugie. A report was drafted for exco and the Council to recommend and take a decision on

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				The owner was advised to stop with the works and proceed with the necessary application process. The owner did not respond to this request. Following further inspection in the area, it transpired that the works had only been suspended, because on inspection on 03 April 2019, it was noted that further work has been done on the site and the flats were ready for occupation. The owner was contacted to ensure rectification of the works which had been done in contravention of the National Building Regulations. She was further		this matter. We are planning to resubmit the report for EXCO and the Council to recommend and take a resolution on this matter. So that we may procced to seek Court Order for demolition or the matter be closed and be removed from the register.

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				advised to provide confirmation that all the necessary approvals for construction had been done by a registered Professional Engineer and that there are built drawings and certificates of approval be submitted so that she could be provided with a building permit. But still there was no response.		
7	WIKUS VAN RENSBURG ATTORNEYS//ELUNDINI LOCAL MUNICIPALITY	62/2019	Clark Laing Inc	Summons were received for a Claim for fees for professional services rendered to the Municipality. The Municipality felt that the fees were excessive and requested that their bill be subjected to	R103 370.10	The matter has been settled, a request for confirmation of Payment has been submitted. Upon receipt the matter will be removed from the register.

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				taxation.		
8	ELUNDINI LOCAL MUNICIPALITY. COMMUNITY TRUST	N/A	Clark Laing Inc	Investigation into current status of the trust and revival of the business established in terms of the new trust to be established	None	The Matter was Finalised, A request of the Final report with recommendations, have been requested from the user department, once received the matter will be removed from the register.
9	SMAFIKA AND OTHERS //ELUNDINI LOCAL MUNICIPALITY	398 /2023	T.L Luzipho Attorneys	The Municipality had an agreement for the provision of electricity to the property known as Erf 3488 Maclear, with Ms. Nosipho Flora Nyezi (Ms. Nyezi) as the owner of the property. Ms Nyezi gave notice of termination of services rendered by the municipality and requested	N/A	Application for leave to appeal in respect of this matter has since been dismissed with costs by Hight Court. The applicants if they still want to pursue this matter, they are to approach the Supreme Court of Appeal for special leave to appeal. The Applicants approached Supreme Court of appeal, for a special leave to

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
				to pay all the dues owed to the municipality for services rendered hereto in the property. After the necessary due consideration was given the electricity supply to the property was disconnected. As a result of the disconnection, the occupiers launched an application to force the Municipality to reconnect the municipality, at the time of notice of termination the municipality was not aware of who resided and/or, was residing in the property.		appeal, we have prepared answering Affidavit on the matter as we want the SCA to Dismiss their application for leave to appeal.

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
10	BASSIE TRAVEL // ELUNDINI LOCAL MUNICIPALITY	RC204/2020	Gwabeni Inc	The Municipality received summons from the plaintiff claiming an amount of R268 271.71 for alleged non-payment of services rendered by the plaintiff.	R268 271.71	The matter is settled, we have requested the Court order that dismissed the case, once received the matter will be removed from the register.
11	ELUNDINI LOCAL MUNICIPALITY// VARIOUS MUNICIPAL LAND INVADORS		T.L Luzipho Attorneys	These are evictions proceedings against various land invaders in Mount Fletcher. Municipality launched Application for Interim Relief to prohibit the continued unlawful land invasion	None	The Court order was granted in favour of the municipality and was served to the respondents. A Court Order is requested for this matter, once received the matter will be removed from the register.
12	NKAOLISE JOSEPH JAKIE// ELUNDINI LOCAL MUNICIPALITY		Makade incorporated	The Plaintiff's claim is for damages resulting from alleged unlawful confiscation of his driving licence by the municipal traffic police.	R 800 000.	The matter is currently defended, and the municipality's attorneys of record have filed all the necessary pleadings and answering Affidavit and Plaintiff's attorneys have

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
						replied to the answering affidavit but have not yet set down the matter for hearing on the opposed motion roll.
13	SPSCA Mt Fletcher// ELUNDINI LOCAL MUNICIPALITY		Mbabane Maswazi Inc	The SPCA opened a case against municipal employees and security guard for cruelty to animals	None	Matter has been finalised the prosecution has since withdrawn the charges.
14	DIRK MARINUS VAN STADEN//MINISTER OF POLICE AND OTHERS		Tonise Attorneys	The plaintiff is claiming for damages arising from an alleged unlawful arrest by Municipal Officials	R 200 000.00	The Municipality is defending the matter as the Municipality was not involved in the arrest. The arrest was made by provincial Traffic Officers. The plaintiff served the municipality with notice to discover information where they requested the particulars of certain officials, which the municipality responded and informed the plaintiff's representatives, of

Table 15 Cases	**Parties**	**Case Number**	**Municipal Attorney**	**Particulars Of the matter**	**Claim Amount**	**Status/ Progress**
						the fact that municipality have no record of the information requested.
15	ELUNDINI LOCAL MUNICIPALITY// SIMPHIWE MNYUKWANA AND OTHERS, MUNICIPAL LAND INVADORS.	1012/2024	T.L Luzipho Attorneys	The Municipality launched an urgent application in High Court to restrain the respondents from demarcating and allocating sites and plots in two immovable properties which are owned by the municipality in UGIE	N/A	The matter was heard in the High Court and the respondents requested that the matter be postponed so that they may get legal representation to defend them. The matter was postponed and rescheduled to be heard on the 26 March 2024, where the court granted the order in favour of the municipality for Part A. Part B is on a Trial Stage rolled in the opposed Court Roll.

2.3.1.3 Contingent Liability

Contingent liability is a potential financial obligation that may arise depending on the outcome of a Court with regards to litigation that involves claims. . It's not guaranteed but could become a liability if pending lawsuits are granted in favour of the plaintiff the municipality will be ordered to pay the amount claimed with costs in terms of the principle that cost follows the cause. The table below show

the summary of litigation matters, contingent liability and payments made to the legal practitioners during 2023/2024 financial year.

LITIGATION TREND	NUMBER OF CASES PER CATEGORY	CONTINGENT LIABILTY	PAYMENTS MADE TO THE LEGAL PRACTITIONERS
Compliance related	1	R 0.00	R 117500.
Contractual and SCM related	5	R 4010439.5	R 202947.43
HR and Labour related	1	R0.00	R 146515,13
Public liability (MVA, bodily injuries, unlawful arrests etc)	3	R 3051595.13	R 0.00
Immovable property related (land use management, evictions, invasions, unlawful demolition etc)	1	R0.00	R 442336.09
General damages	1	R0.00	R 0.00
Other (specify)	0	R 0.00	R 0.00
TOTAL	14	R 7062033.63	R 909298.65

2.3.1.4 Legal Compliance

The legal Compliance report amongst other things, directs, oversee compliance by the municipality to legislation governing access to information and confidentiality of people's information held by the Municipality by guiding departments on the procedure to be followed on matters referred through PAJA, Consumer protection Act, PAIA and POPI and provide responses on behalf of the Municipality. For the financial year 2023/2024 Municipality had a total number of 4 legal compliance matters. The table below depicts the number of legal compliance matters that the municipality had for the year under review.

2.3.1.5 Contract vetting.

COMPLAINCE FUNCTIONS	NO OF MATTERS INHERITED FROM 2022/2023	NUMBER OF NEW MATTERS REGISTRED DURING 2023/2024	NUMBER OF MATTRRS FINALISED DURING 2023/2024	NO OF PENDING MATTERS
`PAJA related	0	0	0	0
Consumer Protection Act related	1	0	0	1
Public Protector related Act	0	1	0	1
PAIA related	0	1	0	1
POPI related	0	0	0	0
Financial Misconduct related	1	0	0	1
Total	2	2	0	4

The Legal Service and Compliance Unit conducts contract vetting which is the process of reviewing and analysing a contract to ensure that its terms are fair, clear, and legally sound. This involves checking for potential risks, ambiguities, or unfavourable conditions, and ensuring compliance with relevant laws and regulations. The goal is to protect the interests of the municipality involved and avoid future disputes.

QUATERS	CONTRACTS VETTED
Quarter 1	-
Quarter 2	-
Quarter 3	9
Quarter 4	10
Total	19

2.3.2 Risk Management

The municipality has strategic risk register and departmental operational risk registers, which were working documents. The strategic risk register had twelve risks, the reporting and submission of evidence was partially done on the system with few departments still using the excel spreadsheet to report and email to send evidence.

The strategic risk register has twelve risks, with one emerging risk on the strategic risk register under the Office of The Municipal Manager (legal and compliance unit).

The departmental operational risk registers: from all six departments were working documents and submitted quarterly to the risk management unit. However, the system needs a manual intervention when reporting or drawing reports, when conducting an assurance this includes when users are capturing and saving information on the system.

As per the approved municipal calendar, in the month of May 2024 the municipality requested facilitation services from the Department of Cooperative Governance & Traditional Affairs (COGTA). The workshop took place on the 16th and 17th May 2024, where risk committee members and standing invitees attended the workshop and participated in the process of risk identification. The workshop was facilitated by COGTA and Provincial Treasury. The workshop was over a period of two days with the outcome of a draft strategic risk register 2024/2025 financial year. The process used was identifying municipal strategic objectives and using them as a basis for risk identification. In finalising the strategic risk register the methodology used was the one in the adopted risk management policy in terms of risk impact, likelihood inherent risk exposure and residual risk exposure. Furthermore, the departmental operational risk registers 2024/2025 were completed on the 16 August 2024. The municipal departments have appointed risk champions as from 2024/2025 first quarter the risk champions will be doing the reporting to the risk management unit onwards.

2.3.3 Anti-Fraud & Corruption

ELM has anti-fraud & corruption anonymous hotline facility which is administered by Deloitte to report fraud and corruption cases anonymously. ELM receives reports on a monthly bases with regards to cases of fraud and corruption. The municipality maintains the anti-fraud register, for the quarter under review there were no new cases reported on the anonymous hotline (Deloitte) and in person. There were no new cases for the fourth quarter except for existing cases that were already reported in Quarter 3. The municipality's anonymous tips off facility to register such unethical conduct is as follows: -

- Anonymous hotline: 0800 117 844
- Free fax: 0800 007 788

- SMS: 32840
- Email: elundinitipsoff.com
- Free post: Free post KZN138, Umhlanga Rocks, 4320

2.3.3.1 Fraud & Corruption Cases Reported

Table 8: Fraud & Corruption Cases

	Date Fraud or Corruption was Reported	Source	Fraud incident description (who, what, when, where how)	Investigation summary	Status	Outcome
Quarter 1	N/A	N/A	N/A	N/A	N/A	N/A
Quarter 2	N/A	N/A	N/A	N/A	N/A	N/A
Quarter 3	Reported in 2022/2023 financial year	Corporate Services	Inaccurate progress report on Infrastructure projects by PMU Manager and Project Manager.	Under investigation.	N/A	Matter is at municipal financial misconduct.
	Reported in 2023/2024 financial year	Corporate Services	An employee alleges that a supervisor requires money from them in exchange for positions	Under investigation.	N/A	Matter under municipal disciplinary processes
Quarter 4	There were no new cases for this quarter except for existing cases that were already reported in Quarter 3.					

2.3.3.2 Fraud & Corruption Anonymous Hotline

Fraud anonymous hotline system is recognised as the most common detective tool for fraud and corruption. It assures the anonymity of the reporter. The system has been a pioneer in the field of whistleblowing since 1999 and has built operating processes, systems and standards to ensure the protection of reporter identity and the integrity of the tip-off made. This report aims to show the number of calls made to the system.

Table 9: Fraud & Corruption Anonymous Hotline Calls

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Number of Cases
Number of Calls	05	0	0	2	1	4	1	2	0	2	0	5	22
Call Description	Wrong Calls & 01 Dropped Call in June												

2.3.4 Ethics Management

The ethics and integrity management strategy review were completed on the third quarter 2023/2024, the following policy document was used in the processes of strategy review and development, the 2016 Local Government Anti-Corruption Strategy was used to develop the tool and guide its utilization during maturity assessment. The framework is premised on the following principles that guide the municipalities in the implementation of the ethics and integrity programme. The municipal leadership to set the tone and drive good governance, community ownership the municipality to put in place initiatives to ensure transparent and accountable governance and community oversight, governance structures should be in place to ensure effective governance, and that the municipality should institutionalize integrity management initiatives based on the four pillars: prevention, detection, investigation, and resolution. The draft ethics and integrity management strategy was forwarded to the senior management for comments and inputs.

In line with the four pillars of the strategy the risk management unit, invited COGTA to present the 2016 Local Government Anti-Corruption Strategy to the Municipal Principals (Councillors). The workshop was held on the 18thJune 2024 with the aim of setting the tone at the top. The municipal management was workshopped on the strategy during the second quarter on the 09 & 10 November 2023, where a municipal fraud risk register was developed.

The risk management unit submitted the draft ethics and integrity management strategy to SGC, EXCO and then was presented to the Council that set on the 31stMay 2024. review to the Strategic Governance Committee for approval and further to council for adoption.

2.3.5 Communication

Communication is one of the key functions of the municipality to ensure that service delivery achievements and challenges are communicated efficiently and effectively to communities.

Communications had five key areas of focus for the year under review, namely: -

- Social Media Content Management
- Website content Management
- Outdoor LED Screens Content Management & Maintenance
- Municipal Publications development
- Local Communicator's Forum Coordination

2.3.5.1 Social Media

Social media communication was adopted as one of the main pillars of communication due to advances in technology and increase in access to gadgets like telephone, smart phones, tablets, iPads, computer, etc by community members. ELM currently has five social media platforms namely, Facebook, Twitter, Instagram, WhatsApp and YouTube to communicate service delivery. Service delivery information is communicated using these platforms to reach diverse audiences of the municipality. The table below shows the performance overview of these social media platforms for the year under review.

2.3.5.2 Municipal Publications

ELM has three publications, namely, The Buzz, The BlueSnow and The Back of the Horizon. These publications serve different purposes and to some degree different audiences. The Buzz is an internal publication which focuses on municipal internal matters such as the introduction of newly recruited employees; new or revised policies; updates on key decisions and events that affect employees and councillors. The publication is published twice in a quarter. The second publication, The BlueSnow is a Quarterly newsletter which communicates service delivery progress and other interesting community development initiatives to communities. The third publication is The Back of The Horizon which communicates service delivery twice during the term of each Council. For the year under review, the municipality implemented two of these publications – The Buzz and The BlueSnow. The Back of the Horizon was not due for implementation.

2.3.5.3 Local Communicator's Forum

Local Communicators Forum (LCF) is a forum composed of all sector departments, community structures, Councillors and Traditional Leader in Council, CDW's, Ward Committees, Business sector and other key stakeholders. The Forum was established to close a gap between the government and community by promoting access to information to ensure that information dissemination is broadly achieved by always reaching communities. The forum sits quarterly to table progress from all government departments including the municipality.

2.3.5.4 Websites Uploads

In accordance with Section 21A of the Municipal Systems Act, ELM has an official website, and its content management adheres to Section 75 of the MFMA which requires the municipality publicise documents on the official website. Furthermore, ELM uses its website to communicate information such as tenders, requests for quotations, tenders awarded, supply chain monthly reports, notices, vacancies etc on a weekly basis.

Below is the list of documents placed on the municipal website in adherence to Section 75 of the MFMA.'

Table 10: Website Content Upload

Municipal Website: Content and Currency of Material

Documents published on ELM's / Entity's Website	Yes / No	Publishing Date
Draft IDP and Budget 2024 – 2025	Yes	05 April 2024
ELM Final IDP 2024– 2025	Yes	07 June 2024
ELM Final (Annual)Budget 2024-2025	Yes	14 May 2024
ELM Institutional SDBIP 2024/25	Yes	04 July 2024
Draft Annual Report for the Year ended 30 June 2023	Yes	15 February 2024
Final Annual Report for Year Ended 30 June 2022	Yes	05 April 2024
Adjustment Budget February 2023/24	Yes	28 February 2024
Adjustment SDBIP 2023/2024	Yes	12 March 2024
Oversight Report on the Annual Report for the year ended 30 June 2023	Yes	27 March 2024
IDP and Budget Process Plan 2025 – 2026	Yes	30 June 2024

2.3.6 CUSTOMER SERVICE

2.3.6.1 Public Satisfaction on Municipal Services

A total of four community satisfaction surveys were conducted for the year under review. The first survey assessed the satisfaction level of the Community with regard to solar water geysers. The second survey assessed the level of Community with regard to an investigation of service delivery towards the construction of the bridge from Moroqa to Sophonia. The third survey assessed the satisfaction level of the Community concerning the funding of the Siyamthanda Centre for the Disabled People 2023/2024. The fourth survey assessed the level of satisfaction for Horse racers and Communities towards the Mayoral Horse Racing Event 2023/2024.

2.3.6.1.1 Solar Water Heater Geyser

- 50% were satisfied with the process of consultation that was done by the municipality and 50% were very satisfied.
- 65% were satisfied with the improvement/changes in the consumption of electricity in your household and 35% were very satisfied.
- 40% were not satisfied with the level of your satisfaction with the manner in which the geyser is placed in your house and 60% were satisfied and no one is very satisfied.
- 55% were satisfied with the number of jobs created during the process of installation of the geyser and 45% were very satisfied.
- 75% were satisfied with the geyser that was installed in your home and 25% were very satisfied.

2.3.6.1.2 Construction of Moroqa to Sophonia Bridge

- 80% of the community members were very satisfied with the improvements and overall safe road to the Community of Sophonia after the completion of the project and 20% were satisfied.

- 61% of the Community members were very satisfied with the activities performed during the rehabilitation of the bridge while 30 % were satisfied and 9% were not satisfied.
- 98% were not satisfied with the employment of the community and 2% were satisfied. The House of the Traditional Leaders and the community called the meeting with the infrastructure department and other stakeholders to discuss the matters of employment.
- Is the project providing the planned services of assisting communities to cross the bridge safely?

  65% were satisfied with the projects that were provided by the municipalities and planned services to assist the community to cross the bridge safely 30% were very satisfied and 3% were not satisfied.

2.3.6.1.3 Funding of Siyamthanda Centre for the Disabled People

- 50% of beneficiaries were satisfied with the quality of the information provided at the center, and 50% were very satisfied. Beneficiaries state that the information provided by the caregivers is accurate and reliable.
- 50% of beneficiaries were satisfied with the improvements in their lively wood upon receiving a device or material from the center, and 50% were very satisfied. Most beneficiaries state that their lives have changed for the better since.
- 33% of beneficiaries were satisfied with the level of care and support they receive from the centre, and 67% were very satisfied. According to the beneficiaries, caregivers do regular door-to-door visits and also make follow-ups on cases and referrals.
- 16% of beneficiaries were satisfied with being referred by the center to another institution and 84% were very satisfied. Surveys also show that the outcomes of these referrals are positive.
- 67% of beneficiaries were satisfied with the improvements that were made by the funding that the center received from the municipality, and 33% were very satisfied.

2.3.6.1.4 Mayoral Horse Racing

- 80% were satisfied with the information that was provided by the municipality during the registration mayoral horse racing event and 20% were not satisfied.

- 55% were very satisfied with the information that was dispatched during the preparation of the event, and it was also very transparent to the community/horse racers 45% were satisfied and 5% were not satisfied.
- 66% were very satisfied with the mayoral horse racing events because they changed the lives of horse racers/community and 34% were satisfied. Horse racers state that their lives have changed for the better.
- 92% were very satisfied with the improvements that were made by the municipality for mayoral horse racing and 8% were satisfied.

2.3.6.1.5 Customer Walk-in Services

Elundini Local Municipality acquired the Integrated Management Information System (IMIS) in 2018-2019. IMIS has 10 Modules for the municipality which include the Customer Care module to record/register Walk-ins. This customer care module makes it easier to trace complaints, requests, and compliments with reference numbers to improve on turnaround time in resolving the reported, solved, and unsolved cases/complaints. The system was effective from July 2019 after the installation of the IMIS system to the computers of customer Care Consultants.

The module is fully operational and implemented by the department. The total number of walk-in complaints received from July 2023- June 2024 is 507, and 249 complaints were loaded to IMIS all complaints and requests were recorded in the system from July 2023 to June 2024, and all were registered. All complaints were attended to and resolved within 7 working days.

Unplanned power outage faults after hours are reported on the emergency number, and attended within one working day after a compliant was lodged. Planned power outages, notices are distributed to the affected customers or areas within seven days prior to the planned outages. Planned outages do not exceed 24 hours.

Table 11: Customer Walk/In Reported Cases

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total No. of Cases
Number of Cases	47	39	60	37	23	12	53	50	38	49	43	56	**507**
Resolved Cases	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Unresolved Cases	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%

2.3.6.2 *Presidential Hotline*

The Presidential Hotline is to provide citizens with a way to lodge complaints and queries where they feel they have not received the attention they deserve from other complaint mechanisms. The second objective was to use the Hotline to elevate the importance of complaints management in government as a whole, to ensure a steady improvement in the resolution of the complaints. The aim of the report is to give feedback about Presidential Hotline cases to unlock service delivery bottlenecks and to ensure that relevant services are rendered to the public.

Table 12 : Number of Presidential Hotline Cases

	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total Number of Cases
Number of Cases	0	0	1	1	0	0	0	0	1	0	0	0	**03**
Resolved Cases	N/A	N/A	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A	0	N/A	0
Unresolved Cases	N/A	N/A	13	N/A	N/A	N/A	N/A	N/A	N/A	N/A	14	N/A	27 Cases were not resolved due to system problems OTP.

The office of the Premier takes time to remove the cases from the system while the cases are already resolved.

2.4 Supply Chain Management

Local Government: Municipal Finance Management Act requires the municipality must have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'. Elundini SCM Policy has been adopted in line with Municipal Finance Management Act, Section 111 & 112, Supply chain management policy. It is important to note that in terms of the Municipal Finance Management Regulation 3, our reviewed policy was adopted by the council on the 31 May 2023 under resolution CONA/078/23, In December 2023 National Treasury introduced new Government Gazzette No. 4198 local government: municipal finance management act, 2003 - amendments to regulations regarding supply chain management therefore by 27 March 2023 the policy was reviewed again under resolution CONA/052/24.

The SCM Policy integrates with the Transport and Catering policy, Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM), Contract Management Policy and Construction Procurement Strategy which is aiming at developing and mentoring emerging

enterprises. The role of the Council of a Municipality in maintaining oversight on implementation of its supply chain management policy is included in this policy and the Accounting Officer pursuant to Regulation 6 of the MFMA, prepares and submit a draft a supply chain management report complying with regulation 2 (a) & (3) to the council of the municipality for noting and adoption. The purpose of this report is to provide an overview of the SCM process in terms of Council's Supply Chain Management Policy (as amended), Section 9.3.1 of said Policy states that the Accounting Officer must, within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council. SCM is guided by the following legislative framework: -

- The Constitution of the Republic of South Africa (No. 108 of 1996), Section 217
- Local Government: Municipal Finance Management Act (No. 56 of 2003) (MFMA)
- Municipal Systems Act (Act 32 of 2000), Section 21A (MSA)
- Municipal Supply Chain Management Regulations (Government Gazette 27636 dated 30 May 2005) (SCM Regulations). Elundini Municipality Supply Chain Management Policy (SCM Policy.
- Preferential Procurement Regulations, 2022 issued in terms of section 5 of the Preferential Procurement Policy Framework Act, Act Number 5 of 2000 (PPPFA).

Elundini officials and other role players in the supply chain management system of the municipality must implement the SCM Policy in a way that gives effect to Section 217 of the Constitution, which requires processes to be fair, equitable, transparent, competitive and cost effective. Council's mandate is to maintain oversight over the implementation of the SCM Policy and for the purposes of such oversight the Accounting Officer must within 30 days of the end of each financial year, submit a report on the Implementation of the Supply Chain Management Policy of the Elundini Municipality, to the Council.

The report will reference the following sub sections:

- Establishment of SCM Section
- Demand & Acquisition Management
- Contract Management and Vendor Performance

2.4.1 Establishment Of SCM Section

The unit has been established to implement Supply Chain Management Policy as per regulation 7 (1) of Supply Chain Management Regulation. The unit operates under the direct supervision of the Chief Financial Officer as required by regulation 7 (3) of the Supply Chain Management. The structure of the SCMU has been amended Pending approval for the financial year 2024/2025 in order to address the current shortcomings in the section.

2.4.1.1 Challenges

- There has been bottle necks in sitting of the Bid Evaluation Committee and Bid Adjudication Committee, hence there was a lot of back logs of bids that requires consideration back from November 2023.
- Poorly crafted specifications.
- Even though there are set dates for submission of specifications, there are few departments which did not submit the specifications, and the ultimate challenge relates to the entrenched lack of accountability leading to substandard service delivery.
- It is important to note that the user departments are not only responsible for allocation of resources, but cooperation is part of their roles and responsibilities too, so there is lack of cooperation from End user departments.
- Lack of integrated planning. If were to institutionalize the drafting of DMP and submission of specification, some of challenges could have been avoided.
- MIG Challenges.
    - ✓ The Municipality has appointed panel for the Framework Contracts for the Unpaved Roads for a period of three years (3) however this bid was subsequently challenged however the matter was resolved in as much that it caused delays in the implementation of Access Roads.
    - ✓ Underperformance of bidders that were appointed for Paved roads resulted to the municipality utilizing panel of managing contracts, hence all of them have shown substandard quality/poor workmanship on roads constructed by them.
- INEP Challenge
    - ✓ Consultants were appointed, although some of them do not respond on all RFQ's and the municipality is left with one professional engineer for the implementation of INEP. This has been considered when developing 2024/25 Demand Management Plan.

2.4.1.2 Demand & Acquisition Management

The municipality's system of acquisition management must ensure:

- That goods and services are procured in accordance with authorized processes only.
- That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA.
- That the threshold values for different procurement processes are complied with.
- That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
- That any Treasury guidelines on acquisition management are properly considered.

- A process flow of the demand plan was developed; each department populated Demand Management Plan, which was subsequently signed off by each department.
- To support the process, schedules for convening the committee meetings were developed and circulated to all SCM users. Challenges that brought non-compliance to the Demand Plan were late submissions of specification that resulted to late advertisement / implementation. Most projects are advertised due to non-adherence of bidders to the required specifications and functionality.
- Demand management plan was approved on the 21 July 2022
- Current procurement plan was approved on the 29 June 2023 and 57 projects were registered to be implemented. (Below table illustrates performance in terms of approved DMP)
- 26% on targets achieved, 33% projects with specifications not submitted at SCM.

Department	No of projects registered per department	Number of project specifications submitted to SCM	Number of projects still on process	Number of projects Awarded	Number of projects re-advertised	Number of project specifications not submitted to SCM	Number of projects Cancelled
Infrastructure Planning and Development	20	18	7	5	2	2	4
Corporate Services	7	6	2	5	0	1	0
Community Services	13	1	0	0	1	12	12
Finance Department	9	8	4	4	0	1	0
Planning and economic development	6	4	3	1	0	2	0
MM'S office	2	1	1	0	0	1	0
TOTAL	**57**	**38**	**17**	**15**	**3**	**19**	**16**

Reason for not achieving targets are as follows: -

- Re- advertisements due to non-responsive bidders
- Non-submission of specifications on time
- Sitting of the bid committees
- Cancellations due to budget constraints.

Goods and service are procured in accordance with authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000), LGFIPDM and we are continuously improving the documents in order to improve access and ease of use. SCM Unit had designed a procedure manual which is intends to improve governance in the SCM and also to provide guidance to the ELM officials in the procurement of goods and services. The municipality is preparing process flow charts helps to assign responsibility, communicate a process those unfamiliar with it, such as new employees and outside auditors, reducing the time needed to learn the details embedded in the Policy. Elundini Municipality is a small municipality with limited number of suppliers and service providers therefore it was perceived most pertinent to review service charter in order to guarantee reasonable timeframes and turnaround time.

2.4.1.3 Competitive Bidding For Contracts Valued More Than R300,000

The competitive bidding process and bid committee structures are functioning. Composition, mandate, roles and functions of the SCM Committees (Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee) has also been reviewed and officials serving on these committees are formally appointed by the Municipal Manager and are therefore required to complete declaration of interests forms that are signed by the Commissioner of Oath.

- Training of all SCM Bid committee members and other role players is done annually.
- A number of 28 Bids was awarded in 2023-2024
- Contract Management policy is in place was also approved on the 31 May 2023.
- Contract management systems are in place and fully functionalization of Contract Management as a tool for tracking projects could map the municipality to its success.

A template for assessing service provider and contractors in their performance has been formulated & utilized, this assist the municipality in continuous improvement of the service provider as the feedback for services rendered is given back to them so that they can improve in the arrears of their weaknesses.

SCM Regulation 36 - Deviations

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes.

The expenditure incurred through deviation from normal supply chain management processes amounted to **R33,448,321.82**. The table below depicts expenditure incurred through deviation.

Table 13: Deviation Expenditure

DEPARTMENT	AMOUNT SPENT ON DEVIATIONS
Municipal Manager	**R 117,702.38**
Budget and Treasury	**R 279,579.95**
Infrastructure Planning	**R31,616,956.27**
Corporate Services	**R1,129,024.76**
Community Services	**R 292,209.46**
Strategic Planning	**12,849.00**
DEPARTMENT TOTALS	**R33,448,321.82**

This table depicts Section 36 (a) (i-v) and amounts incurred.

Table 14: Section 36 Compliance

Section 36 (1) (a) (i)	
Section 36 (1) (a) (ii)	
Section 36 (1) (a) (iii)	**R6,000.00**
Section 36 (1) (a) (iv)	
Section 36 (1) (a) (v)	**R 33,442,321.82**
Section 36 (1) (b)	
TOTAL	**R33,448,321.82**

(2022-2023: 15 370 694,80) (2023-2024: R33,448,321.82) Deviations were increased by R 18 077 627.02 during 2023-2024 Financial Year. The increase in number of deviations is caused by the appointment of infrastructure projects through deviation process, wherein the municipality was compelled to utilize funding on MIG however due to judicial review process it was impractical to follow SCM processes, same applies with the electricity vending services. The bulk of the deviations may be addressed via competitive bidding processes, proper planning and this office are continuing to assist user departments with the sourcing of specifications in order to attempt to reduce the

occurrence or re-occurrence of some deviations. A multi-year plan for operational activities can assist in the reduction of deviations, in essence, apart from having Demand Management Plan, SCM will attempt to develop a plan for all other items budgeted for each and every financial year regardless of the value.

2.4.1.4 Compliance with MFMA AND SCM POLICY

The municipality by all means necessary including strengthening of internal controls is trying to eliminate irregular expenditure

Table 15: Irregular Expenditure Comparison Between 2022 & 2023 Financial Year

Irregular expenditure consists of the following:	**2024**	**2023**
Opening Balance	0.00	118,558
Irregular expenditure incurred	-	-
Written off by Council	0.00	118,558
To be recovered	-	-
Closing Balance (Irregular expenditure awaiting council consideration)	**0**	**0**
Details of irregular expenditure incurred	**2024**	**2023**
SCM Processes not followed	0	0
Deviations not in line with SCM Regulation 36	0	0
Incorrect calculations of Preferential Points during evaluation	0	0
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC	0	0
Making use of non compliant service providers	0	0
Policy not followed when appointing an employee : Ms S Batyi	0	0
Variation order not in line with SCM Policy	0	0
Overpayment of exit benefit to Senior Manager	0	0
Excess payment on approved total remuneration package of senior managers	0	0
Councillor acted without authority in contract entered with supplier	0	0
TOTAL	**0**	**0**
Number of incidents	**2024**	**2023**
SCM Processes not followed	0	0
Deviations not in line with SCM Regulation 36	0	0
Incorrect clalculations of Preferential Points during evaluation	0	0
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC	0	0
Making use of non compliant service providers	0	0
Variation Order not meeting SCM Policy requirements	0	0
Policy not followed when appointing an employee : Ms S Batyi	0	0
Overpayment of exit benefit to Senior Manager	0	0
Excess payment on approved total remuneration package of senior managers	0	0
Councillor acted without authority in contract entered with supplier	0	0
Total	**0**	**0**

3. SERVICE DELIVERY PERFORMANCE PART I

3.1. Basic Service Delivery

Basic Services had a total of 22 indicators including indicators that were in the top and lower layer of the SDBIP. A total of 13 indicators were achieved which accounted for 59.09%. Out of the 22 indicators, a total of 02 indicators were partially achieved and 07 were not achieved. That accounts to 31,82% non-achievement and 9.09% partial achievement. The following sums up basic service delivery achievements for the year under review: -

- Out of 3.90kms of roads construction that was planned, 5.46kms was constructed.
- One bridge was planned for construction; however, three bridges were constructed (additional two were the Sophonia bridges that were rolled over from the previous financial year).
- 2.54kms of urban roads were maintained.
- Completion of Phase 2 of municipal building construction.
- 308 households in electrification programme were connected.
- 4kms of bulk infrastructure (link line) was constructed
- Public lighting maintenance was achieved at 100%
- Maintenance of electricity network was completed
- Two electricity networks were upgraded.
- 22 Streetlights and 02 high mast lights were installed
- Refuse was collected in 59 areas inclusive of households and commercial properties
- Out of 20 roadblocks planned, a total of 33 roadblocks were conducted.
- 4,288 indigent households received free basic services.

COMPONENT A

The Elundini Local Municipality is mandated as per Chapter 8 of the Municipal Systems Act, Act 32 of 2000, as such, waste management services amongst others, refuse collection is a mandatory basic service that should be rendered effectively and efficiently by municipalities.

3.1.1.1 Kerbside Refuse collection and Street sweeping

The ELM renders refuse collection services in all its urban areas as well as peri-urban areas as per the approved refuse collection schedule that is reviewed each financial year. The aim of the review is to

cater for additional areas that either new or have been formalised to be eligible to receive such services. This financial year, there are no additional areas eligible to receive the service.

Refuse collection is rendered to households and commercial businesses within Elundini as per the approved collection schedule, through kerbside collection on a weekly basis. Street cleansing (sweeping) is conducted on ad-hoc basis due to challenges of urban design / town planning where parking bays for public transport is not adequate, as such, the main streets in the CBD are utilised. This results in the inability to access the streets, especially in winter season where the shift work system is impossible due to safety issues as well inadequate budget for overtime. The municipality where possible (budget), can conduct street sweeping from 5AM – 8AM (morning) and 6PM -8PM (afternoon) during summer and the winter season would be impossible to achieve.

The municipality experiences a lot of fleet break-down and as such, the current procurement system makes it difficult for quicker turn-around times with regards to repairs/service by appointed service to provide. This results in backlogs and inability to adhere to the approved collection schedule, posing potential danger to communities as well as the environment.

Clearing of Illegal Dumping sites

Illegal dumping of waste by communities is rife in the ELM, even communities where refuse collection services are rendered and where education and awareness campaigns are conducted. The main issue is the paradigm shift as well as inadequate waste receptacles, in that, communities do not provide waste bins/refuse bags for their generated waste. The ELM resorted to develop an annual awareness campaign incorporating quarterly programs for clearing of illegal dumping, which costs the municipality a lot of resources. The municipality receives great help from the EPWP program in terms of additional numbers of staff in order to service the CBD, households as well as illegal dumping sites. ELM has received R5 000 000.00 funding from Department of Economic Development Environmental Affairs &Tourism for clearing of illegal dumping sites. 121 job opportunities were created and planned to clear 84 illegal dumping sites and managed to clear 60, 24 are maintained.

There was also flood mopping programme that was implemented by Department of Forestry Fisheries & Environment for the municipality where 136 job opportunities were created which also contributed in cleaning and implementation of waste management programmes.

3.1.1.2 Environmental Education and Awareness raising

There's an annual education and awareness plan that is developed each financial year, detailing areas to be targeted for awareness activities and this is coupled with the cleaning of illegal dumping sites. All areas of the ELM where refuse collection services are rendered are targeted quarterly for

the campaigns, the aim is to educate communities as well as business on their role regarding proper waste management in their premises. The municipality also works with schools as well as Echo schools in terms of education and awareness campaigns were conducted for the 2023/24 FY.

The unit strives to source / develop pamphlets and educational material are disseminated to the various stakeholders, there's also the use of the LED screen managed by the Communications unit, where environmental messages are flighted for educational purposes.

3.1.1.3 Recycling Initiatives

The Ugie Materials Recovery Facility (MRF) has been repaired but still awaiting electrification by Eskom. The municipality is still struggling to receive support in order to energise the structure to allow for its use by the relevant recycling cooperatives or independent person/s in the municipality. There is currently a total of about 4 registered recycling cooperatives which are doing recycling on smaller scale as well as various waste pickers who are not yet registered. The completion of the MRF in Ugie is set to increase the recycling activities enough to ensure diversion of significant amount of waste from being landfilled which saves both costs and conserve landfill airspace.

The ELM for 2023/24 FY has provided support to its recyclers as well as waste pickers by partnering with PETCO to provide training/workshop so that recyclers are kept abreast of the changes in terms technologies, systems, legislative requirements as well various platforms for sourcing of funding. The ELM also continues to engage and urge informal waste pickers to be formalised so that funding opportunities are accessible as well as any other support the municipality deems fit for their benefit.

3.1.1.4 Landfill sites Operations

The ELM is responsible amongst other things for the establishment, operation and management of landfill sites. There are 3 licensed landfill sites for all the three towns, where only two sites are operational i.e. Ugie Landfill site and Mt Fletcher landfill site. All 3 landfill sites are permitted under Section 20 of ECA, with each permit detailing conditions under which each site should adhere to as legally required by various Environmental Management Regulations. The operated landfill sites do not comply with the permit conditions, the major reasons for non-compliance is caused by non-availability of relevant plant for landfill site operations.

Community Services Department has applied through DFFE to be granted approval through MIG to procure specialized yellow fleet that will assist in management of landfill site operations including waste collection and transportation. An amount of R16 000 000.00 was approved and procurement of such specialized yellow fleet will be effected from 2024/2025 FY, where R10 000 000.00 will be allocated in 2024/2025 FY budget and the rest will be procured in the coming years.

3.1.1.5 Achievement in Waste Management Program

Approval of R16 000 000.00 budget for procurement of specialized yellow fleet through MIG funding. Employment of 136 beneficiaries by the Department of Environment, Forestry and Fisheries (DEFF), through the flood mopping program, for assisting the municipality with refuse collection, clearing & management of illegal dumping areas, greening and beautification as well as the management of parks and open spaces. This program is one of many by the department in aiding municipalities achieve clean and green towns as well create job opportunities for the ELM's beneficiaries. The department also applied for a program to host graduate interns in the field of environmental management, the South African Biodiversity Institute (SANBI) approved the application. A total of eight (8) graduate interns have been placed in the municipality for on-the-job training for a period of two (2) years. The internship will assist the graduates with experience that will aid them with better chances of employment.

3.1.1.6 Parks, Amenities and Open Spaces

The municipality's indirect contribution to greening and landscaping of spaces is done through honouring Arbor Week which is an annual event every September through which donated trees are distributed to local schools the remainder of such trees being planted around sport fields and parks. Arbor month celebrations were conducted with success at Ugie. Beautification of parks and open spaces within the municipality is conducted on a Quarterly basis for the eradication of illegal dumping of waste as well for promoting greening. There's no set budget towards the development / maintenance of parks as such; this limits the department's ability to achieve the desired end-state of having compliant parks for recreational purposes.

3.1.1.6.1 Community halls

The community halls are in dire need or refurbishment and the challenges of budget allocation to different departments has rendered community services inefficient due to the inability to manage and maintain the facilities. Institutional arrangements need to be reviewed for the municipality to recoup the missed opportunities with regards to revenue from these facilities.

3.1.1.6.2 Sports fields

The sports facilities require major refurbishment and the challenges of budget allocation to different departments has rendered community services inefficient due to the inability to manage and maintain the facilities. Institutional arrangements need to be reviewed for the municipality to recoup the missed opportunities with regards to revenue from these facilities.

3.1.1.6.3 Cemeteries

The ELM's cemeteries require fencing in order manage access control as well curb vandalism. The gravesites in all three towns are close to full capacity, a request of suitable land for the development of new compliant cemeteries has been submitted to the planning department. The allocation of

land, sourcing of budget as well as the construction of new cemeteries needs to be prioritised by the municipality.

3.1.1.6.4 Pounds

The municipality does not have animal pounds, only holding facilities that are non-compliant. The institution needs to set aside budget for the development a compliant pound with all the required infrastructure as per the Animal Act. This has to be coupled with the prioritization of the appointment of a Pound Master who will be responsible for the operation, maintenance and management of animal pounds in order to comply with relevant legislation.

3.1.1.7 By-law Enforcement / ENatis / Traffic services

The municipality has resourced its law enforcement wing by recruiting four officers which have been trained as peace officers. This addition has sought to increase the level of implementation of all municipal bylaws from violations regarding electricity meter tempering, land invasion, illegal street trading, impoundment of stray animals as well as violations of fire bylaws and illegal dumping.

3.1.1.8 Parks, Amenities and Open Spaces

Even though there are no major landscaping initiatives undertaken during the year by the municipality the introduction of a sustained open spaces beautification program has seen a marked difference within towns. These initiatives are spread across all three towns. The operation of rural community halls has been improved through a management model that allows communities to elect local committees chaired by either the ward councillor or area Chief. The model has been canvassed with the affected rural communities and was positively received for implementation in the next financial year.

The municipality's indirect contribution to greening and landscaping of spaces is done through honouring Arbor Week which is an annual event every September through which donated threes are distributed to local schools the remainder of such trees being planted around sport fields and parks.

3.2 Electricity

3.2.1 Rural Electrification

The municipality was granted the distribution license by NERSA as a result some areas of Elundini Local Municipality (ELM) are provided by the municipality in terms of electricity. The municipality has experienced a loss over the years however, the project of installing the smart meters is one of the strategies that intend to curb such losses. The municipality is working with Eskom to eradicate electrification backlog within Elundini LM hence the municipality is electrifying some villages and thereafter handover the completed projects to Eskom for operations and maintenance. During

2023/24 financial year, the municipality connected a total number of 308 households to electricity in Westhoek with 50 households and 4km link line, Xaxazana Zone 14 84 households, Skote 88 households and Mahemeng (Iketleng) with 86 households and did the designs for Top Block households (178HH), Top Block link line(7km), Koebung P2(124) and Showini (60HH). The municipality is now close to reaching the universal access in terms of electrification. The challenges experienced in electrification are infills that always come after the area has been finalised.

Table 16: Household Electrification

WARD	NUMBER OF VILLAGES	TOTAL HOUSEHOLDS	ELECTRIFIED	NOT ELECTRIFIED	% NOT ELECTRIFIED	Electrified in 2023/24 FY	
						Eskom	Elundini LM
1	12	2 823	2 635	188	7%		
2	7	3 275	3 275	0	0%		
3	12	2 381	2 220	161	7%		
4	21	2 336	1 797	539	23%		
5	15	2 712	2 348	364	13%		
6	10	4 968	4 132	836	17%		
7	24	3 378	3 100	278	8%		
8	21	2 502	2 499	3	0%		
9	6	2 354	2 354	0	0%		
10	15	3 962	3 470	492	12%		308
11	16	3 065	3 054	11	0%		
12	12	4 430	4 420	10	0%		
13	10	2 773	2 456	317	11%		
14	15	2 708	2 700	8	0%		
15	10	8 071	7 520	551	7%		
16	25	3 960	3 800	160	4%		
17	16	2 866	2 689	177	6%		
TOTAL	**247**	**58 564**	**54 469**	**4 095**	**6%**		**308**

3.2.2 Municipal Network

The table below is the capital expenditure in the electricity division during the year under review:

Table 17: Electricity Capital Expenditure

Capital Expenditure 2023/2024: Electricity Services					
R' 000					
Capital Projects	2023/2024				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget/Pending Payments	Total Project Value
Total	R15 459 000,00		R14 400 000.00	0	R14 400 000.00
Top Block pre-eng 178HH	R691 431,75		R691 431,75		R691 431,75
Top Block 7km Link Line (pre-eng)					
Showini pre-eng 60HH	R364 866,84		R364 866,84		R364 866,84
Koebung P2 pre-eng 124HH					
Westhoek 50HH and 4km Link Line	R3 371 013,60		R3 371 013,60	0	R3 371 013,60
Xaxazana Zone 14 84HH	R2 416 373,43		R2 416 373,43	0	R2 416 373,43
Skote 88HH	R3 627 674,12		R3 627 674,12	0	R3 627 674,12
Mahemeng (Iketleng) 86HH	R4 194 488,93		R4 194 488,93	0	R4 194 488,93
22 xStreet Lights	R2 421 500,42	Ward 3	R2 230 626,14	0	R2 230 626,14
2x Highmast Installation		Ward 16			
Network upgrades					
Conversion of 11kV Overhead line to 11kV underground cable at Rugby street and new installation of 500kVA mini-sub for Erf 4659 Nqanqarhu Town	R2 940 613,94	Ward 3	R2 608 076,18	0	R2 608 076,18
The supply and installation of smart meters and bulk meters within Elundini LM	R19 829 853,25	Ward	R19 583 461,32		R19 583 461,32

The table below depicts the number of filled and vacant positions in the Electrification Unit which reflects 22,76% vacancy rate in the electrification programme.

Table 18: Electricity Services Employment

Employees: Electricity Services					
		2022/2023			
TASK Grades	**Employees**	**Posts**	**Employees**	**Vacancies (fulltime equivalents)**	**Vacancies (as a % of total posts)**
	No.	**No.**	**No.**	**No.**	**%**
0 to 3	3	3	2	1	5.5%
4 to 6	5	5	3	2	11.76%
7 to 9	2	2	1	1	5.5%

10 to 12	6	7	7		
13 to 15	-	-	-		
16 to 18	1	1	1		
19 to 20	-		-		
Total	**17**	**18**	**14**	**4**	**22.76%**

3.3 Housing

Section 26 of the Constitution of South Africa emphasizes the right to adequate housing, obliging the State to take reasonable measures to achieve its progressive realization. As stipulated in Schedule 4, housing is a function of National and Provincial Governments. Elundini Local Municipality, though not accredited to implement housing projects, plays a vital facilitation and support role in the housing delivery process.

In the 2023/2024 financial year, the Municipality continued to fast-track township applications, coordinate housing stakeholder forum meetings, and foster partnerships with the private and public sectors to address the housing backlog. However, land invasion threats persist, and mitigating interventions will be employed to minimize their impact on municipal housing planning and budgeting.

The Municipality's housing unit, comprising a single official, serves as a crucial link between Elundini Local Municipality and the Eastern Cape Department of Human Settlements. Key housing projects and initiatives for the 2023/2024 financial year include:

a) DEVELOPMENT OF INFORMAL UPGRADING OF KUTLAONONG

The Eastern Cape Department of Human Settlements through the Housing Development Agent has appointed Professional Services of AES Consulting Teams to prepare informal settlement upgrading plans for selected informal settlements in the Municipal area. The scope of work entails but not limited to the assessment, categorization, developing the informal settlements upgrading plans and the sustainable livelihoods programmes for informal settlements.

PROGRESS STATUS (YEAR ENDING 2023/24)

- The permanent services for the layout plan, which includes the design and infrastructure requirements for roads, water, electricity, and sewerage, have been submitted to the Infrastructure Department for consideration and endorsement.
- The informal upgrade project is complete with outstanding tasks including the handover process facilitated by the managing consultant and acquiring signatories for completed works refers.

b) MQOKOLWENI 305 AND MBIDLANA 300 HOUSING UNITS

PROGRESS STATUS (YEAR ENDING 2023/24)

Mqokolweni and Mbidlana Rural Housing Projects is comprising of 305 and 300 units respectively and was approved for implementation. The Eastern Cape Department of Human Settlements has made the following progress to date:

MQOKOLWENI 305

- We have a total of four parties on site, including the main contractor and three subcontractors, working collaboratively to ensure the project's progress.
- Our social facilitation team has successfully engaged with the beneficiaries, educating them on the project's benefits, timelines, and expectations. This outreach effort has helped build trust and foster a sense of community among the beneficiaries, ensuring their needs and concerns are addressed throughout the project.
- 60 houses have been completed and officially handed over to the beneficiaries.

MBIDLANA 300

- The main contractor is on site
- 188 houses have been finished
- Lukho contractor for 25 units has been introduced to community and has not started.
- Project Steering Committee (PSC) has been re- established ensuring effective oversight, guidance, and decision-making to drive the project forward.

c) KUEBONG 290 HOUSING UNITS

PROGRESS STATUS (YEAR ENDING 2023/24)

Kuebong Housing Project is comprising of 290 units and is currently under implementation. The Eastern Cape Department of Human Settlements has made the following progress to date:

- We are pleased to report that 267 houses have been completed and handed over to the beneficiaries. This marks a significant milestone in our efforts to coordinate the provision affordable housing to those in need.
- Currently, the contractor is on site, working closely with the Department of Human Settlement to address any outstanding issues (snags) that need to be rectified. This collaborative effort ensures that the homes meet the required standards and are safe for occupation.

d) EMERGENCY HOUSING PROGRAMME

PROGRESS STATUS (YEAR ENDING 2023/24)

The Department of Human Settlements plays a crucial role in disaster relief efforts, particularly in managing infrastructure and human settlements affected by disasters. As of April 1, 2023, the department has taken over the implementation of emergency housing to respond faster to disaster victims' needs. Resources include provision of temporary housing relief to those in urban and rural areas facing emergency situations. The Eastern Cape Department of Human Settlements has made the following progress for the period ranging from 1st April 2024 to 30th June 2024:

- A total of 7 applications for destitute benefits have been successfully submitted to the Human Settlement Department. These applications come from various wards, including:

  - Ward 3: 2 applications
  - Ward 1: 2 applications
  - Ward 15: 1 application
  - Ward 16: 2 applications

These efforts demonstrate the Municipality's commitment to supporting the progressive realization of the right to adequate housing, despite the challenges posed by land invasion threats and limited resources.

3.3.1 Free basic services and indigent support

3.3.1.1 Free Basic Services and Indigent Support

The ELM implements an indigent management policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all indigent households within the area of jurisdiction. The municipality reviews the policy annually, which basic intentions are to ensure poor households are not denied their constitutional right of access to basic services. This assists any household with a combined income not greater than twice the annual official old age pension eligible to receive Free Basic Energy or Free Basic Alternative Energy as a result. For households that have been officially recognized as destitute, there is a free basic solid waste removal as well as a complete property rate subsidy.

The municipality oversees FBE (Free Basic Energy) working with ESKOM and FBAE (Free Basic Alternative Energy). FBE in the rural areas is currently covered by a Service Level Agreement (SLA) that is in place with Eskom. The technical data (20 A supply) is the basis for this. ELM managed to provide free basic services to 4,288 qualifying households. The number of qualified

beneficiaries is concerning as the municipality has many indigent households. To prevent those who experience changes in their financial circumstances from having to wait until the end of the fiscal year to receive their legally entitled assistance, our Indigent Register is updated on monthly basis.

In terms of its powers and functions, the Joe Gqabi District Municipality is the Water Services Authority and is therefore responsible for the implementation of all water and sewerage services, this includes the provision of water as part of free basic service.

For the year under review, the indigent management policy is an integral part of the Elundini Tariff Policy that is developed and implemented transparently to ensure the sustainability of local public services to all of its citizens at an affordable cost. Critically as part of ELM's commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, the indigent support funding envelope has R23.8 million over 2023/2024-2024/2025 – 2025/2026 MTREF. The table below indicates the number of households with access to free basic services

Table 19: Free Basic Services

Free Basic Services to Low-Income Households						
Number of households						
Years	**Total**	**Income threshold is an income of not less than two state pensions per month**	**Guideline relation to the household income threshold is an income of not less than two state pensions per month**			
			Free Basic Electricity		**Free Basic Refuse**	
		Total	**Access**	**%**	**Access**	**%**
2020		5 118	4 965	97	153	3
2021		4 789	4 156	86	633	14
2022		5 914	5 177	87	737	13
2023		5 933	5 049	85	884	15
2024		4 288	3 432	80	856	20

COMPONENT B

Roads and transport

3.4 Roads

ELM, during the year under review, managed to achieve the construction and upgrading of roads. As at the end of 30 June 2024, staff complement in the Building & Civil Works Unit, comprised of the following personnel:

Table 20: Staff Compliment in Building and Civil Works Unit

Position	Number of employees	Filled	Vacant
Director Planning and Infrastructure Development	1	Filled	N/A
Manager Building and Civil Works	1	Filled	N/A
Administration, Database and Contracts officer	1	Filled	N/A
Road's technician (Urban Roads and Rural maintenance)	2	Filled	N/A
Building Control officer	1	Filled but moved to Planning and Development	N/A
Foremen (Urban Roads maintenance, Rural Maintenance and storm water maintenance)	3	Filled	N/A
Plant Mechanic	1	Filled	N/A
Artisan Aids (Plant mechanic)	2	Filled	N/A
Plant Operators	12	Filled	2 vacant posts for operators
General Workers	5	Filled	N/A

3.4.1 Access Roads

The table below reflects the roads constructed by the municipality in kilometres from 2017/18 financial year to 2023/24.

Table 21 : Road Infrastructure

Kilometres						
Financial Year	Total gravel roads	New gravel roads constructed	Gravel roads upgraded	Gravel roads upgraded to tar/Paved	Gravel roads graded/maintained	Surfaced Road maintained
2017/18	525km	29.46km	10.514 km	-	39.8 km	4712 m²
2018/19	525km	-	14.7 km	-	202.55 km	2626m²
2019/2020	525km	12.2km	23.25 km	3.7km	205.01 km	6953m²
2020/2021	525km	34.7km	6.8km	2.9km	179.6 km	5009m²

2021/2022	525km	10.15km	0km	0km	174.88km	1.088km
2022/2023	525km	7.98km	7.3km	0km	152km	0,5m
2023/2024	533km	4.2km	4.2km	2.5km	95.4km	2349m^2

3.4.2 Reports on Road / Capital Projects:

Table 22: Road Capital Projects

Implemented Project Name	Construction Status	Comment
Construction of Refele Sports Field	100%	• FREEMASON was appointed and handed the site on 14 February 2023 • Scheduled completion was 30 October 2023 and extended to 14 Dec 2023 • Project was certified practically complete on 14 December 2023.
Surfacing of Ugie Streets & Stormwater Phase 1	100%	• Devomix Contractor was appointed on 21 August 2023 and Package Order issued on 06 Sept 2023 • Revised scheduled completion date was 16 April 2024 • Project was certified practically complete on 15 April 2024.
Surfacing of Greenfields Streets & Stormwater Phase 1	100%	• Manong Construction was appointed on 11 July 2023 and Package Order issued on 03 August 2023 • Revised scheduled completion date was 28 June 2024 • Project was certified practically complete on 28 June 2024.
Construction of Castle Rocks & Bridge	100%	• Milwa Construction appointed and site hand-over done on 02 May 2023. • Scheduled completion is 31 October 2023 and extended to 14 December 2023 • Practical completion was certified on 14 December 2023.
Surfacing of Mt Fletcher Urban Roads Phase 1	100%	• Milwa Construction appointed on 11 July 2023 and site hand-over done on 04 August 2023 • Revised scheduled completion date was 28 June 2024 • Project was certified practically complete on 28 June 2024.
Epainette Mbeki Access Road (Planning Project)	100%	• Task order was issued to Olon Consulting for Design and Planning on 06 Sept 2022 • Preliminary designs complete. Construction stage planned for 2025/26FY
R56 to Khalankomo Upgrade (Planning Project)	100%	• Task order was issued to Olon Consulting for Design and Planning on 06 Sept 2023 • Preliminary designs complete. Construction stage planned for 2025/26FY
Construction of Xaxazana Special School Access Road (Planning Project)	100%	• Calliper was appointed on 06 Sept 2022 • Design and Planning Stage ongoing. (EIAs) Construction is planned for 2024/25 FY
Construction of West Hoek Access Road (Planning Project)	100%	• Calliper was appointed on 06 Sept 2022 • Design and Planning Stage ongoing (EIA) Construction is planned for 2025/26 FY
Katlehong Township and Ilisolomzi Township Streets (Planning Project)	100%	BMK Engineers were appointed on 18 August 2023 to carry out Planning work which is currently ongoing.
Upgrade of Hopedale Sportsfield	80%	• ZKS and Nam were appointed on 28 Sept 2023 Scheduled completion was 20 June 2024 however due budget shortfall

		the project is carried over to 2024/25 Financial Year.
Mt Fletcher Public Toilets	80%	• Mado Contractors was appointed on 12 June 2023 and Package order was issued 06 September 2023. • Managing Contractor, Devomix was appointed on 25 May 2023. • Scheduled completion for the project was 29 Feb 2024. An extension of time was granted to the contractor to 26 April 2024 due to VO not approved.
Upgrade of Sonwabile Streets and Stormwater Remedial Works Phase 2	100%	• Zuks Development was appointed on 30 November 2023 to construct concrete V-Drains to complete the Stormwater management component of the remedial work and was later given an additional scope to construct 2x pipe culverts crossings. • Maboka JV Mahlubi were appointed as Managing Contractor for the project on 14 December 2023. • Scheduled completion date was 20 June 2024 • Project was certified practically complete on 28 June 2024.
Mt Fletcher VTS	100%	The project is in defects period stage.
Marhoqa to Sophonia Bridges	100%	The project was practically complete on the 22 November 2023 and currently on defects liability period till 22 November 2024.

3.4.3 Implementation of the Subcontracting Strategy

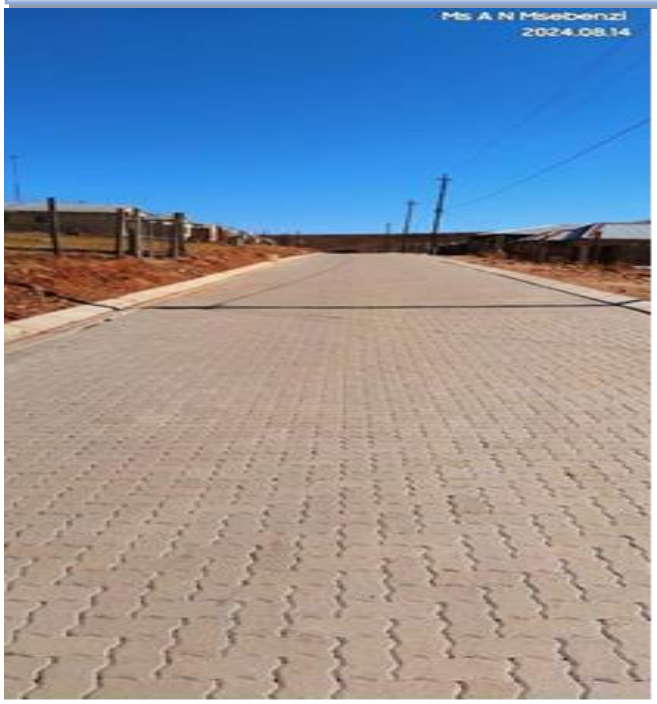
The municipality's Construction Procurement Strategy is designed to benefit local SMMEs from Elundini Municipality to participate in infrastructure projects as subcontractors as per the adopted subcontracting strategy. A total number of 7 local SMMEs benefited during project implementation. See SMME package details for the projects below.

Table 23: Infrastructure Projects

Project Name	Local Contractor /SMME Name	Scope of Work	Award Date	Completion Date	Total Amount Awarded	Expenditure to date	Progress Status
Upgrading of Ugie Access Roads.	1. Tsododo Trading	• Kerbs and Paving works	28 November 2024	15 April 2024	R932 608,50	R932 608,50	100% Work is complete
	2.Sinako Mthunzi Construction	Kerbs and Paving works	28 November 2024	15 April 2024	R932 608,50	R932 608,50	
Greenfields Streets and Stormwater	3.Ezamajola	• Head walls, sub-soil drainage and culverts	14 February 2024	28 June 2024	R723 768,89	R723 768,89	100% Work is complete
Surfacing of Mt Fletcher Urban Roads	4.Mountain Roads	• Screeding with river sand, Placing paving block, Grouting and compact,	11 March 2024	28 June 2024	R344 000,00	R344 000,00	• 100% Work is complete

		Kerbs and Channelling					
	5.Premax Civils	Screeding with river sand, Placing paving block, Grouting and compact, Kerbs and Channelling	11 March 2024	28 June 2024	R344 000,00	R344 000,00	100% Work is complete
Remedial Works for Upgrading of Sonwabile Streets and Stormwater Phase 2	6.Zuks Construction Development	• Construction of concrete V-Drains to complete the Stormwater management component of the remedial work	30 November 2024	28 June 2024	R1 930 657,19	R1 930 657,19	100% Work is complete
Mount Fletcher Public Toilets	7.Mado Contractors	• Construction of Public Toilets in Mount Fletcher	12 June 2023		R1 195 855,53	R1 195 855,53	The works still on going by 30 June 2024

PAVED ROADS


Ms A N Msebenzi
2024.08.14


Ms A N Msebenzi
2024.08.14


Ms A N Msebenzi


Ms A N Msebenzi
2024.08.14

3.5 Rural Roads Maintenance

In the maintenance of municipal roads, ELM had the following plant during the year under review:

Plant: -

2 Graders, 2 TLBs, 3 ADTs, Excavator, Agrico, 2 Rollers, 18 000L Water Tanker AWT, 10 cubic water truck, 8 000 L water truck

Vehicles: -

4 x LDV.

2 x Mahindra Bolero and.

2 x Toyota Avanza

The table below depicts the kilometers of gravel roads maintained, constructed, and upgraded to a surfaced standard:

Table 24: Gravel Roads Maintained, Constructed & Upgraded FY 2023-2024

PERIOD	MONTHS	ROAD NO	AREA	WARD	PLANNED KM	ACTUAL KM COMPLETED	TYPE OF MAINTENANCE
Q-1		AC30155	Mqokolwen-Ngxotho	6	6	6	Regravelling
		AC30396	Mqokolweni D	6	4.5	4.5	Reshaping
		Unnamed	Komkhulu-EmaBheleni	6	1	1	Regravelling
		Unnamed	Lower Ngxaza- Qolombana	5	4	0	Reshaping
		AC30406	St Augusting to Mbonisweni	5	9	0	Regravelling
		Unnamed	MtsheziB- Sidakeni	5	5	0	Reshaping
		AC30400	Sithana	5	7	0	Reshaping
		Unnamed	Matiguru	4	0	0.6	Bladding
TOTALS					**40**	**12.1**	
PERIOD		**ROAD NO**	**AREA**	**WARD**	**PLANNED KM**	**ACTUAL KM COMPLETED**	**TYPE OF MAINTENANCE**

		Unnamed	Drayini	5	2	0	Reshaping
		Unnamed	Lower Ngxaza- Qolombana	5	16	0	Reshaping
		AC30401	Mcwangele B	5	2.6		
		AC62793	Mcwangele A	5	2.4	0	Regravelling
		Unnamed	Sithana	5	7	0	Reshaping
Q-2		Unnamed	Khethe-Khethe- Nkalweni	16	0	2.5	Blading
		Unnamed	Matiguru	4	0	0.9	Blading
		Unnamed	Taung	16	0	1.8	Blading
		AC30155	Mqokolweni- Ngxotho	6	5	3.5	Gravelling
		Unnamed	Drayini-Ramatee-Greatplace	7	0	14.2	blading
		Unnamed	St Augustines	5	0	0.9	gravelling
SUB-TOTALS					**35**	**23.8**	
PERIOD		**ROAD NO**	**AREA**	**WARD**	**PLANNED KM**	**ACTUAL KM COMPLETED**	**TYPE OF MAINTENANCE**
	Jan-24		St Augustines- Mpunkone to Lower Ngxaza-Qolombana	5	21	21	Various
	Jan-24		Qolombana	5		0.8	Graveling
	Feb-24		Ntushu-Ntushu-Mbonisweni	5	10	1.9	Dry Balding
	Feb-24		Hopedale	5	2	0	
Q-3	Feb-24		Sithana	5	7	0	
	Feb-24		Maclear	3	0	1	Dry Blading
	Feb-24		Mcwangele	5		5.3	Dry Blading
	Mar-24		Ngongongo	5	0	4	Dry Balding
	Mar-24		Kose	5	0	4.6	Dry balding
	Mar-24		Mbonisweni	5	0	2.5	Dry blading
	SUB-TOTALS				**40**	**41.1**	

PERIOD		ROAD NO	AREA	WARD	PLANNED KM	ACTUAL KM COMPLETED	TYPE OF MAINTENANCE
	Apr-24	AC30397	R56- Down	6	3.4	3.4	Re Gravelling
	Apr-24	Unnamed	Kwa-Mtshemla	6	1	1	Re Gravelling
	Apr-24	AC30399	New-Castle	6	1.3	1.3	Re Gravelling
	May-24	AC30406	St Augustines	5	1.8	1.8	Re Gravelling
	May-24	AC30405	St Augustines	5	2.2	2.2	Re Gravelling
	May-24	Unnamed	St Augustines	5	0.3	0.3	Re Gravelling
	Jun-24	Unnamed	Mpunkone Village	5	4.3	4.3	Accessibility blading
	Jun-24	Unnamed	Lower Ngxaza Village	5	1	1	Accessibility blading
	Jun-24	Unnamed	Ntushu-Ntushu	5	0.3	0.3	Accessibility blading
			Thembeni	9	2.8	2.8	Dry Blading
		Unnamed	MtsheziB- Sidakeni	5	5	0	Reshaping
		AC30400	Sithana	5	7	0	Reshaping
			Mountain	5	2.8	0	Regravelling
			Thomas Ntaba	5	1.8	0	
	SUB-TOTALS				**35**	**18.4**	
ANNUAL TOTAL					**150**	**95.4**	
% Completion					**150**	**63.6%**	

GRAVEL ROAD MAINTAINANCE

BEFORE **AFTER**











3.6 Stormwater

Table 25: Completed Stormwater Repairs

Financial Year 2023-24 - Stormwater Repairs and Maintenance					
Quarter	**Months**	**Activity**	**Stormwater (m)**	**Stormwater (m) Achieved**	**% Achieved**
1	July to September 2023	Tlokoeng	500	560	
		Ugie	500	513	
		Nqanqarhu	500	476	
QUARTERLY TARGET			**1500**	**1549**	**26%**
2	October to December 2023	Tlokoeng	500	615	
		Ugie	500	721	
		Nqanqarhu	500	598	
QUARTERLY TARGET			**1500**	**1934**	**58%**
3	January to March 2024	Tlokoeng	500	376	
		Ugie	500	738	
		Nqanqarhu	500	456	
QUARTERLY TARGET			**1500**	**1570**	**84%**
4	April to June 2024	Tlokoeng	500	640	
		Ugie	500	514	
		Nqanqarhu	500	560	
QUARTERLY TARGET			**1500**	**1714**	**113%**
ANNUAL TARGET			**6000**	**6767**	**113%**

3.7 Urban maintenance Report

Table 26: Urban Maintenance

Financial Year 2023-24 - Summary Urban Maintenance Schedule										
Quarter	**Months**	**Activity**	**Stormwater (m)**	**Stormwater (m) Achieved**	**Stormwater (No)**	**Stormwater (No) Achieved**	**Road Reserve Maintenance (m²)**	**Road Reserve Maintenance (m²) Achieved**	**Surfaced road maintenance (m²)**	**Surfaced road maintenance (m²) Achieved**
1	July to September 2023	Tlokoeng	500	560	15	22	1000	1119	300	331
		Ugie	500	513	30	35	1000	1003	300	296
		Nqanqarhu	500	476	20	21	1000	1012	500	522
QUARTERLY TARGET			**1500**	**1549**	**65**	**78**	**3000**	**3134**	**1100**	**1149**
2	October to December 2023	Tlokoeng	500	615	15	23	1000	1333	300	798
		Ugie	500	721	30	41	1000	1820	300	182,5
		Nqanqarhu	500	598	20	29	1000	1590	500	309
QUARTERLY TARGET			**1500**	**1934**	**65**	**93**	**3000**	**4743**	**1100**	**1289,5**
3	January to March 2024	Tlokoeng	500	376	15	20	1000	1327	100	0
		Ugie	500	738	30	25	1000	812	100	0
		Nqanqarhu	500	456	20	24	1000	1208	100	0
QUARTERLY TARGET			**1500**	**1570**	**65**	**69**	**3000**	**3347**	**300**	**0**
4	April to June 2024	Tlokoeng	500	640	15	18	1000	1117	100	0
		Ugie	500	514	30	33	1000	719	100	0
		Nqanqarhu	500	560	20	22	1000	1578	100	0
QUARTERLY TARGET			**1500**	**1714**	**65**	**73**	**3000**	**3414**	**300**	
ANNUAL TARGET			**6000**	**6767**	**260**	**313**	**12000**	**14638**	**2800**	**2438,5**

% of Stormwater maintained	% of surfaced road maintained	% of road reserve maintained	m^2 of urban roads maintained
113%	87%	122%	105%

3.8 Transport (Including Vehicle Licensing, Renewing of Driving Licences & Public Bus Operation)

ELM does not provide any public transport facility to its communities and the service is only rendered by the private operators. ELM continued to operate two Driving Licence Testing Centres (DLTCs), Registering Authority (RA) in Tlokoeng and Nqanqarhu. There is a service level agreement between ELM and Department of Transport guided by a National Road Traffic Act 93/1996.

Both these centres are staffed with superintendents, supervisors, admin clerk, senior licencing officer, examiners, licencing officers (cashiers), traffic officers and law enforcement officers, related systems are being used and revenue is generated from both units (RA) Registering Authority and (DLTC) Driving Licence Testing Centre. Revenue that was generated from DLTC for the 2023/2024 financial year from drivers' licence was R495 312.00, learners licence R755 746.22, professional driving permit (PrDP) R260 106.00, traffic fines R8 457.70 and the total amount for all revenue generated was R1 519 621.92. Revenue generated from RA (DoT) Department of Transport R8 781 493.89, (RTMC) Road Traffic Management Centre R673 508.78 and Agency fees R 2 139 998.57 the total amount of revenue generated from RA R 11 595 001.24. The total revenue generated from DLTC and Agency fees revenue for the Municipality R3 659 620.49.

The Challenges encountered during the F/Y was network connectivity for both units and the Department of transport added an extra network, we are dual with Vodacom and MTN as the backup. The Municipality installed a backup generator for Nqanqarhu an additional budget is needed for Tlokoeng to procure a backup generator.

The services rendered are renewal of driving licences, Professional Driving Permit, learners' licence, practical driving licence code B, and the registration & licencing of motor vehicles.

These services are rendered on a daily basis, registration and licencing of motor vehicles for both Nqanqarhu and Tlokoeng registering authorities ongoing and waiting time is +- 5 minutes depending to a problem and attending time is also +- 5 minutes. Renewals/ Professional Driving Permits these activities are conducted daily and it takes +-15 minutes to be done with applicants' renewals/ Professional Driving Permits. Application for driving licences and learner's licenses appointment lead times (3) three to ten (10) at times 5 days. Tariffs for some transactions are determined by the system, PrDP, DL's renewals and LLs are on the notice board as they are currently fixed amounts and the required documentation.

Revenue generated reports in respect of RA's and DLTC's Revenue generated is prepared on quarterly basis for onward submission to Standing Committee

ELM operated learners' licence testing system changed from manual to online testing using tablets and the system is functioning well. Due to possible risk of hacking of the system, the Department of Transport has installed biometrics machines for logging into the system and they have stopped the users to log into another workstation i.e. (Tlokoeng) to avoid fraud by the users and a new eye testing machine has been installed linked with home affairs.

Vehicle Testing Station (VTS) does not meet the minimum requirements as per the regulations. A comprehensive risk assessment was made by the Department of Transport for the relocation of driving licence testing centre and registering authority. Findings after comprehensive assessment, relocation was rejected based on the list of possible things that were never been included when the VTS was constructed. Budget for outstanding work must be prioritised, as the Municipality is losing a lot of revenue that will be generated from the VTS. IP&D has completed construction of Vehicle Testing Station (VTS) and it does not comply with the requirements of VTS pit. Once the budget made available and outstanding work attended to, the registering authority and driving licence testing centre will relocate to the new building while the pit is not functional to occupy the building and avoiding vandalization.

A request for relocation of the Registering Authority (RA) and Driving Licence Testing Centre (DLTC) to Mt Fletcher VTS was submitted to Department of Transport and inspection of the centre was conducted by Provincial Inspectorate and the report clearly states that there are areas of concerns that need to be attended to before the building can be utilized, budget must be made available to fix the pit and be able to utilize the pit by the ELM communities and the surrounding areas.

The old VTS in Nqanqarhu is no longer functional. Currently residents have to travel to other municipalities for this service something that comes with great inconvenience on their part.

COMPONENT C

3.9 Planning and Economic Development

Government is committed to economic growth, employment creation, sustainable service delivery, poverty alleviation programmes and the eradication of historic inequalities. In order to ensure that infrastructure investment and development programmes are channelled towards these objectives, the National Spatial Development Perspective (NSDP) was formulated. The principles enshrined in the NSDP are thus of great importance to local government investment, through the IDP and capital expenditure.

The National Spatial Development Vision is as follows: South Africa will become a nation in which investment in infrastructure and development programmes support government's growth and development objectives:

- By focusing economic growth and employment creation in areas where this is most effective and sustainable;
- By supporting restructuring to ensure greater competitiveness;
- By fostering development on the basis of local potential and
- By ensuring that development institutions are able to provide basic needs throughout the country

The department of Planning and Economic Development plays a critical role in ensuring that the municipal vision to be realized through programs that alleviate poverty and inequality by encouraging sustainable and efficient economic growth. The strategic objectives of this department cannot be isolated from the municipal vision and mission. In order to achieve the Vision, there must be planned projects each and every financial year.

The Department is comprised of a Planning and Economic Development Units, with the former having the following core functions:

a) Building Control

The Building Control unit plays a vital role in ensuring the health, safety, and well-being of individuals in their living and working environments. This is achieved through the enforcement of the National Building Regulations and Building Standards Act No. 103 of 1977 (as amended). The unit's key responsibilities include ensuring compliance with building codes and standards, conducting regular

inspections of buildings and construction sites, issuing certificates of occupancy and approval, investigating building-related complaints and incidents, and providing guidance and education on building regulations and standards.

By enforcing these regulations, the Building Control unit helps to prevent accidents and injuries, reduce the risk of building collapses and structural failures, promote energy efficiency and sustainability, protect the environment and public health, and support economic growth and development through safe and compliant construction practices.

b) Housing Development Facilitation

Housing Development Facilitation is a crucial function that aims to ensure that all individuals have access to adequate housing, a fundamental human need. This involves setting realistic housing delivery goals, both in terms of quantity and quality, to address the housing needs of various communities. Effective coordination is also essential to facilitate the delivery of housing, involving collaboration with various stakeholders, including government agencies, private developers, and community organizations.

Sound public participation is a critical component of housing development facilitation, ensuring that the needs and concerns of all stakeholders are considered. This involves engaging with communities, conducting public hearings, and soliciting feedback to ensure that housing developments are responsive to local needs and aspirations. By facilitating inclusive and participatory housing development processes, this function helps to promote social cohesion, community empowerment, and sustainable urban development.

c) Town Planning

Town Planning is a critical function that involves the development of a shared spatial vision, guiding the direction of development and capital investment decisions to ensure a well-managed, sustainable, and orderly use of land. This entails creating a comprehensive framework that balances social, economic, and environmental needs, while promoting efficient and effective use of resources. By establishing a clear spatial vision, town planning helps to coordinate development efforts, minimize conflicts, and maximize benefits for all stakeholders.

Moreover, town planning plays a crucial role in directing capital investment decisions, ensuring that resources are allocated efficiently and effectively to support development priorities. By providing a clear

and coherent spatial framework, town planning helps to reduce uncertainty, manage risk, and enhance confidence among investors, developers, and communities.

The Planning Unit plays a pivotal role in terms of developing plans, policies and strategies aimed attracting developments, investors, and job creation, and it is also the main driver to the success of the Municipality vision.

The key strategic objective of the unit relates to the timeous, efficient and effective consideration and approval of land use applications that are responsive to and reflective of community needs and development trend. This is being done through the implementation of planning tools and processes that guide the land use application life cycle, from submission to approval. Planning tools such as the Elundini Land Use Scheme, 2023 (As Amended) and the Elundini Spatial Planning and Land Use Management By-Law are being used to evaluate land use applications in an efficient and coherent manner as follows.

Applications for Land Use Development	
Detail	**Year 2023/2024**
Planning applications received	Twenty-One (21) Land Use Applications received
Determination made in year of receipt	All twenty (21) applications acknowledged and processed either for completeness or incompleteness.
Applications withdrawn	Two (2) applications withdrawn: i. Special Consent for a Telecommunication mast and base station on a portion of the farm Chevy Chase No 266. Mount Fletcher District (Consent use application withdrawn (11 March 2024) ii. Special Consent for a Telecommunication mast and base station on a portion of the farm Nqayi no. 214 in the Qumbu District (Consent use application withdrawn (11 March 2024)
Applications outstanding at year end	i. Erven 2014 and 2017 Township Establishment- Application table at the JGDM Planning Tribunal and put to abeyance pending outstanding information. ii. Erf 129 Maclear Subdivision- Application still under scrutiny, the said ap-plication still awaits inputs from internal and external departments iii. Erf 366 Maclear- Application complete awaiting approval iv. Erf 530 Maclear, Special Consent for a Telecommunication mast and base station- Application still under scrutiny (letter of incompleteness sent to applicant) v. Pitseng Farm No.15 Special Consent for a Telecommunication mast and base station- Application still under scrutiny (letter of incompleteness sent to applicant

	vi. Proposed exemption of subdivision (lease area) on a portion of the farm Chevy Chase no 266 Mount Fletcher District- request for outstanding information sent to applicant. vii. Proposed exemption of subdivision (lease area) on a portion of the farm Nqayi no. 214 in the Qumbu District- request for outstanding information sent to applicant. viii. Special Consent for a Telecommunication mast and base station on Farm Dengwane No.135 ix. Special Consent for Telecommunication mast and base station on Farm Upper Thokwana x. Rezoning Application on Erf 249 Mount Fletcher- Application still under scrutiny, receipt of application sent to applicant on the 10 July 2024 xi. Permanent departure for 'place of instruction'- Application still under scrutiny, the said application still awaits inputs from SANRAL

d) Geographic Information System

The Geographic Information System (GIS) plays a vital role in supporting the Municipality's planning efforts and informed decision-making processes. By providing spatial information and support to all users within the Municipality, GIS enables the effective management and analysis of geographic data. This involves collecting, storing, and disseminating spatial information to various stakeholders, including planners, engineers, environmental managers, and other decision-makers.

Through the subscription of the IMIS-GIS System, the Municipality is able to facilitate informed decisions by providing accurate and timely spatial data. This includes information on land use patterns, demographic trends, infrastructure locations, environmental features, and other critical factors that impact planning and development. By analyzing and visualizing this data, this GIS system helps the Municipality to identify trends, patterns, and relationships that inform planning strategies and policy decisions.

e) Outdoor Advertising Regulation

The Outdoor Advertising Regulation function plays a crucial role in maintaining a visually appealing and safe environment within the Municipality by ensuring that all forms of outdoor advertising are controlled and regulated. This involves enforcing compliance with the South African Manual for Outdoor Advertising Control (SAMOAC) and the Municipality's Outdoor Advertising Policy, which provide guidelines and standards for outdoor advertising. The regulation covers various aspects, including

billboards, signage, outdoor displays, advertising on municipal property, mobile advertising, and digital outdoor advertising.

By regulating outdoor advertising, the Municipality aims to maintain a clean and attractive environment, protect public safety, and reduce visual pollution. The enforcement of SAMOAC and the Elundini Outdoor Advertising Policy ensures that outdoor advertising is consistent with the aesthetic, environmental, and safety standards of the area. This involves monitoring permit applications, approving compliant advertising, and taking enforcement action against illegal or non-compliant advertising. Through effective regulation, the Municipality can strike a balance between allowing outdoor advertising that supports local economic growth and maintaining a high quality of life for residents and visitors.

3.9.1. AUTHORIZED OFFICIAL, MUNICIPAL PLANNING TRIBUNAL AND APPEAL AUTHORITY

3.9.1.1. AUTHORIZED OFFICIAL:

2023/24 Performance: While the authorized official continues to review and process land use applications in compliance with SPLUMA and the Municipal By-Law, the specific number of applications considered is not a directly tracked metric in the 2023/24 initial submission of the annual performance plan. The emphasis is on adherence to regulations and efficient processing, which are qualitatively assessed. However, during the 2023/24 financial year the authorized official has considered eight (8) Land Use and Land Development Applications as compared to 13 applications during 2022/23 financial year.

3.9.1.2. MUNICIPAL PLANNING TRIBUNAL:

2023/24 Performance: Similar to the Authorized Official, the number of applications considered by the Municipal Planning Tribunal is not a primary Key Performance Indicator (KPI) for the 2023/24 period. Performance is gauged by the thoroughness and fairness of the tribunal's deliberations, as well as adherence to legal timeframes for decisions, which are reviewed on an ongoing basis and there were no applications considered by the tribunal during 2023/2024 financial year.

3.9.1.3. APPEAL AUTHORITY:

2023/24 Performance: There were no applications considered by the Appeal Authority during the 2023/24 financial year. This is event-driven; activity occurs only when appeals are lodged. The absence of applications isn't necessarily negative; it can indicate effective decision-making at lower levels.

3.9.1.4. LAND ALIENATION AND REVENUE COLLECTION:

2023/24 Performance: The core activity is the continuous management of the valuation roll. The key driver is that the Municipality received condonation of with time periods for the valuation roll to be extended until July 2025 in terms of the Municipal Property Rates Act, 2004 (Act No. 6 of 2004). The Department continues with the monitoring of implementation of the valuation roll.

3.9.1.5. DEMARCATION & DISPOSAL OF RESIDENTIAL/NON-RESIDENTIAL SITES:

2023/24 Performance: The indicator involves continuous spatial planning to promote community well-being and environmental welfare, with emphasis on proper implementation of SPLUMA, Spatial Development Framework, Land Use Scheme and By-Law.

To be compliant with applicable legislation and policies guiding the disposal of immovable assets, an open and transparent process ensued through the publication of adverts during the previous 2022/23 financial year inviting prospective buyers to submit bids for sites available as follows:

I. Residential Development - 47 sites ranging from R51 000 to R330 000 in the area of Nqanqarhu, Clearview, Ugie and Tlokoeng. Out of 47 sites being sold, there were over only 33 sites that received bids across 102 submissions. Pending the outcome from Bid Committees, the remaining 14 sites receiving no submission are to go for re-advertisement.

II. Place of Worship – 7 sites Ranging from R43 000 to R188 000 in the area of Ugie. Out of 7 sites being sold, there were only 3 sites that received bids across 6 submissions. Pending the outcome from Bid Committees, the remaining 4 sites receiving no submission are to go for re-advertisement.

III. Business Development Sites – 24 sites ranging from R192,000 to R217,000 in the area of Tlokoeng. Out of 24 sites on sale, there were only 11 sites that received bids across 22 submissions. Pending the outcome from Bid Committees, the remaining 13 sites that received no submissions are to go for re-advertisement.

a) ALIENATION OF VACANT PROPERTIES IN UGIE FOR RESIDENTIAL DEVELOPMENT

The Department of Planning and Economic Development identified the vacant sites in Ugie. It was established that there are 141 undeveloped sites registered under Elundini LM and of those, only 89 were confirmed that are vacant with no issues and would possibly be suitable for the development of residential development.

To this end, recommendations to the Council are being tabled for improved access to owning land, and the Planning and Land Use Management Unit that is has cleared these properties and confirmed that they are municipal-owned however when verifying the stands on-site coupled with conducting ad-hoc interviews with locals it was identified that 52 sites had prior occupants and as such a community engagement plan is crucial and will include:

Profiling and verifying vacant properties in existing settlements, especially those with possible prior occupation, require a meticulous and sensitive approach by local authorities.

b) UGIE & TLOKOENG SITE CLEARANCE FOR PROVINCIAL PUBLIC WORKS

I. In the 2023/24, the DPWI and has been requesting the Municipality to issue them with rights to clear the subject sites, preparing for the formalisation and transfer of the premises to the Eastern Cape Provincial Government.

II. This emanated from a request by the DPW, wherein they have requested the Municipality to facilitate the issuing of Council Resolutions for the acquisition and disposal of properties which DPWI is currently processing.

3.10. Local Economic Development

The LED Strategy was reviewed and adopted by Council in 2020. The revised Elundini LM's Local Economic Development Strategy 2019-2024 seeks to set out a strategic path and trajectory for local economic development. The main strategic goal of the Elundini Local Economic Development Strategy is to attain a sustainable economic growth, with a growth rate of 1% which is characterised by increase in output, employment growth and increase in household income in urban and rural areas in the next five years. The municipality in developing the strategy considered the key guiding principles of Local Economic Development set up by National Local Economic Development Framework

3.10.1. SMME Development

3.10.1.1 *Contractor Development Programme*

The Municipal Council took a decision to concentrate on the construction sector as one of the main developmental sectors in the industry. ELM reviewed its Procurement Construction Strategy which has two categories of objective, the primary which focuses on quality service delivery, the secondary objective, which are aligned with the development of the SMME contractors such as follows:

- Promote broad based black economic empowerment.
- Promote local employment (temporary and permanent) through the delivery of the works;
- Develop small enterprise capacity to undertake the portions of the work as subcontractors and the maintenance of the completed works;
- Retain as much of the project expenditure within the Elundini Local Municipality; and
- Support skills development by increasing the number of people who have part qualifications, national qualifications and professional designations awarded by statutory councils

In the 2023/2024 financial year, the municipality was able to appoint a total of 11 SMMES as part of its incubation programme. The total amount of the packages is R6,7 million. Of these contractors there were 2 Grade 3, 2 Grade 2 and 6 Grade 1. Most of these contractors were due to complete their work at the end of August 2024 which is in the new financial year. Upon receipt of their completion certificates these contractors are expected to upgrade their CIDB grade with the assistance of the LED Office.

It has been discovered that most of the packages received do not necessarily enable them to qualify for the next CIDB grade. Of the 11 contractors mentioned above, only 2 contractors who are grade 3, will be able to qualify for Grade 4 based on the amount of the package received. This is however one of the main objectives of the programme to incubate construction SMMEs. At a meeting between the municipality and the Elundini Contractors Forum that was held in June 2024, it was decided that in future, the amount of the packages awarded to the construction SMMEs should enable them to qualify for the next CIDB grade as is the objective of the incubation programme. Contractors that are to receive work packages under the are expected to upgrade their CIDB grade upon completion of the work. The appointed contractors will be required to sign a undertaking with the municipality to upgrade their CIDB status upon receipt of the completion certification. Failure to do this will mean they will not be considered for future work packages in their current CIDB

3.10.1.2. Training for SMMEs

Small, Medium and Micro Enterprises (SMMEs) play a pivotal role in the economies of all countries worldwide and are major contributors to income generation, outputs and the level of employment in a country. Inadequate management skills, expertise in key function areas and the lack of adequate financial understanding is significantly rising. It is vital for SMMEs to have access to training programmes that educate them and their staff on how they can improve their business and managerial skills and successfully run their companies This is an extensive and accredited course designed to give insight on supply chain management issues which might help in giving answers as to why our local SMMEs become unsuccessful in most tendering opportunities. Over the financial year, LED partnered with other sector department and parastatals like Department of Water and Sanitation, SARS and the ECDC) to capacitate local businesses on compliance, business development and other issues that are pertinent to the success of their businesses.

Capacitation with the supply of inputs and working equipment

One of the measures undertaken by the South African Government to improve the plight of the economically vulnerable was to avail funding for the most affected sectors of the economy. One of these funding mechanisms was from the Informal and Micro Enterprise Development Programme (IMEDP) from the National Department of Small Business Development (DSDB). As part of this programme LED facilitated sessions with local informal Traders and DBSB. The purpose of these sessions was to assist the informal traders to populate the required forms and submit the information required by DBSB as the funder. This process culminated in the approval of funding for business equipment by DBSB for 57 informal traders. The equipment approved by ranged from fridges, hairdryers, sewing machines, laptops and other inputs to assist the businesses. The handover c with the 57 informal traders was held on the 01st May 2024 and was presided over by the Mayor of Elundini and the Minister of Small Business Development amidst much fanfare and celebrations

3.10.1.3. Masonry Development Programme

Although barriers of entry are high for SMMEs for the equipment manufacturing due to high capital requirement, high resources requirement for accessing technology, the Premier's office funded the municipality R1, 9 million to promote the entry in this industry. The role of the municipality with its partner, Elundini Cooperative Development Centre (CDC), was to ensure that the project was implemented in a sustainable way and benefits the local industry. The municipality should partner with the ELCDC and pilot a brick road construction with bricks manufactured from the Tlokoeng brick site.

As of June 2024, there were 6 employees working on the site. They were contracted for a period of 6 months which expires at the end of September 2024. Production of Masonary has begun but it has not achieved a mass scale because of various challenges. These include the future management of the facility in a way that sustainable.

Marketing Strategy

- Elundini Municipality Infrastructure Department– The municipality's Infrastructure Department has begun works in the construction/rehabilitation of streets in Tlokeong, Maclear and Ugie. Upon completion of this process there is already an in-principal agreement between Planning and Economic Development and Infrastructure that the appointed contractors will be engaged about the possibility of sourcing the necessary masonry material such as kerbs from the project. However, all of this is highly dependent on the readiness of the project to deliver the required masonry material as and when it is required.
- Mt Fletcher Mall Development- The project is expected to produce construction material when this development finally gets underway

Funding Strategy

- The Municipality has prepared an application to the National Department of Small Business Development under the Shared Infrastructure Facility. The requirement of this facility is that the municipality co-funds the project on a 50: 50 percent basis. It also requires that there must be a Council resolution to this effect. The processes are underway, and this Council Resolution should be obtained by the 1st quarter of the 2024/25 financial year.

- ***Co-operative Development Centre and its Governance***

The cooperative development centre was established in 2015 in partnership with DEDEAT and ELM to ensure that the following business services are localised:

- Basic Services:
- Assistance with pre-incorporation training to start up co-operatives.
- Basic training of members in co-operative enterprise skills.
- Access to sources of finance.
- Co-operative economy directory
- Business planning.
- Enterprise development advice and guidance to new and existing cooperatives.
- Tender Advice and information.
- Co-operative Advice.

- Facilitation of market access.
- Mentoring; and
- Linkages with other co-operatives and SMMEs.

3.11. Agricultural Development

3.11.1. Wool Development Programme

ELM commissioned Council for Scientific and Industrial Research (CSIR) to review the existing feasibility and business plan for wool hub development for Elundini municipality. The business did not only consider the scouring line but also considered the value chain analysis and other pragmatic downstream enterprises for immediate implementation. The project suffered commitment from Provincial government which led to the local wool growers soliciting political intervention from the province. ELM and the local Wool Growers Association (WGA) established partnership with provincial government through ECRDA to implement the project from April 2020. The memorandum of understanding between ELM, ECRDA and the local wool growers would be signed in 2019/20. The business plan was reviewed and was finalised in October 2019.

A service provider was appointed by the Municipality in 2020/21 to train local woolgrowers in responsible wool production that would grant them certification of their shearing sheds as responsible wool growers according to international standards. Once certified their wool is expected to fetch a premium of 10 percent more than the current rate being paid. This service provider has been appointed by the municipality for a period of three years.

In the 2023/24 financial year the appointed service provider in partnership with the municipality certified the following shearing sheds in the Tloekeng area.

NAME OF SHED	WARD NUMBER
1. Bhongweni	13
2. Vukani Bafuyi	14
3. Inkwenkwezi	8
4. Maqhoba	8
5. Popopo	12
6. Lower Thokwana	15
7. Liphakoeng	15
8. Lehana’s Pass	14
9. Phirintsu	13
10. Sibablwe/Mpharane	10

In line with the objectives of this programme the certified shearing sheds will now receive a premium of 10 percent and above in the market for their wool.

3.11.2. Tourism Promotion

3.11.2.2. Maclear Tourism Information Centre

Tourism as a sector was one of the most affected by the Covid pandemic. Initiatives are under way by tourism stakeholders to resuscitate the sector. The Tourism Information Centre in Maclear has been operational for most of the 2023/24 financial year and has mainly been manned by tourism interns that the department employs on a yearly basis. The centre provides critical information on the profile and number of visitors in the Elundini area. This enables the municipality to target such visitors by marketing to platforms that they normally frequent. The numbers visitors to the TIC have picked but are yet to reach pre-Covid levels.

3.11.2.3. Tourism Awareness

Tourism Month is an annual celebration held in September to focus on the importance of tourism to the economy of South Africa. It is aimed at encouraging more people to embark on leisure activities and, in so doing, to increase the number of domestic holiday trips and tourism spend in all nine provinces, while contributing to a critical sector of the country's economy. It also encourages South Africans to travel within their own country and to get a better understanding of the affordable and exciting attractions and activities available to them on their own doorsteps. The area of Elundini Municipality does not experience great amounts of leisure tourism from external communities and neither do local people travel within the borders of Elundini.

In 2023/24 financial year, the municipality celebrated tourism and heritage month by hosting a cultural festival "Elundini Cultural Festival''. This festival was aimed promoting arts and craft as at boosting economy as visitors spent money on accommodation and on local businesses. The festivities will include:

The official opening by the Mayor.

- Flea market
- Vintage car showcasing
- Traditional food tasting
- Local performances
- National Artist performance (Nathi Mankayi)
- Career exhibition

This event which was well received by the people of Tlokeong as well as the people from around Elundini. It was successfully held on the 29th September 2024 at the Craft Centre in Tlokeong. The municipality also participated in the National Tourism Indaba that is held annually in Durban as part of marketing the municipality. Tourism Indaba is one of the largest tourism marketing events on the African calendar and one of the top three 'must visit' events of its kind on the global calendar. It showcases the widest variety of Southern Africa's best tourism products and attracts international tourism stakeholders. The Elundini Municipality had a stall and was one of the exhibitors at the Indaba. The event was held on the 12th to the 15th May 2024 in Durban.

COMPONENT D

3.12. COMMUNITY & SOCIAL SERVICES PROGRAMS

3.12.1. Libraries; Archives; Museums; Community Facilities; Other

Libraries are a function of the Department of Sport, Recreation, Art and Culture and ELM runs them on an agency basis. To give effect to this arrangement a Service Level Agreement was signed with the Libraries are a function of the Department of Sport, Recreation, Art and Culture and ELM runs them on an agency basis. To give effect to this arrangement a Service Level Agreement was signed with the provincial government who is subsidizing the services to the tune of R750 000. The library grant only contributes to the salaries of the library staff, off which it is not enough for other library activities. There is a need to incorporate the 3 modular libraries that fall within ELM area of jurisdiction into the service level agreement. The Department of Sports, Recreation, Arts and Culture runs and operates the modular libraries with their staff members. All three towns operate library facilities through seconded professional librarians assisted by staff appointed by ELM.

During the year under review, there were no new community halls that were constructed only management and maintenance of the previously constructed halls. The municipality has constructed 1 ECDC at Ntokozweni in Ugie and Refele sports field, Hopedale sports field is under construction. A participatory model which involves using communities to look after the Halls has been conceptualised which shall be piloted in two wards. If successful, the model will be rolled out to the rest of the wards which have been provided with community halls.

3.12.2. Cemeteries and Crematoriums

The state of municipal cemeteries was not a pleasing one for previous years and the year under review especially considering that most used cemeteries are by now almost running out of burial space. Ugie community continued to conduct illegal burials by utilizing a closed cemetery despite a portion of land that was made available in Bhekela Township for use as an alternative. The latter is not a properly planned cemetery with the necessary Geotech studies having been conducted to determine suitability. At the current state in which it is, it can easily be categorized as an informal burial site with no control and regulation of burials as legally required.

The Ugie town cemetery was equally utilized though also not regulated and controlled resulting in no order of burials nor applications received by ELM to conduct burials. Nqanqarhu was in a similar position as the two other towns. Other than the old town cemetery, communities used illegally established burials sites. It was agreed that cemeteries that were almost full should be prioritized and further developed and extended to provide more burial space. It was further agreed that all cemeteries should be properly regulated and controlled in terms of the requirements of the relevant cemetery by-law. Cemetery proper regulation applied in the case of Ugie and Tlokoeng. Some land parcel was identified in Nqanqarhu however this is pending the outcome of investigations into its suitability or otherwise. All the above steps are important for cemetery management system's immediate implementation which was adopted by ELM. ELM must build on going forward and necessitates formalization of all cemeteries over time. There is no numbering of graves in all Municipal cemeteries which will lead to the loss of graves.
ELM does not operate a crematorium.

3.13. SPECIAL PROGRAMS UNIT

The Special Program Unit is responsible for Women empowerment; Youth development, and Mayor's Social Investment; People with disabilities (PWD) and HIV & AIDS coordination. The municipality went through the process of developing Service Delivery and Budget Implementation Plan (SDBIP) for this financial year. Projects for implementation were prioritized and plans to articulate how allocated resources will be utilized and how the projects are to be implemented. The following projects were implemented in this financial year:

- HIV& AIDS programs
- Support to youth owned businesses/enterprises
- Mayoral Horse Racing Event

- MSI program
- People with Disabilities Support

3.13.1. HIV& AIDS programs

In this financial year the municipality budgeted an amount of R1 071 000 to ensure coordinated response to HIV in Elundini through the Local Aids Council. The municipality supported 17 Home Community Based Care organisations (HCBC's) with an amount of **R13 000** each as stipend and in return the HCBC submitted Quarterly reports of the services rendered as stipulated in the partnership agreement. In addition, ELM has a responsibility to coordinate the Local Aids Council activities, all of this is covered under the above-mentioned budget

3.13.1.2. Functioning of Local Aids Council

The Elundini Local Aids council is a multisectoral response platform created by the municipality to fight against the scourge of HIV&AIDS in our communities. The LAC is functional, the only challenge is the inconsistency in the attendance by sector departments. All LAC quarterly meetings were held as planned in this financial year.

3.13.1.3. HCBC partnerships

Elundini Local Municipality (ELM) adopted a strategy to partner with 17 Community Home Based Care (HCBC) organizations to fight HIV/AIDS pandemic. These HCBCs are entrusted with responsibility to implement the HIV& AIDS implementation plan that is aligned to the National Strategic Plan to all its wards. The Service Level Agreements for 2023/2024 financial year, were developed and signed between the municipality and all 17 HCBCs. The scope of for these HCBCs is as follow:

- Education, Awareness and Prevention Programs
- Treatment, Care and Support for people living with HIV&AIDs
- Care and support for orphans and vulnerable individuals

3.13.1.4. Care Givers Training

The municipality also organized a 3-day training for the workers (care givers) in the 17 HCBCs. The nature of the work that they do requires them to be trained from time to time for them perform their duties well. The training was facilitated by a trainer from Department of Health. Each HCBC sent 2 workers to attend the training, the total number of attendees was 46, the training was held at Nqanqaru on the 27-29 November 2023. The training mainly focused on HIV/AIDS Background, HIV/AIDS

transmission and prevention (Undetectable = Untransmittable) , HIV/AIDS pre- exposure and post exposure, HIV Index testing, and the HIV treatment.

3.13.2. Support to Youth Owned Enterprises

The municipality provided an opportunity through grant funding for 80% youth owned enterprises within Elundini Local Municipality. Two youth owned enterprises were supported in this financial year, they are the following:

Table 27: Youth Enterprises Supported

YOUTH ENTERPRISE	SUPPORT PROVIDED	items
1. Silondolozeni Youth Cooperative	Piggery material and equipment	• Water pump Centrifugal 1.1 JoJo • Netting wire 1.2MX50M (X20) • Water Tank 5220 (X2) • Hosepipe dradling 100MX20MM (X2) • Barbed wire 50KG (X5) • Plain wire 1.6 MM 2KG • Plain wire 4.0MM 5KG • Potato seed- round up 25KGX15 • Weed killer-round up 5LTX1 • 50KG Fertiliser X5 • 50KG LAN X5 • 3months old piglets X20 • Pig grower feed 50KG X10
2. Jonase Trading Enterprise	Telecomunication equipment and tools	• Laptop • Projector • Tower • LED Monitor • Laser Printer • Camera • Photo Printer • Stamp making machine • Stationery • Laminator, and its sheets

3.13.2.2. Mayoral Horse Racing Event

The municipality has successfully hosted a Mayoral Horse Racing event, which was held in Ugie. This has become an annual event with an intention of:

- Facilitating provision of more opportunities for our jockeys.
- Promoting local economic development and tourism.

- Facilitating social cohesion.

Additionally, this initiative was conceived as one of the strategic interventions towards youth development, through enhancement of youth talent and was launched to ensure that their talent is promoted, profiled and appreciated.

The Mayoral horse racing event was held on the 14 October 2023 in Ugie. One hundred and fifteen (150) young jockeys from three horse racing clubs Ncembu, Sisonke and Mt fletcher clubs and other surrounding towns of ELM became an integral part of this event, racing under two races, Umphalo with 8 different hits and Umhabo with 8 different hits with 1st prize up to 4th prize in each hit, Jockeys are young people from 13 to 35 where in each race they win they get 10% of the amount won.

3.13.3. Mayor's Social Investment (MSI)

The municipality designed a program called Mayor's Social Investment, for this financial year two projects under the MSI program were implemented. These projects are Bursary Support; Adopt and Bridge of hope.

3.13.3.2. Bursary Support/Assistance

The municipality awarded bursaries to 03 new intakes and 01 carryover from the last financial year, and this was her final year of study. Payments were fully processed to institutions for the 4 students doing the following qualifications:

Table 28: Bursary Support

No	Qualification	Institution of learning
1.	Bsc in Med Ortho and Prost	Walter Sisulu University
2.	BA in Computer Engineering	CPUT
3.	Safety Management	UNISA
4.	ND: Plant production	Ekhuruleni Agricultural College

3.13.3.3. Bridge of Hope

Bridge of hope is dependent on requests from the needy people from the society, all the requests were processed and implemented through mayor's discretion. The programme plays a huge role in improving the lives of the vulnerable and restores dignity, Programs implemented are:

3.13.3.3.1. Ugie Mass Funeral

Mayor's office received a request from Councillor Cawe from Ward 2 on the 1st of November 2023. The request was for the municipality to assist three (3) families that had their members shot and killed by a man in Ugie. The municipality assisted with funeral arrangements, paying the funeral parlour to render burial services. The municipality assisted the families with R10 000 per family.

3.13.3.3.2. Ugie Footbal player

Ward 2 councillor requested the mayor's office to assist with buying of casket for a football player who was hit by lighting during the game in Ugie old location. The amount of R5000 was paid to the funeral parlour.

3.13.3.3.3. Blackhawk donation

The municipality partnered with Blackhawk foundation to implement health and wellness roadshow, Sport, Career guidance, handing over of school uniform and sanitary towels. Honourable mayor contributed with 20 sets (a set includes shirt, skirt/trouser, socks of school uniforms the include school bag., shoes, and jersey)

3.13.3.3.4. SOMA legacy

Honourable mayor during SOMA at Solomzi J.S.S in ward 16 left legacy by handing over 20 sets of school uniform as per the specification of the school to the needy children, in which they are chosen by the school to receive the uniform.

3.13.4. People with disabilities

The municipality set aside a budget for the implementation of the following PWD programs:

3.13.4.2. PWD NGO Support

The municipality renewed the service level agreements with two PWD NGOs (Cheshire Home and Siyamthanda) and set aside a budget of R40 000 for each NGO to provide services to people with disabilities in the municipal jurisdiction. Under these service level agreements, the municipality, also supported these two NGOs to employ five care givers (each NGO) under the EPWP program and were paid every month an amount of R1 750.00 stipend for each care giver. This amount was within the EPWP threshold of payment of stipends and the care givers were working hours that are in-line with the EPWP condition. They were working 3 hour per day, three days per week which totals to 12 hours per month.

3.1.5.2 PWD Enterprise support

The municipality in this financial year approved budget to support PWD-owned enterpises. The intention for this project was to empower people with disabilities to actively participate in the mainstream of the local economy. NanaSKJ88 PTY LTD is a PWD owned business from Ward 2, operating in

telecommunications sector, was supported by the municipality. The following support was provided to the business:

- 1X6 seater table with cubicle divider
- 6X Office Chairs
- 3X Laptops and bags
- 3X call center headsets and microphones

COMPONENT E

3.16 Environmental Protection

3.16.1 Pollution Control

ELM does not have an Air Quality Management Plan and air pollution bylaws in place and will have to consider developing these to primarily comply with the Air Quality Act, of 2004 as well as to ensure regular monitoring and management of air pollution in the area given various sources including P.G Bison factory operations. One of the standing programs is clearing of illegally dumped waste next to or near rivers, streams, ditches and wetlands. Some of the wastes that gets removed includes used baby nappies, discarded household chemicals, lithium batteries, light bulbs etc. In all our formal landfill sites, burning of waste is strictly prohibited in order to prevent possible air pollution by contaminants from burning waste. Another control is prohibition and monitoring of incoming waste into landfills to ensure that no hazardous waste and health care risk waste is accepted as these elevate levels of ground/surface and underground water pollution.

The grassing and continuous maintenance of green spaces and landscaping of polluted open spaces through illegal dumping of waste is recognized by the municipality as having a major contribution to preventing windblown dust and therefore air pollution. Air pollution through poorly maintained vehicles is negligent in the municipality as law enforcement offices deal with such on a daily basis.

Air pollution samples are continuoslly taken by Air Pollution Officers from District DEDEAT for testing.

The only major source of air pollutants is recognized as PG Bison plant which through research and information published is sufficiently managed through monitoring of license conditions by the relevant provincial department. Attempts are being made to enforce mechanisms of disclose by PG Bison to over and above give assurance to the municipality that the levels of contaminants emanating therefrom are not toxic and significant enough to warrant any cause for concern.

3.16.2 Health

In terms of powers and functions, Environmental Health Services is a function of the JGDM while Primary Health Care services have been provincialized. ELM's responsibilities regarding Municipal Health Services are in the area of issuing of business licenses to food handling premises as well as registration of general dealers, control of nuisances, overgrown erven, enforcement of related by-laws and National regulations as well as other issues which may affect public health. In all Mayoral Outreach Programs held by the mayor in her constituencies, the issue of health facilities always came up as a need because the ones that are available are either not easily accessible because of bad road infrastructure or are not enough to accommodate all community members they are supposed to service.

3.16.3 Clinics

ELM does not run any clinics and the functioning of clincis is the competency of the Department of Health.

3.16.4 Ambulance Services

ELM does not perform any ambulance services and this function is the competency of the Provincial Department of Health.

3.16.5 Health Inspection; Food and Abattoir Licensing and Inspection; etc.

As guided by Schedule 5 Part B of the powers and functions as defined in terms of the Local Government: Municipal Structures Act as amended, ELM is only responsible for issuing licenses to businesses who trade by selling food and to street traders. Health inspection of these businesses is the responsibility of the district municipality and there are Environmental Health services units with Environmental Health Officers deployed in each town. At the current moment ELM does not operate any abattoir, and the existing abattoir applied for its operating license from the Department of Rural Development and Agrarian Reform (DRDAR) and Department Health, and the abattoir is privately owned.

3.16.6 Security and Safety

3.16.6.1 Police, Traffic and Law Enforcement

ELM does not have municipal police as yet and policing function is still a competency of the SAPS. The form of policing for the purpose of security and safety is rendered through traffic and law enforcement services. Currently the municipality has 11 Traffic and Law Enforcement Officers. Law Enforcement officers continuosly conducts joint operations with SAPS. Law enforcement officers are responsible for maintaining law and order, proctecting the public and preventing crime. They enforce Municipal bylaws

also attending to joint operations where they work together with Environmental practioners, Immigration and relevant stakeholders where they check for compliance to street traders, food compliance etc. Municipal officials receive complaints from the public regarding or someone responsible for such e.g land invasion etc. They investigate complaints, gathering evidence and issue compliance order if the warning notice was ignored which requires the property owner or occupant to take specific action to comply with the municipal bylaws. If the compliance order is ignored officers may impose/ or issue fines or penalties as part of enforcing municipal bylaws. They provide or educate the public about municipal bylaws, providing information on what is required to comply with the bylaws. They issue section 341 notice for contravention of traffic bylaw or by causing obstruction. Challenges it is difficult to enforce municipal bylaws, process of public participation must be taken into consideration so that enforcement of municipal bylaws runs smoothly and issueing of fines to generate revenue.

Traffic officers play a crucial role in maintaining road safety, managing traffic flow and enforcing traffic laws. Traffic officers enforce laws related to speeding, reckless driving, driving under the influence, and other traffic offences. Traffic officers issue sec56 traffic offences/ fines to drivers who violet traffic laws. Traffic officers responding to traffic accidents, providing assistance and support to those involved. They conduct safety inspections of vehicles, drivers, and road conditions to identify potential safety hazards. Education and community outreach through road safety awareness campaigns are conducted such as seatbelts enforcement, speed enforcement and distracted driving awareness etc. Education awareness to schools is provided. Traffic officers build relationship with community and cooperation between law enforcement and the public. They play an important role in maintaing road safety, managing traffic flow and enforcing traffic laws.

3.17 FIRE

ELM does not have a Fire Emergeny Centre only a small fire engine that is utilized by the 2 appointed Fire Fighters/Officers. The fire service at present are not responsive enough to meet current demands especially considering the geographic spread of the areas needing to be serviced. Such impact heavily on response times in the event of a fire breaking out. This often leads to responses however which do not effectively ensure the fire is extinguished before much destruction and threats to lives. Notwithstanding these challenges ELM embarked on an intensive further training of fire officers to ensure they were competent in their work. ELM also upgraded its fire engines by purchasing an additional skid unit for the two fire officers. The challenge is related to procurements delays in securing proper protective clothing for fire fighters.

COMPONENT F

3.18 Sport and Recreation

ELM has had challenges when it comes to the provisions of public amenities (particularly sportfields and community halls) largely due to poor performance of contractors who frequently end up abandoning projects. This has been a growing trend over the years which the municipality seeks to address.

COMPONENT G

3.19 Human Resources

Critical for the survival of any institution is the development and functioning of its human resources. ELM, as a small and rural municipality constantly finds itself competing with the private and public sector for limited human capital resources, as a result, ELM at times find it difficult to attract and retain competent and critical skills. The human resources department is an integral part of Corporate Services and is mainly responsible for effective and efficient Recruitment and Selection of personnel; effective administration of staff benefits; maintain sound Labour Relations; ensure Occupational Health and Safety of employees; wellness; training and development of staff and unemployed; Employment Equity development; implementation and reporting; Organizational design and development; Individual Performance Management of staff.

3.20 Labour Relations

The disciplinary cases and bargaining matters of mutual interest are being conducted with strict adherence and confined to the Labour Relations Act 66 of 1995 and Disciplinary Procedure Collective Agreement and Main Collective Agreement as extended.

The report depicts a reflection of the progress made on the labour related matters in terms of settled and pending cases.

MISCONDUCT CASES

- Gross negligence and dishonesty (stolen vehicle) (IP&D).
- Unauthorized taking of Municipal Property (Community Services).
- Corruption, Gross dishonesty and bribery (Community Services).
- Continuous Absenteeism (Municipal Manager's Office)
- Continuous Absenteeism (Community Services).
- Continuous Absenteeism (Community Services

3.21 Occupational Health & Safety

Elundini Local Municipality is currently implementing the Occupational Health and Safety Strategy that is intended to minimize occupational related risk and incidents, as well as promoting a healthy and safe environment. The implementation of the approved strategy is in line with the Occupational Health and Safety Act, and related legislations. The municipality has an Occupational Health and Safety Committee which is functional, and its objectives is to improve ELM performance in terms of health and safety, increase employee knowledge on OHS matters as well as to ensure compliance to relevant legislation governing the function. Occupational Health and Safety Committee has been trained on First Aid and Occupational Health & Safety.

The Health & Safety Committee is comprised of municipal employees from various municipal departments and levels of employment. The Municipality received a Letter of Good Standing which proves that the Workman's Compensation Fund (COID) will assist you in paying for any work-related injuries or harm to employees. Letter of Good standing which was issued on 17 – 05 – 2024 is still valid with department of labour, expiry date is 30 – 04 – 2025.

3.22 Organizational Design and Development

As part of the IDP process, the Municipality reviewed the Organogram to ensure its alignment to the IDP and Constitutional obligations. As at 30 June 2024, the ELM's reviewed Organogram reflected a total number of 345 positions with 305 funded positions and 278 filled (91.1% filled). The municipality maintained the 8.9% vacancy rate which was also attained in the 2022/23 financial year. The above narration includes senior management positions which were all filled by the end of the 2023/24 financial year.

3.23 Training and Development

Elundini Municipality compiles and submits the Workplace Skills Plan (WSP) to LGSETA by 30th April each financial year. The WSP is mainly based on training needs identified in the employee's personal development plans, skills audit results as well as the training needs identified for Councillor's and unemployed youth of Elundini. The Skills Development section had a training budget of R 2, 05996.00 and at the end of the financial year, over 100% of the training budget was successfully spent. As a result, during the 2023/24 financial year, a 105% was spend on all the training and development activities that were included in the WSP for the development of Elundini Capacity. Below are the other programs that were coordinated in this section:

a) Bursary Programme for employees

During the 2023/24 financial year, Elundini Municipality disbursed bursary to fourteen new employees (14) across all departments which increased by a number of twenty-one in total (21) including the seven that are continuing from 2022/23. The capacitation of employees through formal qualifications ranged from the following qualifications:

- Post Graduate Diplomas in Public Management
- Postgraduate in Project Management
- Postgraduate Diploma in Public Management
- Postgraduate in Accounting
- Diploma in Public Supply Management
- Local Government Law & Administration
- Bachelor's degree in public administration
- Bachelor of Commerce in Project Management
- Bachelor of Commerce in Humana Resource Development
- Bachelor of Commerce in Humana Resource Management
- Honours in Environmental Management
- Bachelor of Spatial Planning Honour's with Specialisation in Human Settlement
- Diploma in Public Administration
- Advanced Diploma in Financial Management
- Diploma in Metropolitan and Traffic Policing
- Higher Certificate in Project Management

b) Internship Programme

As part of eradicating youth unemployment, Elundini Local Municipality has internships that targets unemployed youth who have completed tertiary qualifications and those who are in need experiential learning in order to satisfy the requirements of their qualifications. As a result, the Municipality through the Skills Development Section has appointed eight (8) unemployed graduates for internship and (2) two Work Integrated Learners.

3.24 Individual Performance Management

Elundini Local Municipality seeks to manage municipal performance towards the achievement of municipal objectives and comply with legislative imperatives. The municipal objectives are clearly outlined in the municipality's IDP as adopted by Council. The Departmental and Individual Key Performance Areas, Deliverables and Standards are be formulated and aligned with IDP Objectives.

With effect from July 2019, Individual Performance Management has been cascaded down from Senior Management to TASK Grade 9 and the municipality is implementing an electronic system which starts from the uploading of Signed Annual Performance Agreements and Output Plans by Employees from Senior Management, Middle Management down to TASK Grade 9 employees.
Municipality is implementing performance management as directed by the municipality's policy on PMS as well as the Local Government: Municipal Staff Regulations of 2021 (Reg. 890), which necessitate a feedback driven performance management, which is mainly achieved through formal assessments. In the 2023/24 financial year, the municipality was able to facilitate annual performance assessments for all employees starting from Senior Management, down to TASK Grade 09 employees. The assessments were looking at the performance achieved in the 2022/23 financial year in order to improve employee, departmental and municipal performance going forward.

3.25 Employee Assistance Program / Wellness

The employee Assistance Programs address work related, social and psychological problems of the Councillors and Employees in a comprehensive approach. It further encourages and maintains the well-being and productivity of employees by providing confidential assistance and short- term therapeutic interventions to those who are experiencing personal or work-related problems. The Employee Assistance Programme (EAP) also assist in improving of the wellbeing of Councillors and Employees for achieving appropriate job performance levels. As at end of the financial year we had two (10) Self-Referral Cases, (6) supervisory / managerial referral cases and (2) rehabilitative cases.

SICKNESS			
DEPARTMENT	**NATURE OF INJURE/ SICKNESS**	**ACTION TAKEN**	**DATE FINALIZED**
Community Services	Skin Cancer	Undergoing Chemotherapy	Still on treatment
Community Services	Medical Disability application in progress	Ongoing	Application in progress
Community Services	Kidney Failure	Undergoing Dialysis medical	Still on treatment

		therapy	
Community Services	Medical Disability application in progress	Awaiting application outcome	Not yet finalized
Community Services	Breast Cancer	Undergoing medical review quarterly	Ongoing
Community Services	Medical Condition	Ongoing	Not yet confirmed
Community Services	Musculoskeletal disorder	Physiotherapy treatment	Ongoing
Community Services	Skin irritation	Referred to Dermatologist	Ongoing

3.26 Information and Communication Technology (ICT) Services

ELM has constantly tried to ensure that it is operating with high intergrity ICT Governance Standards to ensure compliance with regulations both local and internationally recognised standards. In this regards ELM took upon itself to ensure that it complies with aforementined ICT Governance Standards in line with KING IV, ISO/IEC 38500,ISO 27001/2 POPI ACT and other relevant standrads and practices by reviewing and benchmarking its existing policies, procedures, frameworks and strategies annually in order to align them with current updated standards.

(a) Implementation of the IT Governance as per the KING IV and COBIT recommendations:

- Develop Vulnerability management procedure.
- Develop User Rights Policy
- Develop Community Wi-fi Fair Usage Policy
- Review of ICT Disaster Recovery Plan
- Review Patch Management Policy.
- Review Access control Procedure.
- Review Data Privacy Plan
- Review Data Protection Policy and Procedure
- Review ICT DRP Procedure Manual
- Review Password and User Access Management Procedure
- Review Protection against Malicious Code Procedure
- Review Backup and Recovery Procedure

- Review Firewall Management Procedure
- Review ICT Business Continuity Plan
- Review Incident Management Procedure
- Review of ICT Master Plan
- Review of ICT Steering Committee charter
- Review of Telephone System Policy

(b) Implementation of Information Security:

- Carry out IT security awareness initiatives and campaigns.
- Proactively assess potential items of risk and opportunities of vulnerability in the network.
- Design and implement IT Security policies and procedures for the administration of security measures over the network, operating system.
- Implement strong password controls to authenticate system access. Incorporate this aspect in the IT Security policy.
- Ensure the ELM correctly configures firewalls routers within the network environment to ensure optimal protection against unauthorised access.
- Ensure that there is anti-virus software across the organisation to protect information systems.
    - Ensure there is patch management process to prevent exploitation of vulnerabilities.
    - Ensures that activities within the system network, including databases are tracked by using audit trails by someone independent of administration functions.
    - Ensure that system configuration detect security vulnerabilities and that incidents are monitored, reported and resolved on a regular basis.
    - Carry out checks / tests for effectiveness that Firewall, Anti-Virus and Spyware solutions to ensure the ELM's email, intranet and internet are protected.
    - Perform additional related responsibilities as required to ensure compliance with the Auditor General's requirements and relevant laws and regulations.

(c) Development of IT Master Systems Plan:

- Interview key stakeholders.
- Conduct the Business, Information, Applications, and Technology GAP Analysis.
- Develop IT Master Systems Plan that incorporates Implementation Plan.

(d) Implementation of POPI:

- Conduct POPI Readiness Assessment.
- Develop Plan of Action for POPI Compliance that includes the development of Data Protection Policy and Procedures, Data Privacy Plan.
- Conduct POPI Compliance Assessment to comprehensively evaluate how Plan of Action is implemented to comply with POPI.

(e) **Development and Implementation of Business Continuity (BC) and IT Disaster Recovery (DR) Plans**:

- Conduct Business Impact Analysis and Risk Assessment.
- Identify the Recovery Strategies.
- Prepare Business Continuity and IT Disaster Recovery Plans.
- Educate and Train on BC and IT DR Plans.
- Test BC and IT DR Plans and update accordingly.

The abovementioned activities have since been completed and presented to council for approval and adoption and are considered as official municipal guideline documents that will enhance service delivery.

3.27 Executive and Council

This section deals with the function of the executive office that includes the Offices of the Mayor, the Speaker and the Municipal Manager. The table below depicts the number of employees and vacancies in each level:

Table 29: Executive and Council

Employees: The Executive and Council					
	Year 2023	Year 2024			
Task Grade	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %

0 – 3	-	-	-	-	-
4 – 6	1	1	1	-	-
7 – 9	5	5	5	-	-
10 – 12	16	17	16	1	3%
13 – 15	2	2	2	-	-
16 – 18	5	5	4	1	3%
19 – 20	1	1	1	-	-
Total	30	31	29	-	6%

3.28 Records Management

The records management is in terms of MM58 of the approved delegation register to the Director Corporate Services. It is done in compliance and obligations as set out in the National Archives and Records Services Act of South Africa (NARSSAA) no 43 of 1996 read with the Provincial and Records Service Act Eastern Cape PARSA (EC) no 7 of 2003 and other directives as issued by both the National and Provincial Archives and Records Services. The records management is conducted more using the Electronic Document and Records Management System (EDRMS) which is an application within the municipal system Integrated Management Information System (IMIS).

A proper management of municipal documents from creation through to disposal were done in the FY 2023/24. Activities performed included but not limited to uploading, versioning, archival disposal and dispatching of both internal and external correspondence. On monthly basis the office of Records and Registry section upload the documents based on the IMIS system for easy retrieval and for proper management of such.

The documents that are currently uploaded to the system are Council Agendas , Exco Agendas, Portfolio Agendas, Correspondences, Orders, Vouchers, Performance Agreements, and HR Personal Files. These documents are Archived and secured within the electronic system.

On Quarterly basis the permission rights are viewed by the records official responsible for the security of documents within the system for the purpose of report.

Through the archived records schedule update, all A20, D, and DAU records are managed accordingly for the sound purposes of municipal records and documents management. A Disposal activity of documents was performed through the office of Provincial Archivist during 2023/ 20224 financial year under Human Resources section for unsuccessful applications as per tabled on the list.

3.29 COMPONENT H: INSTITUTIONAL PERFORMANCE MANAGEMENT

To improve on performance planning, implementation, measurement and reporting, the institution implemented the following actions.

Departmental operational plans were developed for monitoring and reporting operational programmes.

The Municipality endeavoured during the development of the Top Layer (TL) Service Delivery and Budget Implementation Plan (SDBIP) as well as with the development of the Departmental SDBIP that the "SMART" principle be adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific, measurable, attainable, realistic and time bound.

Table 30: Compliance Checklist

	Performance Management Policy	All MSA s57/56 Performance contracts signed	Audit Committee	Municipal Public Accounts Committee (MPAC)	Annual Reporting to Council
In place	√	√	√	√	√

3.29.1 Service Delivery and Budget Implementation Plan

The organizational performance is evaluated by means of the institutional Service Delivery and Budget Implementation Plan (Top Layer SDBIP). At the departmental level the performance is measured through the departmental Service Delivery and Budget Implementation Plan (lower layer SDBIP). The SDBIP is a plan that converts the IDP and Budget into measurable indicators on how, where and when the strategies, objectives and normal business processes of the Municipality are implemented. It also allocates responsibilities to Departments to deliver the services in terms of the IDP and Budget. The MFMA Circular No.13 prescribes that:

- The IDP and budget must be aligned.
- The budget must address the strategic priorities.
- The SDBIP should indicate what the municipality is going to do during the next 12 months; and

- The SDBIP should form the basis for measuring the performance against goals set during the budget/IDP processes.

The Top Layer SDBIP (the Municipal Scorecard) consolidates service delivery targets set by Council and provide an overall picture of performance for the Municipality as a whole, reflecting performance on its strategic priorities. The overall assessment of actual performance against targets set for the Key Performance Indicators as documented in the SDBIP is illustrated in terms of the following assessment methodology:

Table 55: Assessment Methodology

Colour	Category	Explanation
	KPI Not Yet Measured	KPI's with no targets or actual results for the selected period
	KPI Not Met	Actual vs. target less than 75%
	KPI Almost Met	Actual vs. target is 75% and more but less than 100%
	KPI Met	Actual vs. target 100% achieved
	KPI Well Met	Actual vs. target more than 100% and less than 150% achieved
	KPI Extremely Well Met	Actual vs. target more than 150% achieved

3.29.2 Planned Targets Vs Actual Results for the 2023/24 Financial Year

This section of the Annual Performance Report, reports on the municipality's actual performance against the planned targets. A total of 23 Key Performance Indicators were set for the year under review. Out of 23 KPIs, 06 indicators were not achieved, and 17 indicators were achieved. This achievement translates to 73.9% and 26.1% of under-achievement. The graph below shows percentage overall of institutional performance.

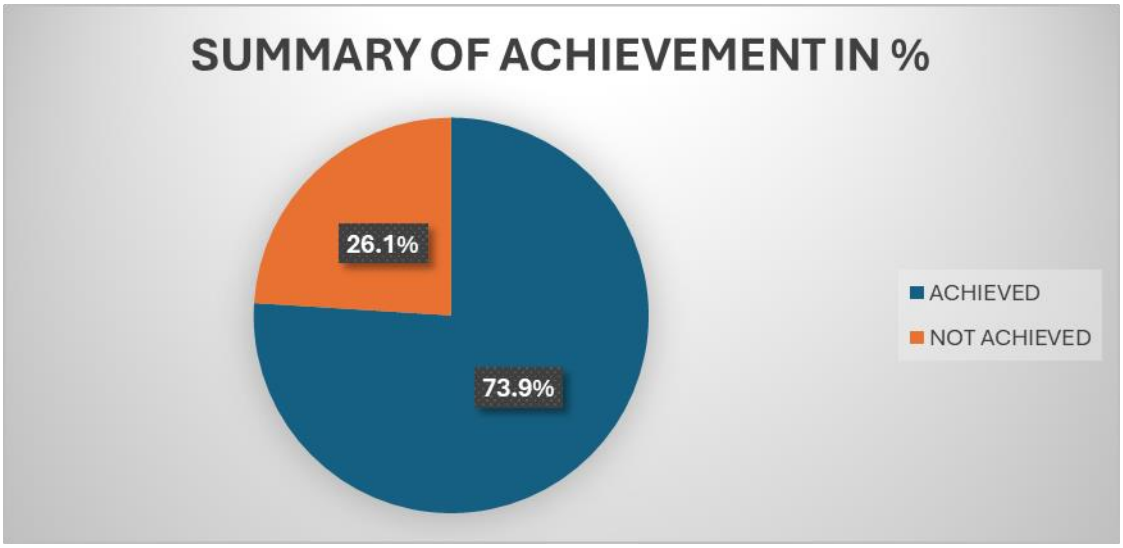


Figure 3: Summary of Performance Achievement in Percentage

3.29.3 Overall Summary of Results

Table 56 : Overall Institutional Performance

N/A	KPI Not Yet Applicable	KPIs with no targets or actuals in the selected period.	0	0%
R	KPI Not Met	0% <= Actual/Target <= 74.999%	4	17.39%
O	KPI Almost Met	75.000% <= Actual/Target <= 99.999%	2	8.70%
G	KPI Met	Actual meets Target (Actual/Target = 100%)	9	39.13%
G2	KPI Well Met	100.001% <= Actual/Target <= 149.999%	6	26.08%
B	KPI Extremely Well Met	150.000% <= Actual/Target	2	8.70%
	Total KPIs:		**23**	**100%**

3.29.4 Annual Performance Report 2023-24

Table 57: Annual Performance Report

Ref	Strategic Objectives	Municipal KPA	KPI Name	Overall Performance for September 2023 to June 2024				Performance Comments	Corrective Measure
				Original Target	Revised Target	Actual	R		
TL_1 linked to D1	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	No. of kms of Roads Constructed	**11.07**	**3.90 km**	**5.46 km**	G2	Target overachieved - Ugie Park streets original scope was 800m of paved road, however only 714m was achieved due to available space and an additional of 800m G7 gravel road section was constructed from the available savings. - Greenfields original scope was 1,1km but ended up with an additional 2.85 km of G7 Gravel wearing course due to savings and in preparation for Phase 2.	Paving of Mt Fletcher urban streets was extended from 18th June 2024 to 30th September 2024 and only 750m out of planned 800m was achieved work is in progress until 30 September 2024.
TL_2 linked to D2	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	No. of public Amenities Constructed	**3**	**3**	**1**	R	Target not achieved. - Hopedale Sports Field not achieved due to budget shortfall of R3.5m ELM was supposed to counterfund as per condition of acceptance of DSRAC funding of R8m towards the total project cost of R14m. - Budget shortfall in April of Q4 for Mt Fletched Public Toilets. Due to additional funding request for additional works to complete	Contractors to submit and implement accelerated programs of works in all projects. - ELM to approve VO application within 30 days to prevent cashflow interruptions in projects concerned. - ELM to source the shortfall budget to fund the Hopedale Sports Field project to completion

								the structure a VO application was submitted to Management but has not been considered for approval to date and that has led to non- completion of the Project by 28 June 2024.	
TL_4 linked to D4	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	No. of Bridges Constructed	**1**	**1**	**3**	G	Target achieved There are two Sophonia bridges that were completed in the financial year under review which were rolled over from the previous financial year.	None
TL_5 linked to D8	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	KMs of urban roads maintained	**1 km**	**1 km**	**2.54 km**	B	Target over-achieved Due to additional maintenance of 1.9km urban gravel roads in Ugie Popcon Valley. There was a need to maintain additional 1.4km in Ugie Popcorn Valley due to installation of stormwater pipes. This was to clear the road of any debris from the stormwater excavations and rehabilitate the street to improve its condition and drainage.	None
TL_7 linked to D12	To ensure efficient construction, rehabilitation and maintenance	Basic Service Delivery and Infrastructure	Number of households in electrification program connected	**304**	**304**	**308**	G2	The planned projects were Westhoek (48), Mahemeng (Iketleng) (86), Skote (86), Xaxazana (84).	None

	of municipal infrastructure							Target overachieved, the positive deviation was due to 2 additional households at Westhoek and 2 other additional household at Skote. - household wherein 7 needed only service conductor and 8 needed LV material, therefore contingencies and project savings were utilised to cover the additional costs.	
TL_8 linked to D13	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	Number of kilometers of bulk infrastructure constructed (Link line)	**12 km**	**3 km**	**4 km**	G	Target achieved The planned target of 3 km was erroneously captured during adjustment process in February, the actual target was supposed to be 4km instead of 3km, therefore the target is not overachieved	None
TL_15 linked to D18	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	Number of public lights installed	**22**	**24** 2 high mast and 22 Streets lights	**24** 2 High masts and 22 streetlights	G	Target achieved	None
TL_18 linked to D15	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	Number of smart meters installed	**6 400**	**6 400**	**2 769**	R	Target not achieved Contractor failed to achieve the planned target due to his capacity deficiencies.	Current contractor to be terminated as of June 2024 -Phase2 of the project has to be readvertised on first quarter of 2024/25 Project is to be completed in quarter 3 of the next financial year (2024/25).

TL_9 linked to D71	To provide reliable basic services to households and the business sector	Basic Services Delivery and Infrastructure	Number of Indigent households receiving Free Basic Services	**7500**	**7 500**	**6 474**	O	Target partially achieved due to failure from ESKOM to configure applicants who were approved by council.	Timely submission of applicants to Council for approval and prompt configuration by ESKOM would assist in getting more households to benefit.
TL_10 linked to D21	To provide reliable basic services to households and the business sector	Basic Service Delivery and Infrastructure	Number of areas receiving refuse collection, for household and commercial properties.	**39**	**59**	**59**	G	Target achieved	None
TL_13 linked to D48	To enhance organisational performance, financial viability and management of municipal resources	Municipal Transformation and Organisational Development	Number of organizational structures reviewed	**1**	**1**	**1**	G	Target achieved	None
TL_14 linked to D47	To enhance organisational performance, financial viability and management of municipal resources	Municipal Transformation and Organisational Development	Percentage implementation of identified training interventions	**100%**	**100.%**	**71%**	R	Target partially achieved. The underachievement was due to the unavailability of funds to implement training interventions as planned	The remaining training interventions will be implemented in the upcoming financial year
TL_ 26 linked to D86	To support the development of SMME to participate in a diversified and growing economy	Local Economic Development	Number of contractors SMMEs benefitted through sub-contracting	**10**	**10**	**11**	G2	Target overachieved A positive deviation was due to the appointment of 1 SMME through INEP	None
TL_31 linked	To support the development	Local Economic	Number of focus	**0**	**5**	**3**	R	Target not achieved, Support to two	The procurement process will be carried over to the

to D90	of SMME to participate in a diversified and growing economy	Development	groups enterprise development projects supported					women-owned enterprises was not achieved, this was due to delays caused by SCM section in procuring the goods and services needed.	next financial year.
TL_16 linked to D58	To support the development of SMME to participate in a diversified and growing economy	Local Economic Development	Number of youth development projects implemented	**4**	**2**	**2**	G	Target Achieved	None
TL_17 linked to D30 & D85	To promote creation of employment opportunities and decent job	Local Economic Development	Number of Expanded Public Works Programme (EPWP) job opportunities created	**464**	**584**	**706**	G2	Target overachieved. Positive deviation was due to additional of 231 job opportunities created because of additional funding received	None
TL_27 linked to D19	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	%expenditure on all infrastructure grants	**100.00%**	**100.00%**	**100.00%**	G	Target Achieved	None
TL_19 linked to D52	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Percentage expenditure of the municipal budget for training and development	**100.00%**	**100.00%**	**100.00%**	G	Target Achieved	None
Tl_20 linked to D31	To enhance organisational performance, financial viability and management	Financial Viability and Management	Revenue generated from vehicle's registration and	**R4 000 000**	**R3 000 000**	**R3,606,366**	G2	Target over-achieved. Customers came from the surrounding municipalities due to the efficiency and functionality of our	None

	of municipal resources		licensing					systems and good customer service.	
TL_21 linked to D72	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Average Number of days taken to pay Creditors	**30**	**30**	**9**	B	Target over-achieved due to efficiency in the payment of municipal creditors	None
TL_22 linked to D77	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Municipality's ability to payback its short-term liabilities with its short-term assets.	**1.5:1**	**1.5:1**	**1.291:1**	O	Target not achieved due to acceleration of project completion for infrastructure projects; poor revenue collection and cashflow challenges in quarter 4.	To implement revenue enhancement strategy in order to help boost our revenue and also implement cost containment measures.
TL_23 linked to D66	To improve public participation and oversight to enhance accountability	Good Governance and Public Participation	Number of public participation and oversight projects implemented	**5**	**5**	**6**	G2	Target overachieved. The positive deviation was due to the additional project that was implemented in partnership with Joe Gqabi District Municipality.	None
TL_24 linked to D63	To improve public participation and oversight to enhance accountability	Good Governance and Public Participation	Number of deliverables implemented on ward-based planning	**3**	**3**	**3**	G	Target achieved	None

3.29.5 Performance Per KPA

ELM had a total of 23 indicators; Basic Service Delivery had a total of 10 indicators out of the 23 indicators; 7 indicators were achieved and 3 indicators were not achieved which translated to 70% achievement and 30 % not achieved. Financial Viability had a total of 05 indicators out of 23, and 4 indicators were achieved while 1 was not achieved which accounted for 80% achievement and 20 %

under-achievement. Good Governance had 02 indicators; and 2 indicators were achieved which accounted for 100% achievement. Local Economic Development had a total of 04 indicators, 3 indicators were achieved and1 indicator was not achieved which translated to 75% of achievement and 25% of under-achievement. Municipal Transformation KPA had 02 indicators, 1 indicator was achieved and 1 was not achieved which translated to 50% achievement and 50% under-achievement.

Table 318: Summary of Performance Per KPA

	Elundini Local Municipality	Basic Service Delivery and Infrastructure	Financial Management & Viability	Good Governance & Public Participation	Local Economic Development	Municipal Transformation & Organisational Development
Number of Indicators Per KPA	23	10	5	2	4	2
% of indicators Per KPA	100%	43,47%	22%	8,69%	17,39%	8,69%
Actual Performance Achievement Per KPA	17	7	4	2	3	1
% Performance Achievement Per KPA	73,91%	70%	80%	100%	75%	50%

3.29.5.1 KEY PERFORMANCE AREA (KPA) 1: Basic Service Delivery

Goal 1: Accelerate delivery of reliable basic services and resilient infrastructure

Strategic Objective: To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure

Table 59: Basic Services KPA

Ref	Strategic Objectives	Municipal KPA	KPI Name	Overall Performance for September 2023 to June 2024			Performance Comments	Corrective Measure
				Target	Actual	R		
TL_1 linked to D1	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	No. of kms of Roads Constructed	**3.90**	**5.46 km**	G2	Target over-achieved - Ugie Park streets original scope was 800m of paved road, however only 714m was achieved due to available space and an additional 800m G7 gravel road section was constructed from the available savings. - Greenfields original scope was 1,1km but ended up with an additional 2.85km of G7 Gravel wearing course due to savings and in preparation for Phase 2	Paving of Mt Fletcher urban streets was extended from 18th June 2024 to 30th September 2024 and only 750m out of planned 800m was achieved work is in progress until 30 September 2024.
TL_2 linked to D2	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	No. of public Amenities Constructed	**3**	**1**	R	Target not achieved. - Hopedale Sports Field not achieved due to budget shortfall of R3.5m ELM was supposed to counterfund as per condition of acceptance of DSRAC funding of R8m towards the total project cost of R14m. - Budget shortfall in April of Q4 for	The target will be carried over in the next financial year.

							Mt Fletched Public Toilets. Due to additional funding request for additional works to complete the structure a VO application was submitted to Management but has not been considered for approval to date and that has led to non-completion of the Project by 28 June 2024.	
TL_4 linked to D4	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	No. of Bridges Constructed	**1**	**3**	G	Target achieved	None
TL_5 linked to D8	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	KMs of urban roads maintained	**1**	**2.54 km**	B	Target over-achieved Due to additional maintenance of 1.9km urban gravel roads in Ugie Popcon Valley. There was a need to maintain additional 1.4km in Ugie Popcorn Valley due to installation of stormwater pipes. This was to clear the road	None

							of any debris from the stormwater excavations and rehabilitate the street to improve its condition and drainage.	
TL_7 linked to D12	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	Number of households in electrification program connected.	**304**	**308**	G2	The planned projects were Westhoek (48), Mahemeng (Iketleng) (86), Skote (86), Xaxazana (84). Target overachieved, the positive deviation was due to 2 additional households at Westhoek and 2 other additional household at Skote. - household wherein 7 needed only service conductor and 8 needed LV material, therefore contingencies and project savings were utilised to cover the additional costs.	None
TL_8 linked to D13	To ensure efficient construction, rehabilitation	Basic Service Delivery and Infrastructure	Number of kilometers of bulk infrastructure	**3**	**4km**	G	Target achieved The planned target of 3 km was erroneously	None

	and maintenance of municipal infrastructure		constructed (Link line)				captured during adjustment process in February, the actual target was supposed to be 4km instead of 3km, therefore the target is not overachieved	
TL_15 linked to D18	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	Number of public lights installed	**24 2 2high masts 22 streetlights**	**24 2 2high masts 22 streetlights**	G	Target achieved	None
TL_18 linked to D15	To ensure efficient construction, rehabilitation and maintenance of municipal infrastructure	Basic Service Delivery and Infrastructure	Number of smart meters installed	**6 400**	**2 769**	R	Target not achieved Contractor failed to achieve the planned target due to his capacity deficiencies.	-Current contractor to be terminated as of June 2024 -Phase2 of the project has to be readvertised on first quarter of 2024/25 -Project is to be completed in quarter 3 of the next financial year (2024/25).
TL_9 linked to D71	To provide reliable basic services to households and the business sector	Basic Services Delivery and Infrastructure	Number of Indigent households receiving Free Basic Services	**7 500**	**6 474**	O	Target not achieved due to failure from ESKOM to configure applicants who were approved	Timely submission of applicants to Council for approval and prompt configuration

							by council.	by ESKOM would assist in getting more households to benefit.
TL_10 linked to D21	To provide reliable basic services to households and the business sector	Basic Service Delivery and Infrastructure	Number of areas receiving refuse collection, for household and commercial properties.	**59**	**59**	G	Target achieved	None

3.29.5.2 KPA 2: Municipal Transformation and Organisational Development

GOAL 3: Improve effectiveness of governance administrative and financial systems

Strategic Objective: To enhance organisational performance, financial viability and management of municipal resources

Table 60: Municipal Transformation & Organisational Development

Ref	Strategic objectives	Municipal KPA	KPI Name	Overall Performance for September 2023 to June 2024			Performance Comments	Corrective Measure
				Target	Actual	R		
TL_13 linked to D48	To enhance organisational performance, financial viability and management of municipal resources	Municipal Transformation and Organizational Development	Number of organizational structures reviewed	**1**	**1**	G	Target achieved	None
TL_14 linked	To enhance organisational	Municipal Transformation	Percentage implementation	**100.00%**	**71%**	R	Target partially achieved.	The remaining

to D47	performance, financial viability and management of municipal resources	and Organizational Development	of identified training interventions				The underachievement was due to the unavailability of funds to implement training interventions as planned	training interventions will be implemented in the upcoming financial year

3.29.5.3 KPA 5: Good Governance and Public Participation

Goal(s) 3: To improve the effectiveness of governance administrative and financial systems

Strategic Objective: To improve public participation and oversight to enhance accountability

Table 61: Good Governance KPA

Ref	Strategic Objectives	Municipal KPA	KPI Name	Overall Performance for September 2023 to June 2024			Performance Comments	Corrective Measure
				Target	Actual	R		
TL_23 linked to D66	To improve public participation and oversight to enhance accountability	Good Governance and Public Participation	Number of public participation and oversight projects implemented	**5**	**6**	G2	Target overachieved. The positive deviation was due to the additional project that was implemented in partnership with Joe Gqabi District Municipality.	None
TL_24 linked to D63	To improve public participation and oversight to enhance accountability	Good Governance and Public Participation	Number of deliverables implemented on ward-based planning	**3**	**3**	G	Target achieved	None

Ref	Strategic Objectives	Municipal KPA	KPI Name	Overall Performance for September 2023 to June 2024			Performance Comments	Corrective Measure
				Target	Actual	R		
TL_27 linked to D19	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	%expenditure on all infrastructure grants	**100.00%**	**100.00%**	G	Target achieved	None
TL_19 linked to D52	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Percentage expenditure of the municipal budget for training and development	**100.00%**	**100.00%**	G	Target achieved	None
Tl_20 linked to D31	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Revenue generated from vehicle's registration and licensing	**R3 000 000**	**R3,606,366**	G2	Target achieved	None
TL_21 linked to D72	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Average Number of days taken to pay Creditors	**30**	**9**	B	Target over-achieved due to efficiency in the payment of municipal creditors	None
TL_22 linked to D77	To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Municipality's ability to payback its short-term liabilities with its short-term assets.	1.5:1	**1.291:1**	O	Target not achieved due to acceleration of project completion for infrastructure projects; poor revenue collection and cashflow challenges in quarter 4.	To implement revenue enhancement strategy in order to help boost our revenue and also implement cost containment measures.

Table 62: Financial Viability & Management

3.29.5.4 KPA 4: Financial Viability and management

Goal3: Improve the effectiveness of governance administrative and financial systems.
Strategic objective: To enhance organisational performance, financial viability and management of municipal resources

Table 63: Local Economic Development KPA

Ref	Strategic objectives	Municipal KPA	KPI Name	Overall Performance for September 2023 to June 2024			Performance Comments	Corrective Measure
				Target	Actual	R		
TL_26 linked to D86	To support the development of SMME to participate in a diversified and growing economy	Local Economic Development	Number of contractors SMMEs benefitted through sub-contracting	**10**	**11**	G2	Target overachieved A positive deviation was due to the appointment of 1 SMME through INEP	None
TL_31 linked to D90	To support the development of SMME to participate in a diversified and growing economy	Local Economic Development	Number of focus groups enterprise development projects supported	**5**	**3**	R	Target not achieved, Support to two women owned enterprises was not achieved, this was due to delays caused by SCM section in procuring the goods and services needed.	The procurement process will be carried over to the next financial year.
TL_16 linked to D58	To support the development of SMME to participate in a diversified and growing economy	Local Economic Development	Number of youth development projects implemented	**2**	**2**	G	Target Achieved	None
TL_17 linked to D30 & D85	To promote creation of employment opportunities and decent job	Local Economic Development	Number of Expanded Public Works Programme (EPWP) job opportunities created	**584**	**706**	G2	Target overachieved. Positive deviation was due to additional of 231 job opportunities created because of additional funding received	None

3.29.5.5 KEY PERFORMANCE AREA (KPA) 3: LOCAL ECONOMIC DEVELOPMENT

Goal(s) 2: Promote economic growth, environmental sustainability through job absorbing sectors

Strategic Objective: To promote creation of employment opportunities and decent jobs

To support the development of SMME to participate in a diversified and growing economy

3.30 Comparison of Performance for Previous Year Against the Current Year

Section 46(1)(b) of the Municipal Systems Act requires the municipality to make comparison of performances for the current and previous years' performance. Section 32 of Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting a comparison of the performance with targets set for performance in the previous financial year. The table below shows the comparison of performance for previous against the current year.

Table 64: Comparison of the Previous & Current Year Performance

Strategic Objectives	Municipal KPA	KPI Name	Target 2022/23	Actual achievement 2022/2023	Target 2023/24	Actual achievement 2023/24
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of households in electrification programme connected.	320	327	304	308
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of km's of link line constructed (Batlokoa 02)	14km	14km	3km	4km
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of public lights installed	28 *25 Street lights* *03 Highmast*		24 *22 Street lights* *02 Highmast*	24

Strategic Objectives	Municipal KPA	KPI Name	Target 2022/23	Actual achievement 2022/2023	Target 2023/24	Actual achievement 2023/24
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% of maintenance completed for electricity network as per the maintenance plan	100%	114%	100%	100%
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of electricity network upgraded	2	2	2	2
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of smart meters installed	1800	22	6400	2 810
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	KMs of roads constructed	7.98	7.3	3.9	6.264
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of public amenities constructed	3	2	3	1
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of bridges rehabilitated (2 x Ward 7 Bridge in Sophonia)	2	0	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of bridges constructed	N/A	N/A	1	3
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of kms of remedial works at Sonwabile streets	1,95	1.95	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of KMs of access roads maintained	150	150,5	150	95.40%
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% completed of Stormwater repairs/ maintenance	100%	114%	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	% completed of urban roads maintenance	100%	140%	N/A	N/A
To ensure efficient construction, rehabilitation and Maintenance	Basic Service Delivery	Number of KMs of urban roads	N/A	N/A	1	2.54

Strategic Objectives	Municipal KPA	KPI Name	Target 2022/23	Actual achievement 2022/2023	Target 2023/24	Actual achievement 2023/24
of Municipal Infrastructure	and Infrastructure	maintained				
To provide reliable basic services to households and business sector	Basic Service Delivery and Infrastructure	Number of indigent households receiving free basic services	5000	6814	7500	6 474
To provide reliable basic services to households and business sector	Basic Service Delivery and Infrastructure	Number of areas receiving refuse collection from urban and commercial properties	39	59	59	59
To ensure efficient construction, rehabilitation and Maintenance of Municipal Infrastructure	Basic Service Delivery and Infrastructure	Number of bridges repaired/maintained (Tsitsa Bridge)	1	0	N/A	N/A
To enhance organisational performance , Financial viability and management of municipal resources	Financial Viability and Management	% of the Municipality's budget for training and development actually spent.	100%	104%	100%	100%
To enhance organisational performance , Financial viability and management of municipal resources	Financial Viability and Management	% expenditure on all infrastructure grants	100%	100%	100%	100%
To enhance organisational performance , Financial viability and management of municipal resources	Financial Viability and Management	Revenue generated from vehicle's registration and licensing	R5.1 million	R12 994 94 7.62	R3 million	R3 606 366
To enhance organisational performance , Financial viability and management of municipal resources	Financial Viability and Management	Average Number of days taken to pay Creditors	30	10	30	9
To enhance organisational performance, financial viability and management of municipal resources	Financial Viability and Management	Municipality's ability to payback its short-term liabilities with its short-term assets.	1.5:1	1.231:1	1.5:1	1.291:1
To enhance organisational	Municipal	% implementation	100%	92%	100%	43%

Strategic Objectives	Municipal KPA	KPI Name	Target 2022/23	Actual achievement 2022/2023	Target 2023/24	Actual achievement 2023/24
performance, financial viability and management of municipal resources	Transformation and Organisational Development	of identified training interventions				
To enhance organisational performance, financial viability and management of municipal resources	Municipal Transformation and Organisational Development	Number of organizational structures reviewed	2	2	1	1
To support the development of SMME's to participate in a diversified and growing economy	Local Economic Development	Number of contractors SMMEs benefitted through sub-contracting	11	6	10	11
To support the development of SMME's to participate in a diversified and growing economy	Local Economic Development	Number of focus groups enterprise development projects supported	12	8	5	3
To support the development of SMME's to participate in a diversified and growing economy	Local Economic Development	Number of youth development projects implemented	4	4	2	2
To promote creation of employment opportunities and decent jobs	Local Economic Development	Number of work opportunities created through EPWP	459	653	584	706
To improve public participation and oversight to enhance accountability	Good Governance and Public Participation	Number of public participation and oversight projects implemented	4	5	5	6
To improve public participation and oversight to enhance accountability	Good Governance and Public Participation	Number of deliverables implemented on ward-based planning	3	4	3	3

3.31 Lower Layer/Departmental SDBIP

The lower layer of the SDBIP was audited by internal audit only and was not audited by Auditor-General.

Some of the indicators though in the lower are also in the top layer which was subjected to both internal

and external audit especially basic services indicators and targets for Infrastructure Planning & Development. A total of 82 indicators were planned; Infrastructure Planning and Develoment had a total of 20 indicators; 14 indicators were achieved (70%) and 06 indicators were not achieved (30%). Budget and Treasury Office had a total of 14 indicators, and 9 indicators were achieved (64.8%) while 05 were not achieved (35.7%). Community Services had 9 indicators; 6 indicators were achieved (66%) while 3 were not achieved (33.3%). Planning and Economic Development had a total of 11 indicators, 9 indicators were achieved (81.81%) and 2 indicators were not achieved (18.18%). Corporate Services had 12 indicators, 10 indicators were achieved (83.3%) and 2 were not achieved (16.66%). Office of the Municipal Manager had a total of 16 indicators; 14 indicators were achieved (87.5%) and 02 indicators were not achieved (12.5%).

Table 65: Departmental annual performance 2023/24

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
D1	Basic Service Delivery and Infrastructure	No. of kms of Roads Constructed	**3.90**	**5.46 Km**	G2	Target overachieved Ugie Park streets original scope was 800m of paved road, however only 714m was achieved due to available space and an additional 800mm G7 gravel road section was constructed from the available savings. Greenfields original scope was 1,1km but ended up with an additional 2.85 km of G7 Gravel wearing course due to savings and in preparation for Phase 2.	Paving of Mt Fletcher Urban streets was extended from 18th June 2024 to 30th September 2024 and only 750m out of planned 800m was achieved. Work is in progress until 30 September 2024.
D2	Basic Service Delivery and Infrastructure	No. of public Amenities Constructed	**3**	**1**	R	Target not achieved. -Hopedale Sports Field not achieved due to budget shortfall of R3.5 M. ELM was supposed to counterfund as per condition of acceptance of	The budget maintenance application for Hopedale sport field was submitted to CoGTA for financing the

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
						DSRAC funding of R8m towards the total project cost of R14m. Mt Fletcher public toilets could not be completed due to Budget shortfall Q4. The request of additional funds was submitted to management due to additional works to complete the structure, but the request not been considered for approval which led to non-completion of the Project.	project. The project will continue upon the approval of the budget application. Both Target will be carried over to the next financial year.
D4	Basic Service Delivery and Infrastructure	No.of Bridges Constructed	**1**	**3**	G	Target achieved There are two Sophonia bridges that were completed in the financial year under review which were rolledover from the previous financial year.	None
D5	Basic Service Delivery and Infrastructure	No. of Kms of Stormwater drains Constructed	**1**	**0.47**	R	Target not achieved The project construction stage started after the rainy season and after budget mid-term adjustment in towards end March 2023. The department had a budget of R3m to construct only 1km of concrete V-Drains and the department had done a virement of R1m of the budget for other maintenance operations that were more urgent for yellow fleet operations and maintenance. This meant that the R2m available the	The target will be carry- over to quarter 1 of 2024/25 FY.

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
						department must consider installing pipe culverts that would be done in the future phase of the project and cut the 1km to 473m and install the 2 pipe culverts to curb the erosion that had happened downstream the road in the next coming summer rains. Additional pipe culverts at 2 critical roads intersection were needed during the project to further improve stormwater drainage and prevent more erosion of the black top surfacing 11x concrete driveways became a necessity as the drains cutting in front of entrances caused impediments to access the households in question The above-mentioned additional features prompted a variation order for additional funding of R382 000.00 as the original budget not sufficient.	
D6	Basic Service Delivery and Infrastructure	No. of Kms of access roads maintained	**150**	**95.40 Km**	R	Target not achieved initial access Road maintenance plan was scheduled for Wards (2,4, 10,11,12,13,14 &15), however due to Community service delivery unrests, the plan had to be diverted to focus	Road maintenance plan was adjusted to carry over the maintenance of the wards that were initially planned for

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
						on ward 5&6 to respond to the community unrest from March until May 2024. There was budget constrains to hire additional Plant contract to maintain access roads as planned.	maintenance to first quarter of 2024/25 FY. Community awareness will be conducted in partnership with public participation unit to educate community members on the negative impact of unrest that affect service delivery.
D8	Basic Service Delivery and Infrastructure	No of KMs of urban roads maintained	**1**	**2.54 Km**	B	Target over-achieved Due to the maintenance of 1.9km urban gravel roads in Ugie Popcon Valley. There was a need to maintain additional 1.4km in Ugie Popcorn Valley due to installation of stormwater pipes. This was to clear the road of any debris from the stormwater excavations and rehabilitate the street to improve its condition and drainage.	None
D9	Basic Service Delivery and Infrastructure	Square Meters of urban roads maintained	**2 800**	**2 438.50**	O	Target partially achieved - 2439 square meter cumulative surfaced roads maintained to date. 2439 square meter (80%) of square meters achieved due to bitumen supply in the country ran out of bitumen end of April 2024 and supplies are	Target will be carried over to the next financial year.

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
						anticipated in August, as a result service providers could not honour Municipal orders. - Community service delivery unrests taxi unrests resulted in the operations of the municipality being negatively impacted.	
D10	Basic Service Delivery and Infrastructure	Percentage construction of phase 2 of municipal building completed	**100.00 %**	**100. 00%**	G	Target achieved	None
D12	Basic Service Delivery and Infrastructure	Number of households in electrification program connected	**304**	**308**	G2	Target over-achieved Projects were Westhoek (48), Mahemeng (Iketleng) (86), Skote (86), Xaxazana (84). The positive deviation was due to two additional households at Westhoek and two other additional households at Skote. Households wherein 7 needed only service conductor and 8 LV material therefore contingencies and project savings were utilised to cover the additional costs.	None
D13	Basic Service Delivery and Infrastructure	Number of kilometers of bulk infrastructure constructed	**3**	**4 Km**	G	Target achieved The planned target of 3 KM 's was erroneously captured during adjustment process in February, the actual target	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
		(Link line)				was supposed to be 4 KM instead of 3 km, therefore the target is not overachieved	
D14	Basic Service Delivery and Infrastructure	% maintenance of public lighting (Streetlight or highmast light).	**100.00 %**	**100.00%**	G	Target achieved	None
D15	Basic Service Delivery and Infrastructure	Number of smart meters installed	**6 400**	**2 769**	R	Target not achieved Contractor failed to achieve the planned target due to his capacity deficiencies.	Current contractor to be terminated as of June 2024 Phase2 of the project has to be readvertised on first quarter of 2024/25 Project is to be completed in quarter 3 of 2024/25
D16	Basic Service Delivery and Infrastructure	% of maintenance completed for electricity network as per the maintenance plan	**100.00 %**	**163.00%**	B	Target overachieved During quarte four, the 18 defects that remained from quarter three were maintained according to the defect analysis submitted during quarter one inspections. This indicates that all identified defects from the inspection were addressed. In quarter three, 31 defects were maintained and in quarter four, an additional 18 defects were successfully addressed and maintained.	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
D17	Basic Service Delivery and Infrastructure	Number of Networks upgraded	**2**	**2**	G	Target was completed in quarter two due to the urgency of electrical connection that was required for Erf 4659, therefore it was suggested that combining the projects would save capital budget on preliminaries and generals as well as providing an opportunity for SMME to sub-contract on the project	None
D18	Basic Service Delivery and Infrastructure	Number of public lights installed	2 high mast and 22 streetlights	2 high mast and 22 streetlights	G	Target was achieved in Q 3	None
D19	Financial Viability and Management	%expenditure on all infrastructure grants	**100.00 %**	**100.%**	G	Target was achieved.	None
D21	Basic Service Delivery and Infrastructure	Number of areas receiving refuse collection, for household and commercial properties.	**59**	**59**	G	Target was achieved.	None
D22	Basic Service Delivery and Infrastructure	Number of Climate Change Strategies developed	**1**	**0**	R	Target not achieved due to delayed procurement processes.	SCM unit to schedule bid committee meetings to deal with the project in the

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
							2024/25 FY.
D23	Basic Service Delivery and Infrastructure	Number of environmental and public safety awareness campaigns conducted	**4**	**3**	O	Target partially achieved Due to the road safety project that was not achieved in Quarter 1	The target was not supposed to be included in quarter 1 as there are no major activities in the calendar.
D24	Basic Service Delivery and Infrastructure	Number of roadblocks conducted	**20**	**33**	B	Target overachieved. Due to six additional roadblocks conducted in conjunction with Provincial traffic and SAPS Tlokoeng, Ugie and Nqanqarhu. Due to high road accidents the department had to conduct more roadblocks. (June 2024)	None
D28	Basic Service Delivery and Infrastructure	Number of functional libraries managed through the SLA with Department of Sports, Recreation, Arts and Culture.	**3**	**3**	G	Target achieved.	None
D30	Local Economic Development	Number of Expanded Public Works Programme (EPWP) job opportunities created	**414**	**517**	B	Target overachieved Positive deviation was due to additional funding received 231 additional jobs opportunities created because of additional funding received	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
D3 1	Financial viability and managem ent	Revenue generated from vehicle's registration and licensing (rand value)	**R3 000 000.00**	**R3 606 366**	G2	Target overachieved. Customers came from the surrounding Municipalities as our systems are always running and customer care service	None
D3 2	Basic Service Delivery and Infrastruc ture	Number of Circular 88 reports developed and submitted	**4**	**4**	G	Target Achieved.	None
D3 3	Basic Service Delivery and Infrastruc ture	Number of bylaws reviewed	**12**	**1**	R	Target not achieved. The bylaws were never reviewed as planned and they were never approved by the council.	Office of the Municipal Manager to coordinate the bylaw stakeholder engagement with Mt fletcher stakeholders.
D3 4	Local Economic Developm ent	Number of initiatives implemente d towards the establishme nt of Agro Processing	**3**	**3**	G	Target Achieved.	None
D3 5	Local Economic Developm ent	Number of Local SMMEs capacitated through RPL program	**12**	**12**	G	Target Achieved	None
D3 6	Local Economic	Number of initiatives	**3**	**3**	G	Target Achieved	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
	Development	implemented towards wool industry development					
D37	Local Economic Development	Number of destination marketing initiatives	**2**	**2**	G	Target Achieved	None
D38	Local Economic Development	Number of property investment attraction initiatives implemented	**2**	**2**	G	Target Achieved.	None
D39	Local Economic Development	Number of initiatives implemented towards improving land use & planning	**2**	**1**	R	Target not achieved	Corrective comment
D40	Local Economic Development	Number of initiatives implemented towards improving built environment	**1**	**1**	G	Target achieved	None
D41	Local Economic Development	Number of initiatives towards the improvement of business licencing and	**2**	**2**	G	Target achieved	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
		permitting					
D42	Local Economic Development	Number of CDC Oversight Reports	**2**	**2**	G	Target Achieved	None
D43	Local Economic Development	Number of milestones completed towards completion and implementation of the general valuation roll	**1**	**0**	R	The department crafted the specification of the valuation roll on time. The advert was done on time and closed on the 30 October 2023. It has been on the Bid evaluation and adjudication for the past 8 months.	The matter has been escalated to the Accounting Officer.
D44	Local Economic Development	Number of Circular 88 reports submitted	**4**	**4**	G	Target achieved	None
D45	Municipal Transformation and Organisational Development	Percentage functionality of local labour forum and its committees	**100.00 %**	**175.00%**	B	Target overachieved Positive deviation was due to the additional 3 committee meetings held	None
D46	Municipal Transformation and Organisational Development	Number of legislative compliance reports submitted to relevant public bodies	**3**	**3**	G	Target achieved	None
D47	Municipal Transformation	Percentage implementation of	**100.00 %**	**71%**	R	Target not achieved The underachievement was	The remaining training interventions

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
	and Organisational Development	identified training interventions				due to unavailability of funds to implement training interventions as planned.	will be implemented in the upcoming financial year
D48	Municipal Transformation and Organisational Development	Number of organizational structures reviewed	**1**	**1**	G	Target achieved	None
D49	Municipal Transformation and Organisational Development	Percentage of implementation of programs/plans identified in the wellness and OHS strategies	**100.00%**	**210.00%**	B	Target overachieved positive deviation was due to 21 additional activities conducted	None
D50	Municipal Transformation and Organisational Development	Percentage of HR policies reviewed	**100**	**50**	R	Target not achieved. The underperformance was due to some of policies which had to undergo a consultation process with labour component.	Target to be achieved in 24/25 financial year.
D51	Municipal Transformation and Organisational Development	Number of security system projects implemented	**6**	**6**	G	Target achieved	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
D52	Financial Viability and Management	Percentage expenditure of the municipal budget for training and development	**100.00%**	**100.00%**	G	Target achieved.	None
D53	Good Governance and Public Participation	Number of ICT projects implemented	**7**	**7**	G	Target achieved	None
D54	Municipal Transformation and Organisational Development	Percentage functionality of council and its committees	**100.00%**	**180.00%**	B	Target overachieved The positive deviation was due to the number of unscheduled special meetings that were convened to attend to special matters that Council and Council Committees had to table for noting or approval	None
D55	Municipal Transformation and Organisational Development	Number of document management System projects implemented	**3**	**3**	G	Target achieved	None
D56	Good Governance and Public Participation	Number of Circular 88 reports submitted	**4**	**4**	G	Target achieved	None
D57	Good Governan	Percentage of	**100.00%**	**113.00%**	G2	Target overachieved. The positive deviation was	None.

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
	ce and Public Participation	institutional PMS process plans implemented				due to the coordination and consolidation of Circular 88 Reports and submission to CoGTA.	
D58	Good Governance and Public Participation	Number of youth development projects implemented	**2**	**2**	G	Target Achieved	None
D59	Good Governance and Public Participation	Number of institutional strategic plans developed	**2**	**2**	G	Target achieved	None
D60	Good Governance and Public Participation	Number of risk & ethics management projects implemented	**4**	**7**	B	Target Overachieved. The positive deviation was due to policies and strategy development, the facilitation of the appointment of the Risk committee chairperson and the training on Anti-fraud and corruption strategy which were additional activities.	None.
D61	Good Governance and Public Participation	Number of IDP Process Plans developed	**1**	**1**	G	Target achieved.	None.
D62	Good Governance and Public	Percentage of institutional IDP process	**100.00 %**	**140.00%**	G2	Target overachieved Positive deviation was due to additional activities of coordination of ward-	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
	Participation	plans Implemented				based plans and preparatory sections with executive assistance in preparation for the departmental strategic sessions	
D63	Good Governance and Public Participation	Number of deliverables implemented on ward-based planning	**3**	**3**	G	Target achieved	None
D64	Good Governance and Public Participation	% of completed Internal audit projects of the approved internal audit plan	**100.00 %**	**84 %**	O	Target partially achieved. 21 Internal Audit projects were completed over 25 internal audit projects.	Uncompleted Internal projects will be moved to next financial year: 1. Compliance with the Municipal Systems Act 2. Review of Municipal by-laws enforcement (Waste Management) 3. Traffic Services (Governance audit) 4. Quality assurance review
D65	Good Governance and Public Participation	Number of legal services projects implemented	**3**	**3**	G	Target Achieved. Target was revised from 4 to 3 due to the vacancy of the position for quarter 1 & quarter 2.	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
D66	Good Governance and Public Participation	Number of public participation and oversight projects implemented	**5**	**6**	G2	Target overachieved. The positive deviation was due to the additional activity (Initiation forum).	None.
D67	Good Governance and Public Participation	Number of communications projects implemented	**5**	**8**	B	Target overachieved. Communications drafted a Media Plan for the SOMA, articles to the other media houses and support and partnership to DRDAR on the women entrepreneurship competition and awards.	None
D68	Good Governance and Public Participation	Number of customer care projects implemented	**5**	**5**	G	Target Achieved.	None
D69	Good Governance and Public Participation	Number of focus groups social projects implemented	**2**	**2**	G	Target achieved	None
D70	Good Governance and Public Participation	Number of MSI projects implemented	**3**	**3**	G	Target achieved	None
D71	Financial Viability and Managem	Number of Indigent households receiving	**7 500**	**6 474**	O	Target partially achieved due to failure from ESKOM to configure applicants who were approved by	Timely submission of applicants to Council for

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
	ent	Free Basic Services				Council.	approval and prompt configuration by ESKOM would assist in getting more households to benefit.
D72	Financial Viability and Management	Average Number of days taken to pay Creditors	**30**	**9**	B	Target overachieved due to efficiency in the payment of municipal creditors.	None
D73	Financial Viability and Management	Average Number of days to receive payment from debtors	**360**	**677**	R	The target not achieved, due to the debt collection unit has only one incumbent and one vacancy since 2022 which leads to difficulties in distribution of final demands notices for the customers that do not have emails. Debt collectors contract ended in December 2023.	To train the incumbent in Munsoft debt collection functionality, data cleansing of the information on the system is needed.
D74	Financial Viability and Management	Percentage collection on billed revenue	**95.00%**	**106.00%**	G2	Target overachieved positive deviation was due to successful measures taken to coerce customers to pay their debt e.g to register and to do electricity cut offs	None
D75	Financial Viability and Management	% Reduction in level of historical Debt owed	**10.00%**	**0.80%**	R	Target not achieved due to the shortage of staff within debt collection unit. No debt collection service provider to assist with the campaign and that debtors are complaining that they have no liquid funds to	More advertisement is needed. improve public awareness of the debt incentive policy in all platforms

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
						make payment.	of the municipality and finalise the employment of the debt collection clerk that has been long outstanding.
D76	Financial Viability and Management	Number of Asset Project implemented	**2**	**2**	G	Target achieved	None
D77	Financial Viability and Management	Municipality's ability to payback its short-term liabilities with its short-term assets (Current ratio)	**1.501.1:**	**1.731.1:**	G2	target overachieved due to the overachievements of quarter 2 &3. However, there is a need to improve the implementation of revenue enhancement strategy in order to help boost our revenue and also implement cost containment measures	
D78	Financial Viability and Management	Number of months for the municipality's ability to meet monthly fixed operating commitments from cash and short-term investments without	**3**	**1**	B	Target achieved	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
		collecting any additional revenue					
D79	Financial Viability and Management	Budgeted Capital vs Total Expenditure ratio	**20.00%**	**34.50%**	B	Target overachieved	None
D80	Financial Viability and Management	Percentage implementation of the approved cost reduction strategy	**100.00%**	**100.00%**	G	Target achieved	None
D81	Financial Viability and Management	Number of SCM projects implemented	**5**	**5**	G	Target achieved	None
D82	Financial Viability and Management	Number of credible Interim and annual financial statements	**2**	**2**	G	Target achieved	None
D83	Financial Viability and Management	Number of revenue enhancement strategy reviewed	**1**	**0**	R	Target not achieved. meetings were called for other departments to contribute to the development of the strategy, but the meetings did not materialise due to non-availability of personnel to participate. draft revenue enhancement strategy was developed but did not	A decision was taken to have the development of the strategy be included in the debt collection tender.

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
						meet treasury standards hence the decision to include it on the debt collection tender.	
D84	Basic Service Delivery and Infrastructure	Number of Circular 88 reports submitted	**1**	**1**	G	Target achieved	None
D85	Local Economic Development	Number of work opportunities created through EPWP	**170**	**189**	G2	Target overachieved positive deviation was due to additional employment opportunities created in quarter 2.	None
D86	Local Economic Development	Number of contractors SMMEs benefitted through sub-contracting	**10**	**11**	G2	Target overachieved. A positive deviation was due to the appointment of 1 SMME through INEP.	None
D89	Basic Service Delivery and Infrastructure	Number of Remedial works Refele Sports Field	**1**	**0**	R	Target not achieved ELM did not have the budget in the reserves to carry out this project	Comment
D90	Local Economic Development	Number of focus groups enterprise development projects supported	**5**	**3**	R	Target not achieved Support to two women-owned enterprises was not achieved, this was due to delays caused by SCM section in procuring the goods and services needed.	The procurement process will be carried over to the next financial year.
D91	Good Governan	Number of HIV/AIDS	**2**	**2**	G	Target achieved	None

Ref	Municipal KPA	KPI Name	Overall Performance for July 2023 to June 2024				
			Target	Actual	R	Performance Comment	Corrective Measures
	ce and Public Participation	programs implemented					
D92	Good Governance and Public Participation	Number of circular 88 reports submitted	**4**	**0**	R	Target not achieved Due to non-submission of reports by BTO department	The Municipality has consulted Department of Cogta to conduct training on Circular 88 reporting.

3.31.5 Comparison of Performance for Previous Year Against the Current Year

Section 46(1)(b) of the Municipal Systems Act requires the municipality to make comparison of performances for the current and previous years' performance. Section 32 of Municipal Systems Act requires a municipality to prepare for each financial year a performance report reflecting a comparison of the performance with targets set for performance in the previous financial year. The table below shows the comparison of performance for previous against the current year.

Table 66: Comparison of the Previous & Current Year Performance

Responsible Directorate	KPI Name	Target 2022/23	Actual achievement 2022/2023	Target 2023/24	Actual achievement 2023/24
Basic Service Delivery and Infrastructure	Number of households in electrification programme connected.	320	327	304	308
Basic Service Delivery and Infrastructure	Number of km's of link line constructed (Batlokoa 02)	14km	14km	3km	4km
Basic Service Delivery and Infrastructure	Number of public lights installed	28 *25 Street lights* *03 Highmast*		24 *22 Street lights* *02 Highmast*	24

Responsible Directorate	KPI Name	Target 2022/23	Actual achievement 2022/2023	Target 2023/24	Actual achievement 2023/24
Basic Service Delivery and Infrastructure	% of maintenance completed for electricity network as per the maintenance plan	100%	114%	100%	100%
Basic Service Delivery and Infrastructure	Number of electricity network upgraded	2	2	2	2
Basic Service Delivery and Infrastructure	Number of smart meters installed	1800	22	6400	2 810
Basic Service Delivery and Infrastructure	KMs of roads constructed	7.98	7.3	3.9	6.264
Basic Service Delivery and Infrastructure	Number of public amenities constructed	3	2	3	1
Basic Service Delivery and Infrastructure	Number of bridges rehabilitated (2 x Ward 7 Bridge in Sophonia)	2	0	N/A	N/A
Basic Service Delivery and Infrastructure	Number of bridges constructed	N/A	N/A	1	3
Basic Service Delivery and Infrastructure	Number of kms of remedial works at Sonwabile streets	1,95	1.95	N/A	N/A
Basic Service Delivery and Infrastructure	Number of KMs of access roads maintained	150	150,5	150	95.40%
Basic Service Delivery and Infrastructure	% completed of Stormwater repairs/ maintenance	100%	114%	N/A	N/A
Basic Service Delivery and Infrastructure	% completed of urban roads maintenance	100%	140%	N/A	N/A
Basic Service Delivery and Infrastructure	Number of KMs of urban roads maintained	N/A	N/A	1	2.54
Basic Service Delivery and Infrastructure	Number of indigent households receiving free basic services	5000	6814	7500	6 474
Basic Service Delivery and Infrastructure	Number of areas receiving refuse collection from urban and commercial properties	39	59	59	59
Basic Service Delivery and Infrastructure	Number of bridges repaired/maintained (Tsitsa Bridge)	1	0	N/A	N/A
Financial Viability and Management	% of the Municipality's budget for training and development actually spent.	100%	104%	100%	100%
Financial Viability and Management	% expenditure on all infrastructure grants	100%	100%	100%	100%

Responsible Directorate	KPI Name	Target 2022/23	Actual achievement 2022/2023	Target 2023/24	Actual achievement 2023/24
Financial Viability and Management	Revenue generated from vehicle's registration and licensing	R5.1 million	R12 994 947.62	R3 million	R3 606 366
Financial Viability and Management	Average Number of days taken to pay Creditors	30	10	30	9
Financial Viability and Management	Municipality's ability to payback its short-term liabilities with its short-term assets.	1.5:1	1.231:1	1.5:1	1.291:1
Municipal Transformation and Organisational Development	% implementation of identified training interventions	100%	92%	100%	43%
Municipal Transformation and Organisational Development	Number of organizational structures reviewed	2	2	1	1
Local Economic Development	Number of contractors SMMEs benefitted through sub-contracting	11	6	10	11
Local Economic Development	Number of focus groups enterprise development projects supported	12	8	5	3
Local Economic Development	Number of youth development projects implemented	4	4	2	2
Local Economic Development	Number of work opportunities created through EPWP	459	653	584	706
Good Governance and Public Participation	Number of public participation and oversight projects implemented	4	5	5	6
Good Governance and Public Participation	Number of deliverables implemented on ward-based planning	3	4	3	3

3.32 Conclusion

The municipality performed slightly well compared to the previous financial year, out of 23 indicators in the top layer a total of 17 indicators were achieved, which accounted for 73.9% of the overall performance. This is a slight improvement from the previous year's performance of 73%. While regarding departmental performance, out of 82 indicators a total of 61 indicators were achieved, which accounted for 74.4% of the overall performance.

Service delivery challenges for the year under review included: -

- Inadequate capacity of service providers for projects such as training interventions and smart

metres

- Poor revenue collection and shortage of debt collection staff
- Inclement weather
- Service delivery protests which led to deviation from planned road maintenance
- Taxi unrests which resulted in the operation of the Municipality being negatively impacted.
- Unreliable power backup and Vandalism of Network Towers leading to unavailability of network connection are affecting the performance of remote backup.
- Unavailability of power backup at Ugie offices Disaster Recovery site

4 CHAPTER 4 – ORGANIZATIONAL DEVELOPMENT PERFORMANCE PART II

4. 1 COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

4.1.1 New Employees

As can be depicted by the table below, the municipality employed 20 employees during the year under review, 9 of them were females and the other 11 were males. Another factor that needs to be commended is the fact that the municipality employed 1 female in senior management positions and 1 male as a senior management. From the new recruits, the municipality prides itself in the employment of 12 youth members below the ages of 35, this guarantees a long standing and guarantees survival of Municipality. Furthermore, to address employment equity, the Municipality encouraged the recruitment of disabled citizens however none were attracted, and this resulted in ensuring that the municipality recruits disabled employees through the EPWP initiative.

Table 32: New employees

NEW EMPLOYEE RECRUITS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social Services	1				4				5					3	2	0
Corporate Services					1				1						1	
Finance	3								3					1	2	
Administration					1				1						1	
Electricity	2								2						2	
Environmental Protection																
Infrastructure Planning					2				2				0	2		
Office of the Municipal Manager	1				1				2					1	1	

Public Safety																
Road Maintenance					1				1					1		
Sport and Recreation																
Waste Management	2				1				3					2	1	
Waste Water Management																
Strategic Planning													0			
TOTALS	9				11				20					10	10	

4.1.2 New Labor Market Entrants

For 2023/24 financial year, the municipality employed 1 new employee (first time employment) as depicted by the table below, and all these employees are below the age of 35

Table 33: New Labour Market Entrants

NEW LABOUR MARKET ENTRANTS																
EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				PWD	AGE GROUPS		
	A	C	I	W	A	C	I	W	A	C	I	W		<35	35-55	>55
Community and Social Services																
Corporate Services																
Finance	1								1					1		
Administration																
Electricity																
Environmental Protection																
Health																
Infrastructure Planning																

Office of the Municipal Manager																
Public Safety																
Road Transport																
Sport and Recreation																
Waste Management																
TOTALS	1								1					1		

4.1.3 Labour Turnover

The table below depicts that there have been 16 terminations during the year under review, of which 7 were resignations, 2 cases of death, 5 were retirements. 1 Dismissal, 1 Ill-health.

Table 34: Labour Turnover

EMPLOYMENT SECTION	FEMALE				MALE				TOTAL				RESIGNED		RETIRED		DISMISSED		DEATH	
	A	C	I	W	A	C	I	W	A	C	I	W	F	M	F	M	F	M	F	M
Community and Social Services	2				2				4						1	2				
Corporate Services	3								3						2				1	
Finance	2								2				2							
Administration (Office of the Municipal Manager)	1								1				1							
Electricity	1				1				2				1					1		
Environmental Protection																				
Planning & Economic Development																				
Public Safety																				
Infrastructure Planning	2				2				4				2	1						1

Road Transport																				
Sport and Recreation																				
Waste Management																				
Waste Water Management																				
Water and Sanitation																				
TOTALS	11				5				16				7	1	3	2		1	1	1

4.1.4 Employee Totals and Employee Equity

Of the **288** filled positions during the year under review, 152 are female employees, including temporary employees. Total Male employees is 152 including temporary workers for 2023/24 financial year

Table 35: Snapshot of workforce profile for all employees, including people with disabilities

Occupational Levels	Male				Female				Foreign Nationals		Total
	A	C	I	W	A	C	I	W	Male	Female	
Top management	1										1
Senior management	2				3						5
Professionally qualified and experienced specialists and mid-management	11				12						23
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	34	1			62			1			98

Semi-skilled and discretionary decision making	35				28						63
Unskilled and defined decision making	55				42	1					98
TOTAL PERMANENT	**138**	**1**			**147**	**1**		**1**			**288**
Temporary employees	2				3						5
GRAND TOTAL	**140**	**1**			**150**	**1**		**1**			**293**

4.1.5 Staff Turnover & Vacancy Rate

The tables below depict the number of employees, the rate of turnover and the vacancy rate as per vacant funded positions

Table 36: Staff Turnover & Vacancy Rate

Employees					
Description	Year -1 2022/23	Year - 2 2023/24			
	Employees No.	Approved and funded Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	-	-			
Waste Water (Sanitation)	-	-			
Electricity	14	14	13	1	7%
Waste Management	85	89	84	5	5.6%
Housing	1	1	1	0	0
Waste Water (Stormwater Drainage)	-	-	-	-	
Roads	34	34	30	3	8.8%

Project Management Unit	6	6	4	2	5.8%
Transport	-	-	-	-	
Planning	5	5	5	0	0
Local Economic Development	5	5	5	0	0
Planning (Strategic & Regulatory)					
Community & Social Services	-	-	-	-	
Environmental Protection					
Health					
Safety and Security	28	28	25	3	10%
Sport and Recreation					
Corporate Policy Offices and Other	123	123	111	12	9.7%
Totals	305	305	278	27	8.8%

The table below depicts the employee 2023/24 status quo per department:

Table 37: Vacancy Rate

Vacancy Rate: 2023/24			
Designations	*Total Approved Posts (Funded)	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	0	0%
Other S57 Managers (excluding Finance Posts)	4	0	0%

Other S57 Managers (Finance posts)	0	0	0%
Police officers	0	0	0%
Fire fighters	1	0	0%
Mid management: TASK Grade 14-19 (excluding Finance Posts)	18	2	11%
Mid management: TASK Grade 14-19 (Finance posts)	4	0	0%
Highly skilled supervision: TASK Grade 9-13 (excluding Finance posts)	87	9	10%
Highly skilled supervision: TASK Grade 9-13 (Finance posts)	13	1	0%
Total	**129**	**12**	**8%**

Table 38: Staff Turnover

Turn-over Rate: 2024			
Details	Total Appointments as of beginning of Financial Year	Terminations during the Financial Year	Turn-over Rate*
	No.	No.	
Year – 2	20	16	
Year – 1	24	13	

4.2 COMPONENT B: MANAGING MUNICIPAL WORKFORCE

4.2.1 Human Resource Plans and Policies

The table below illustrates the list of HR related policies available in ELM:

Table 39: HR Plans and Policies

HR Policies and Plans				
No.	**Name of Policy**	**Completed**	**Reviewed**	**Adopted by Council or comment on failure to adopt**
1	Attraction and Retention	X	X	June 2023
2	Code of Conduct for employees	X	X	June 2023
3	Delegations, Authorisation & Responsibility	X	X	June 2023
4	Disciplinary Code and Procedures	X	X	Regulated by SALGBC
5	Essential Services	X	X	Regulated by SALGBC
6	Employee Assistance / Wellness	X	X	June 2023
7	Employment Equity	X	X	June 2023
8	Exit Management (Terminations)	X	X	June 2023
9	Grievance Procedures	X	X	Regulated by SALGBC
10	HIV/Aids	X	X	June 2023
12	Job Evaluation	X	X	June 2023
13	Leave of Absence	X	X	June 2023
14	Occupational Health and Safety	X	X	June 2023
15	Housing Subsidy / Homeowner's Allowance	X	X	June 2023
16	Subsistence and Travel Policy	X	X	June 2023
17	Bereavement Policy	X	X	June 2023
18	Conditions of Service Policy	X	X	June 2023
19	Performance Management and Development	X	X	June 2023
20	Recruitment, Selection and Appointments	X	X	June 2023

21	Remuneration Policy	X	X	Regulated by SALGBC
22	Relocation	X	X	June 2023
23	Sexual Harassment	X	X	June 2023
24	Training & Development Policy	X	X	June 2023
25	Smoking	X	X	June 2023
26	Dress Code Policy	X	X	June 2023

4.2.2 INJURIES, SICKNESS AND SUSPENSIONS

Table 40: Cases of Misconduct

Disciplinary Action Taken on Cases of Financial Misconduct			
POSITION	Nature of Alleged Misconduct and Rand value of any loss to ELM	Disciplinary Action taken	Date Finalized
Community Services	Corruption and Gross Misconduct	Yes	August 2024

INJURIES			
POSITION	**Nature of Injure/ Sickness**	**Action taken**	**Date Finalized**
Building and Civil Works General Worker	Occupational Disease	Taken to hospital	01 February 2024
Community Services General worker	Leg injury	Department of Employment and Labour	04 March 2024

Table 41: Number of Suspension

Number and Period of Suspensions				
DEPARTMENT	**NATURE OF ALLEGED MISCONDUCT**	**DATE OF SUSPENSION**	**DETAILS OF DISCIPLINARY ACTION TAKEN OR STATUS OF CASE AND REASONS WHY NOT FINALISED**	**DATE FINALISED**
Municipal Manager's Office	Misuse of municipal vehicle	December 2021	Finalised sanction – employee has been transferred to another position where he will not deal with driving.	August 2023
Infrastructure Planning and Development	Unauthorised use of municipal property	January 2022	Finalised sanction – Employee will be transferred to another position	September 2023
Community Services	Corruption and Gross Misconduct	March 2024	Finalised, the employee was dismissed.	August 2024

4.2.3. Performance rewards

Corporate Services calculated the bonus payment due to employees in line with the municipality's Performance Management Policy for 2022/23 performance cycle. A total amount of **R 1,063,970.37** was paid to employees in respect of performance bonuses for 2022/23 financial year. Below is the table indicating the summary on the finalisation of Performance Assessments that were conducted and eligibility for Performance Bonus Pay-out:

Description	Performance status	Number	Breakdown	Department
Eligible for bonus	Performance percentage above 100%	51	• 1% to 5% - 39 • 6 to 10% - 10 • 11% and above – 2	• Budget and Treasury Office X 7 • Community Services X 11 • Corporate Services X 8 • Infrastructure Planning & Development X11 • Office of the MM X 10 • Planning & Economic Development X 4

4.3 COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.3 1. Skills Development and Training

Elundini Municipality compiles and submits the Workplace Skills Plan (WSP) to LGSETA by 30th April each financial year. The WSP is mainly based on training needs identified in the employee's personal development plans, skills audit results as well as the training needs identified for Councillor's and unemployed youth of Elundini. The Skills Development section had a training budget of R 2, 05996.00 and at the end of the financial year, over 100% of the training budget was successfully spent. As a result, during the 2023/24 financial year, a 105% was spend on all the training and development activities that were included in the WSP for the development of Elundini Capacity. Below are the other programs that were coordinated in this section:

a). Bursary Programme for employees

During the 2023/24 financial year, Elundini Municipality disbursed bursary to fourteen new employees (14) across all departments which increased by a number of twenty one in total (21)including the seven that are continuing from 2022/23. The capacitation of employees through formal qualifications ranged from the following courses:

Post Graduate Diplomas in Public Management

Postgraduate in Project Management

Postgraduate Diploma in Public Management

Postgraduate in Accounting

Diploma in Public Supply Management

Local Government Law & Administration

Bachelor's degree in public administration

Bachelor of Commerce in Project Management

Bachelor of Commerce in Humana Resource Development

Bachelor of Commerce in Humana Resource Management

Honour's in Environmental Management

Bachelor of Spatial Planning Honour's with Specialisation in Human Settlement

Diploma in Public Administration

Advanced Diploma in Financial Management

Diploma in Metropolitan and Traffic Policing

Higher Certificate in Project Management

b). Internship

As part of eradicating youth unemployment, Elundini Local Municipality has internships that targets unemployed youth who have completed tertiary qualifications and those who are in need experiential learning in order to satisfy the requirements of their qualifications. As a result, the Municipality through the Skills Development Section has appointed eight (8) unemployed graduates for internship and (2) two Work Integrated Learners.

The table below depicts the number and types of training that both councillors and employees benefited on during the year under review:

Table 42: Skills Matrix

SKILLS MATRIX 2023/2024 FINANCIAL YEAR														
Management level	**Gender**	**Employees in post as at 30 June 2023**	**Number of skilled employees required and actual as at 30 June 2024**											
			Learnerships			**Skills programmes & other short courses**			**Other forms of training**			**Total**		
		No.	**Actual: End of 2023**	**Actual: End of 2024**	**2024Target**	**Actual: End of 2023**	**Actual: End of 2024**	**2024 Target**	**Actual: End of 2023**	**Actual: End of 2024**	**2024 Target**	**Actual: End of 2023**	**Actual: End of 2024**	**2024 Target**
MM and s57	Female	2	0	0	0	0	0	0	0	0	0	0	0	0
	Male	1	0	0	0	0	0	0	1	1	1	0	0	1
Councilors	Female	20	0	0	0	0	20	20	3	2	0	0	25	25
	Male	15	0	0	0	0	15	15	2	0	0	0	20	22
Managers	Female	8	0	0	0	8	2	4	0	0	8	0	22	22
	Male	9	0	0	0	3	3	10	2	0	10	5	3	10
Senior Officials	Female	62	0	0	0	22	27	49	1	1	2	23	28	28
	Male	38	0	0	0	12	17	29	1	1	0	18	18	18
Technicians and associate professionals*	Female	0	0	0	0	0	6	6	0	0	0	0	6	6
	Male	0	0	0	0	0	7	7	0	0	0	0	7	7
Professionals	Female	0	0	0	0	0	0	0	0	0	0	0	0	0
	Male	0	0	0	0	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making & Unskilled and defined decision making	Female	70	0	0	0	0	70	70	0	0	0	0	70	70
	Male	96	0	0	0	0	57	57	0	0	0	0	57	57
Sub total	Female	167	0	0	0	24	100	129	4	3	12	25	101	102
	Male	160	0	0	0	15	104	121	3	2	11	23	105	121
Total		321	0	0	0	39	204	250	5	5	23	48	206	266
*Registered with professional Associate Body e.g. CA (SA)														T 4.5.1

4.3.2 Managing the Workforce Expenditure

The remuneration of all ELM workforce for the year under review was determined in line with the TASK Job Evaluation grades and salary schedules, as well as the regulated remuneration for senior managers and councillor

CHAPTER FIVE – FINANCIAL PERFORMANCE

5.1 Financial Services

The financial services department has four (4) functions, viz. Budget Planning, Monitoring and Reporting; Income and Expenditure; Supply Chain Management and Assets Management. The overall objective of the department is to ensure that the municipality remains financial viable.

5.1.1 Budget Planning, Monitoring and Reporting

5.1.1.1 Municipal Budgets and Reports

Municipal budgets are tabled and approved within stipulated time frames by the Municipal Council, after the approval the budget is implemented. The municipal budget is monitored via the financial management system. A system of virements is used to move funds from one project to another and from one section to another within the same department. The performance against the budget is measured through Section 71, Section 52(d) and Section 72 reports which are prepared and submitted within stipulated time frames.

5.1.2 Income and Expenditure

5.1.2.1 Free Basic Services and Indigent Support

The ELM implements an indigent management policy that makes adequate financial provision to ensure the provision of efficient and sustainable services to all indigent residents within the area of jurisdiction. The municipality reviews the policy annually, whose basic principles are captured by indicating that the policy ensures that poor households are not denied their constitutional right of access to basic services. These assist any household with a combined income not greater than twice the annual official old age pension. They are therefore eligible to obtain Free Basic Energy or Free Basic Alternative Energy as a result.

For homes that have been officially recognized as destitute, there is free basic solid waste removal as well as a complete property rate subsidy.

The municipality is in charge of FBE (Free Basic Energy) working with ESKOM and FBAE (Free Basic Alternative Energy). FBE in the rural areas is currently covered by a Service Level Agreement (SLA) that is in place with Eskom. The technical data (20 A supply) is the basis for this.
In terms of its powers and functions, the Joe Gqabi District Municipality is the Water Services Authority and is therefore responsible for the implementation of all water and sewerage services.

For the year under review, ELM managed to provide free basic services to 4,288 qualifying households. The number of qualified beneficiaries is concerning as the municipality has many indigent households. To prevent those who experience changes in their financial circumstances from having to wait until the end of the fiscal year to receive their legally entitled assistance, our Indigent Register is updated on monthly basis.

The indigent management policy is an integral part of the Elundini Tariff Policy that is developed and implemented transparently to ensure the sustainability of local public services to all of its citizens at an affordable cost. Critically as part of ELM's commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, the indigent support funding envelope has R23.8 million over 2023/2024-2024/2025 –2025/2026 MTREF. The table below indicates the number of households with access to free basic services:

Status Quo of the unit

There are currently two (2) dedicated staff members for the FBS function. Notwithstanding, the unit always source services from casual employees to do deliveries for alternative energy to rural areas. The intention is to achieve a permanent FBS Unit within the next 3 years, budget dependent. In areas that will not be grid-electrified, the municipality has an SLA with Kwakhanya Energy Services which provides solar energy, and the municipality provides alternative energy (GEL).

Challenges Experienced

Non-availability of FBS dedicated motor vehicle

ESKOM not configuring the approved indigents that have been forwarded.

Lack of cooperation from other state departments.

Delivery logistics

Insufficient staff within the unit.

Obscure roads that are inaccessible in other areas.

SCM turnaround time with regards to procurement of alternative energy.

Budget vs Expenditure: Free Basic Services

Year	Budget	Expenditure	Percentage
2021/2022	R9 000 000	R7 113 746	79%
2022/2023	R8 989 080	R6 727 956	75%

2023/2024	R9 200 000	R8 216 544	80%

Table 43: Free Basic Services

Free Basic Services to Low-Income Households						
Number of households						
Years	**Total**	**Income threshold is an income of not less than two state pensions per month**	**Guideline relation to the household income threshold is an income of not less than two state pensions per month**			
			Free Basic Electricity		**Free Basic Refuse**	
		Total	**Access**	**%**	**Access**	**%**
2020		5 118	4 965	97	153	3
2021		4 789	4 156	86	633	14
2022		5 914	5 177	87	737	13
2023		5 933	5 049	85	884	15
2024		4 288	3 432	80	856	20

5.1.3 **FINANCIAL HEALTH-JUNE 2024**

Financial health refers to the overall well-being of a municipality's financial position. It considers various aspects such as the municipality's liquidity, debt levels and cash flow. By evaluating these factors, you can get a comprehensive picture of the municipality's financial strength and stability.

Current Ratio

The ratio is used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets.

The norm range for this ratio is 1.5:1 as determined by National Treasury in MFMA circular 71.

For the period under review the Municipality's ratio is is 1.2:1 and It's below the norm range at year end, due to grant funding received during December 2024. Even though the ratio is positive it has been boosted by conditional grants which can only be used for its purpose, this is an indication that the municipality will not be able to service its financial obligations in the near future.

Cost Coverage Ratio

This ratio defines the number of months that the municipality based on current available resources would be able to function without any form of revenue being raised. The norm range is 1-3 months. The outcome is one month at year end and it's within the norm range even though it is on the lowest.

Collection Rate

The ratio indicates the collection rate, i.e., level of payments. It measures increases or decreases in debtors relative to annual revenue collected. The industry norm is 95%. The outcome 93% and it's below the norm at year end.

Net Debtors Days

The ratio reflects the collection period. Net debtor's days refers to the average number of days required for a municipality to receive payment from its consumers for bills/ invoices issued to them for services. The industry norm is 30 days. The outcome at year end is 677 days and it is above the norm of 30 days.

Summary

The municipality does not have revenue base due to poor collection on arrear debt, it is grant dependent and even the grant is unable to meet all the financial obligations of the municipality. The municipality does not have reserves. The ratios above also indicate that the municipality is not financial stable and healthy.

The solution would be to implement the credit control policy fully, appoint the debt collector and also to implement the cost containment policy.

Table 44: Statement of Financial Performance

EC141 Elundini - Table B1 Budget Summary

Description R thousands	2023/24				
	Original Budget	Adjusted Budget	Actual	Original Budget %	Adjusted Budget %
Financial Performance					
Property rates	35 898	31 443	29 509	82%	94%
Service charges	52 125	39 802	50 317	97%	126%
Investment revenue	5 397	5 397	6 267	116%	116%
Transfers recognised - operational	202 177	202 527	202 567	100%	100%
Other own revenue	120 484	141 322	16 790	14%	12%
Total Revenue (excluding capital transfers and contributions)	**416 083**	**420 491**	**305 450**	**–**	**–**
Employee costs	154 996	157 204	131 325	85%	84%
Remuneration of councillors	14 939	14 939	13 418	90%	90%
Depreciation & asset impairment	61 220	51 672	0	0%	0%
Finance charges	65	5 688	2 195	3377%	39%
Inventory consumed and bulk purchases	38 133	29 963	27 483	72%	92%
Transfers and subsidies	12 090	7 639	5 307	44%	69%
Other expenditure	134 641	153 387	100 445	75%	65%
Total Expenditure	**416 084**	**420 490**	**280 173**	**–**	**–**
Surplus/(Deficit)	(2)	1	25277		
Transfers and subsidies - capital (monetary allocations)	69 102	75 493	56 128	81%	74%
Transfers and subsidies - capital (in-kind - all)	-	-		-	-
Surplus/(Deficit) after capital transfers & contributions	**69 100**	**75 494**	**81 405**	**118%**	**108%**
Share of surplus/ (deficit) of associate	-	-		-	-
Surplus/ (Deficit) for the year	**69 100**	**75 494**	**81 405**	**118%**	**108%**

Capital expenditure & funds sources					
Capital expenditure	133 614	135 070	84 006	63%	62%
Transfers recognised - capital	69 102	75 493	56 128	81%	74%
Borrowing	30 000	30 000	5 139	17%	17%
Internally generated funds	34 512	29 577	**22 739**	66%	77%
Total sources of capital funds	**133 614**	**135 070**	**84 006**	**63%**	**62%**
Financial position					
Total current assets	221 085	157 244	116 320	53%	74%
Total non current assets	79 049	639 679	684 622	866%	107%
Total current liabilities	85 582	103 871	90 116	105%	87%
Total non current liabilities	30 000	47 124	49 495	165%	105%
Community wealth/Equity	**135 401**	**637 026**	**116 320**	**86%**	**18%**

Grant Performance

R' 000

Description R thousands	**Budget Year 2023/24**				
	Original Budget	**Adjusted Budget**	**YearTD actual**	**Origianl Budget variance %**	**Adjusted Budget variance %**
RECEIPTS:					
Operating Transfers and Grants	**196 427**	**196 777**	**196 777**	**100%**	**100.0%**
National Government:					
Expanded Public Works Programme	1 580	1 930	1 930	**122%**	**100.0%**
Financial Management Grant	1 700	1 700	1 700	**100%**	**100.0%**
MIG Operational	2 702	2 702	2 702	**100%**	**100.0%**
Equitable Share	190 445	190 445	190 445	**100%**	**100.0%**
Provincial Government:					
Dedea-Cleansing grant	5 000	5 000	4 380	**88%**	88%
Libraries Grant	750	750	750	**100%**	100%
District Municipality:	–	–	–		
Other grant providers:	–	–	–		
Total Operating Transfers and Grants	**202 177**	**202 527**	**201 907**	**100%**	**100%**
Capital Transfers and Grants				**97%**	**100%**
National Government:	**69 102**	**66 802**	**66 802**	**97%**	**100%**
Municipal Infrastructure Grant	51 343	51 343	51 343	**100%**	**100%**

Integrated National Electrification Grant	17 759	15 459	15 459	**87%**	**100%**
Disaster Grant		**12 306**	**952**	**#DIV/0!**	**8%**
Total Capital Transfers and Grants	**69 102**	**79 108**	**67 754**	**98%**	**86%**
TOTAL RECEIPTS OF TRANSFERS & GRANTS	**271 279**	**281 635**	**269 661**	**99%**	**96%**

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes. T 5.2.1

"Capital Expenditure:

R' 000

CAPITAL EXPENDITURE

Capital Expenditure - Functional Classification	Original Budget	Adjusted Budget	Actual	Original Budget variance %.	Adjsusted Budget variance %
Governance and administration	**3 050**	**4 182**	**4 531**	**149%**	**108%**
Executive and council	250	832	151	60%	18%
Finance and administration	2 800	3 350	4 380	156%	131%
Community and public safety	**12 400**	**2 933**	**2 221**	**18%**	**76%**
Community and social services	4 900	1 047	907	19%	87%
Sport and recreation	4 000	571	–	#VALUE!	#VALUE!
Public safety	3 500	1 315	1 314	38%	100%
Economic and environmental services	**61 105**	**74 796**	**54 588**	**89%**	**73%**
Planning and development	1 150	1 650	–	#VALUE!	#VALUE!
Road transport	59 955	73 146	54 588	91%	75%
Trading services	**57 059**	**53 159**	**23 136**	**41%**	**44%**
Energy sources	54 059	51 659	23 136	43%	45%
Waste management	3 000	1 500	–	#VALUE!	#VALUE!
Total Capital Expenditure - Functional Classification	**133 614**	**135 070**	**84 476**	**63%**	**63%**

Description	Budget Year 2023/24				
	Original Budget	Adjusted Budget	YearTD actual	Original Budget variance %.	Adjsusted Budget variance %
Revenue					
Exchange Revenue					
Service charges - Electricity	48 169	32 778	32 450	67%	99%
Service charges - Waste management	3 967	1 027	6 433	162%	626%

Sale of Goods and Rendering of Services	1 774	1 774	573	32%	32%
Agency services	624	624	–	#VALUE!	#VALUE!
Interest earned from Receivables	1 941	1 941	–	#VALUE!	#VALUE!
Interest from Current and Non Current Assets	5 397	5 397	6 267	116%	116%
Rental from Fixed Assets	2 363	2 363	2 289	97%	97%
Licence and permits	2 658	2 658	3 606	136%	136%
Operational Revenue	109 644	130 481	8 935	8%	7%
Non-Exchange Revenue					
Property rates	35 888	31 443	27 326	76%	87%
Fines, penalties and forfeits	379	379	1 640	433%	433%
Transfers and subsidies - Operational	202 177	202 527	266 085	132%	131%
Interest	–	–	11 200	#VALUE!	#VALUE!
Gains on disposal of Assets	1 101	1 101	76	7%	7%
Total Revenue (excluding capital transfers and contributions)	**416,083**	**420,491**	**366 880**		
Expenditure By Type					
Employee related costs	154996	157204	135 427	87%	86%
Remuneration of councillors	14939	14939	13 418	90%	90%
Bulk purchases - electricity	36723	28761	32 029	87%	111%
Inventory consumed	1410	1202	659	47%	55%
Debt impairment	6655	–	24 323	365%	#VALUE!
Depreciation and amortisation	54564	51672	35 962	66%	70%
Interest	65	2688	6 676	10271%	248%
Contracted services	79320	65066	60 927	77%	94%
Transfers and subsidies	12090	7639	5 496	45%	72%
Irrecoverable debts written off	–	19001	-	#VALUE!	0%
Operational costs	55321	69319	51 858	94%	75%
Total Expenditure	**416,084**	**420,490**	**366 775**		
Surplus/(Deficit)		**1**	**105**		

5.1.3 Supply Chain Management

Local Government: Municipal Finance Management Act requires the municipality must have and implement a Supply Chain Management Policy which gives effect to the provisions of Part 1 of Chapter 11 of the Act that deals with 'Supply Chain Management'. Elundini SCM Policy has been adopted in line with Municipal Finance Management Act, Section 111 & 112, Supply chain management policy. It is important to note that in terms of the Municipal Finance Management Regulation 3, our reviewed policy was adopted by the council on the 31 May 2023 under resolution CONA/078/23, In December 2023 National Treasury introduced new Government Gazzette No. 4198 local government: municipal finance

management act, 2003 - amendments to regulations regarding supply chain management therefore by 27 March 2023 the policy was reviewed again under resolution CONA/052/24.

The SCM Policy integrates with the Transport and Catering policy, Local Government Framework for Infrastructure Delivery and Procurement Management (LGFIDPM), Contract Management Policy and Construction Procurement Strategy which is aiming at developing and mentoring emerging enterprises. The role of the Council of a Municipality in maintaining oversight on implementation of its supply chain management policy is included in this policy and the Accounting Officer pursuant to Regulation 6 of the MFMA, prepares and submit a draft a supply chain management report complying with regulation 2 (a) & (3) to the council of the municipality for noting and adoption. The purpose of this report is to provide an overview of the SCM process in terms of Council's Supply Chain Management Policy (as amended), Section 9.3.1 of said Policy states that the Accounting Officer must, within 30 days of the end of each financial year, submit a report on the implementation of the policy to the Council. SCM is guided by the following legislative framework: -

- The Constitution of the Republic of South Africa (No. 108 of 1996), Section 217
- Local Government: Municipal Finance Management Act (No. 56 of 2003) (MFMA)
- Municipal Systems Act (Act 32 of 2000), Section 21A (MSA)
- Municipal Supply Chain Management Regulations (Government Gazette 27636 dated 30 May 2005) (SCM Regulations). Elundini Municipality Supply Chain Management Policy (SCM Policy.
- Preferential Procurement Regulations, 2022 issued in terms of section 5 of the Preferential Procurement Policy Framework Act, Act Number 5 of 2000 (PPPFA).

Elundini officials and other role players in the supply chain management system of the municipality must implement the SCM Policy in a way that gives effect to Section 217 of the Constitution, which requires processes to be fair, equitable, transparent, competitive and cost effective. Council's mandate is to maintain oversight over the implementation of the SCM Policy and for the purposes of such oversight the Accounting Officer must within 30 days of the end of each financial year, submit a report on the Implementation of the Supply Chain Management Policy of the Elundini Municipality, to the Council.
The report will reference the following sub sections:

- Establishment of SCM Section
- Demand & Acquisition Management
- Contract Management and Vendor Performance

5.1.3.1 Establishment Of SCM Section

The unit has been established to implement Supply Chain Management Policy as per regulation 7 (1) of Supply Chain Management Regulation. The unit operates under the direct supervision of the Chief Financial Officer as required by regulation 7 (3) of the Supply Chain Management. The structure of the SCMU has been amended Pending approval for the financial year 2024/2025 in order to address the current shortcomings in the section.

5.1.3.2 Municipal Supply Chain Management Regulations (Government Gazette 27636 dated 30 May 2005)

Elundini Municipality Supply Chain Management Policy (SCM Regulations)

Elundini officials and other role players in the supply chain management system of the municipality must implement the SCM Policy in a way that gives effect to Section 217 of the Constitution, which requires processes to be fair, equitable, transparent, competitive and cost effective. Council's mandate is to maintain oversight over the implementation of the SCM Policy and for the purposes of such oversight the Accounting Officer must within 30 days of the end of each financial year, submit a report on the Implementation of the Supply Chain Management Policy of the Elundini Municipality, to the Council.

The report will reference the following sub sections:

- Establishment off SCM Section
- Demand & Acquisition Management
- Contract Management and Vendor Performance
- Establishment of SCM Section

The unit has been established to implement Supply Chain Management Policy as per regulation 7 (1) of Supply Chain Management Regulation. The unit operates under the direct supervision of the Chief Financial Officer as required by regulation 7 (3) of the Supply Chain Management. The structure of the SCMU was amended and approved in December 2022 and a review has been conducted in order to address the current shortcomings in the section.

5.1.3.3 Challenges

- There has been bottle necks in sitting of the Bid Evaluation Committee and Bid Adjudication Committee, hence there was a lot of back logs of bids that requires consideration back from November 2023.
- Poorly crafted specifications.
- Even though there are set dates for submission of specifications, there are few departments which did not submit the specifications, and the ultimate challenge relates to the entrenched lack of accountability leading to substandard service delivery.
- It is important to note that the user departments are not only responsible for allocation of resources, but cooperation is part of their roles and responsibilities too, so there is lack of cooperation from End user departments.
- Lack of integrated planning. If were to institutionalize the drafting of DMP and submission of specification, some of challenges could have been avoided.

5.1.3.3.1 MIG Challenges.

The Municipality has appointed panel for the Framework Contracts for the Unpaved Roads for a period of three years (3) however this bid was subsequently challenged however the matter was resolved in as much that it caused delays in the implementation of Access Roads.
Underperformance of bidders that were appointed for Paved roads resulted to the municipality utilizing panel of managing contracts, hence all of them have shown substandard quality/poor workmanship on roads constructed by them.

5.1.3.3.2 INEP Challenge

Consultants were appointed, although some of them do not respond on all RFQ's and the municipality is left with one professional engineer for the implementation of INEP. This has been considered when developing 2024/25 Demand Management Plan.

5.1.3.4 Demand & Acquisition Management

The municipality's system of acquisition management must ensure:

- That goods and services are procured in accordance with authorized processes only.
- That expenditure on goods and services is incurred in terms of an approved budget in terms of Section 15 of the MFMA.
- That the threshold values for different procurement processes are complied with.

- That bid documentation, evaluation and adjudication criteria and general conditions of a contract are in accordance with any applicable legislation; and
- That any Treasury guidelines on acquisition management are properly considered.
- A process flow of the demand plan was developed; each department populated Demand Management Plan, which was subsequently signed off by each department.
- To support the process, schedules for convening the committee meetings were developed and circulated to all SCM users. Challenges that brought non-compliance to the Demand Plan were late submissions of specification that resulted to late advertisement / implementation. Most projects are advertised due to non-adherence of bidders to the required specifications and functionality.
- Demand management plan was approved on the 21 July 2022
- Current procurement plan was approved on the 29 June 2023 and 57 projects were registered to be implemented. (Below table illustrates performance in terms of approved DMP)
- 26% on targets achieved, 33% projects with specifications not submitted at SCM.

Department	No of projects registered per department	Number of project specifications submitted to SCM	Number of projects still on process	Number of projects Awarded	Number of projects re-advertised	Number of project specifications not submitted to SCM	Number of projects Cancelled
Infrastructure Planning and Development	20	18	7	5	2	2	4
Corporate Services	7	6	2	5	0	1	0
Community Services	13	1	0	0	1	12	12
Finance Department	9	8	4	4	0	1	0
Planning and economic development	6	4	3	1	0	2	0
MM'S office	2	1	1	0	0	1	0
TOTAL	**57**	**38**	**17**	**15**	**3**	**19**	**16**

Reason for not achieving targets are as follows: -

- Re- advertisements due to non-responsive bidders

- Non-submission of specifications on time
- Sitting of the bid committees
- Cancellations due to budget constraints.

Goods and service are procured in accordance with authorized processes and approved delegations. Expenditure that has been incurred was budgeted for in the approved budget of Council. The bid documentation that is utilized is in accordance with the guidelines issued by National and Provincial Treasury, the general conditions of contract and applicable legislation such as the Construction Industry Development Board Act (Act 38 of 2000), LGFIPDM and we are continuously improving the documents in order to improve access and ease of use. SCM Unit had designed a procedure manual which is intends to improve governance in the SCM and also to provide guidance to the ELM officials in the procurement of goods and services. The municipality is preparing process flow charts helps to assign responsibility, communicate a process those unfamiliar with it, such as new employees and outside auditors, reducing the time needed to learn the details embedded in the Policy. Elundini Municipality is a small municipality with limited number of suppliers and service providers therefore it was perceived most pertinent to review service charter in order to guarantee reasonable timeframes and turnaround time.

5.1.3.4 Competitive Bidding For Contracts Valued More Than R300,000

The competitive bidding process and bid committee structures are functioning. Composition, mandate, roles and functions of the SCM Committees (Bid Specification Committee, Bid Evaluation Committee and Bid Adjudication Committee) has also been reviewed and officials serving on these committees are formally appointed by the Municipal Manager and are therefore required to complete declaration of interests forms that are signed by the Commissioner of Oath.

- Training of all SCM Bid committee members and other role players is done annually.
- A number of 28 Bids was awarded in 2023-2024
- Contract Management policy is in place was also approved on the 31 May 2023.
- Contract management systems are in place and fully functionalization of Contract Management as a tool for tracking projects could map the municipality to its success.

A template for assessing service provider and contractors in their performance has been formulated & utilized, this assist the municipality in continuous improvement of the service provider as the feedback for services rendered is given back to them so that they can improve in the arrears of their weaknesses.

SCM Regulation 36 - Deviations

Section 36 of Council's Supply Chain Management Policy allows the Accounting Officer to dispense with the official procurement processes.

The expenditure incurred through deviation from normal supply chain management processes amounted to **R33,448,321.82**. The table below depicts expenditure incurred through deviation.

Table 45: Deviation Expenditure

DEPARTMENT	AMOUNT SPENT ON DEVIATIONS
Municipal Manager	**R 117,702.38**
Budget and Treasury	**R 279,579.95**
Infrastructure Planning	**R31,616,956.27**
Corporate Services	**R1,129,024.76**
Community Services	**R 292,209.46**
Strategic Planning	**12,849.00**
DEPARTMENT TOTALS	**R33,448,321.82**

This table depicts Section 36 (a) (i-v) and amounts incurred.

Table 46: Section 36 Compliance

Section 36 (1) (a) (i)	
Section 36 (1) (a) (ii)	
Section 36 (1) (a) (iii)	**R6,000.00**
Section 36 (1) (a) (iv)	
Section 36 (1) (a) (v)	**R 33,442,321.82**
Section 36 (1) (b)	
TOTAL	**R33,448,321.82**

(2022-2023: 15 370 694,80) (2023-2024 :R33,448,321.82) Deviations were increased by R 18 077 627.02 during 2023-2024 Financial Year. The increase in number of deviations is caused by the appointment of infrastructure projects through deviation process, wherein the municipality was compelled to utilize funding on MIG however due to judicial review process it was impractical to follow SCM processes, same applies with the electricity vending services. The bulk of the deviations may be addressed via competitive bidding processes, proper planning and this office are continuing to assist user departments with the sourcing of specifications in order to attempt to reduce the occurrence or re-

occurrence of some deviations. A multi-year plan for operational activities can assist in the reduction of deviations, in essence, apart from having Demand Management Plan, SCM will attempt to develop a plan for all other items budgeted for each and every financial year regardless of the value.

5.1.3.5 Compliance with MFMA AND SCM POLICY

The municipality by all means necessary including strengthening of internal controls is trying to eliminate irregular expenditure

Table 47: Irregular Expenditure Comparison Between 2022 & 2023 Financial Year

Irregular expenditure consists of the following:	**2024**	**2023**
Opening Balance	0.00	118,558
Irregular expenditure incurred	-	-
Written off by Council	0.00	118,558
To be recovered	-	-
Closing Balance (Irregular expenditure awaiting council consideration)	**0**	**0**
Details of irregular expenditure incurred	**2024**	**2023**
SCM Processes not followed	0	0
Deviations not in line with SCM Regulation 36	0	0
Incorrect calculations of Preferential Points during evaluation	0	0
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC	0	0
Making use of non compliant service providers	0	0
Policy not followed when appointing an employee : Ms S Batyi	0	0
Variation order not in line with SCM Policy	0	0
Overpayment of exit benefit to Senior Manager	0	0
Excess payment on approved total remuneration package of senior managers	0	0
Councillor acted without authority in contract entered with supplier	0	0
TOTAL	**0**	**0**
Number of incidents	**2024**	**2023**
SCM Processes not followed	0	0
Deviations not in line with SCM Regulation 36	0	0
Incorrect clalculations of Preferential Points during evaluation	0	0
Breach of Regulation 29 , where there was less than 4 Senior Managers sitting in the BAC	0	0
Making use of non compliant service providers	0	0
Variation Order not meeting SCM Policy requirements	0	0
Policy not followed when appointing an employee : Ms S Batyi	0	0
Overpayment of exit benefit to Senior Manager	0	0
Excess payment on approved total remuneration package of senior managers	0	0
Councillor acted without authority in contract entered with supplier	0	0
Total	**0**	**0**

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CHAPTER SIX : Auditor General Audit Findings

6.1 Audit Report 2023/24

ELUNDINI LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2023



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Elundini Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Elundini Local Municipality set out on pages xx to xx, which comprise the appropriation statement, statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets and cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 49 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2023.

Material impairments

8. As disclosed in notes 3 and 4 to the financial statements, impairments of R42,8 million (2022: R30,7 million) relating to receivables from exchange and R22,3 million (2022: R19,2 million) relating to receivables from non-exchange transactions were incurred as a result of irrecoverable debtors.

Other matters

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

Unaudited disclosure note

10. In terms of section 125(2) (e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA 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.

11. The supplementary information set out on pages ...to ... does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

12. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and the Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

13. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

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

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

Development priority	Page numbers	Purpose
Basic service delivery	XX	The development priority is key to the core function of the municipality and service delivery within the municipality

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

19. I performed procedures to test whether:

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

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

21. I did not identify any material findings on the reported performance information for the development priority.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

Material misstatements

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

Report on compliance with legislation

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

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

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

28. The material finding on compliance with the selected legislative requirements, presented per compliance theme, is as follows:

Annual financial statements and annual report

29. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, non-current liabilities, appropriation statement and cash flow statements identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

30. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.

31. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

32. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

Leadership did not adequately discharge its oversight responsibilities with regard to the implementation and monitoring of internal controls to ensure sound financial and performance management and compliance with laws and regulations. The audit action plan was not effectively monitored and implemented to ensure that the annual financial statements and annual performance report initially submitted for audit purposes are free from material misstatements.

35. Although reviews of the financial statements and annual performance report were performed, material misstatements in the financial statements and in the annual performance report were identified, indicating that the review processes were not adequate.

Auditor General

East London

30 November 2023

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act (Act No. 56 of 2003)	Section 122 (1) Section 122 (2) Section 126 (1) (a) and 126 (1)(b) Section 133 (1)(a) and 133 (1)(c) Section 127 (2) and 127 (5)(a) Section 129 (1) and 129 (3) Section 65 (2) (e) and 65 (2) (a) Section 11 (1) Section 62 (1)(d) Section 87 (8) Section 15 Section 29 (1) and 29 (2) (b) Section 62(1)(f)(i) and 62(1)(f)(ii) Section 63(2)(a) Section 64(2)(e) and 64 (2) (b) Section 64(2) (c) and 64(2)(g) Section 13(2) Section 14(1) Section 14(2)(a) and 14(2)(b) Section 33(2) Section 170 Section 32(2) and 32(6)(a) Section 171 (4)(a) Section 53(1)(c)(ii) Section 1 Section 72(1)(a)(ii) Section 24(2)(c)(iv) Section 54(1)(c) Section 117
Municipal Budget and Reporting Regulations	Regulation 71 (1) and 71 (2) Regulation 72
Municipal Structures Act ,(Act No.32 of 2000)	Section 74(1) Section 96 (b) Section 29(1)(b)(ii) Section 42

Legislation	Sections or regulations
	Section 25(1) Section 26 Section 41(1)(a) and 41(1)(b) Section 43(2) Section 4(a) and 41(1)(c)(ii) Section 34(b) Section 38(a)
Municipal Property Rates Act ,(Act No.06 of 2004)	Section 3 (1)
Municipal investment regulations	Regulation 3(1)(a) and 3(3) Regulation 6 Regulation 7 Regulation 12(2) and 12(3)
Prevention and Combatting of Corrupt Activities Act (Act No.12 of 2004)	Section 34(1)
Municipal Planning and Performance Management Regulations	Regulation 15(1)(a)(i) Regulation 2(1)(e) Regulation 2(3)(a) Regulation 9(1)(a Regulation 10(a) Regulation 12(1) Regulation 3(4)(b) and 15(1)(a)(ii) Regulation 3(3) Regulation 8 Regulation 7(1)
Disciplinary Regulations for Senior Managers	Regulation 5 (2) Regulation 5 (6) Regulation 8 (4)
Financial Misconduct Regulations	Regulation 5(4) Regulation 6(8)(a) Regulation 10(1)
Supply Chain Management Regulations	Regulation 121(1)(c) Regulation 16(a) Regulation 17(a) and (c) Regulation 17(b) Regulation 43

Legislation	Sections or regulations
	Regulation 19(a) &(b) Regulation 3691)(a) Regulation 12(3) Regulation 27(2)(a)&(e) Regulation 22(1)(b) & 22(2) Regulation 28(1)(a)(i) Regulation 21(b) Regulation 29(1) (a) & (b) Regulation 29(5)(a)(ii) & (b)(i) Regulation 13(c) Regulation 38(1) (c) Regulation 38(1)(d)(ii) & (g)(iii) Regulation 38(1) (e) Regulation 38(1)(g)(i) and 38(1)(g)(ii) Regulation 32 Regulation 5 Regulation 44 Regulation 46(2)(e) and 46(2)(f)
Preferential Procurement Policy Framework Act,(Act No.5 of 200)	Section sec 2(1)(a) Section 2(1)(f)
Public Procurement Regulations of 2017	Regulation 6(1) and 7(1) Regulation 6(8), 7(8), 10(1)&(2) & 11(1) Regulation 5(1) & 5(3) Regulation 5(6) Regulation 5(7) Regulation 9(1)
Public Procurement Regulations of 2022	Regulation 4(1) and 5(1) Regulation 4(4) & 5(4)
Construction Industry Development Board Act (Act No.38 of 2000)	Section 18(1)
Construction Industry Development Board Regulations	Regulation 17 Regulation 25(7A)
Municipal Cost Containment Regulations,2019	Reg 5(1) MFMA 62(1)(a) / MFMA 78(1)(b) MFMA 95(a) / MFMA 105(1)(b) Reg 5(5)(f)

Explanatory information and examples

General

ELUNDINI LOCAL MUNICIPALITY

Audit Report

For the year ended 30 June 2024

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on Elundini Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Elundini Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2024, 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 notes to the financial statements, including a summary of significant accounting policies.

2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Elundini Local Municipality as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2023 (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.

4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 51 to the financial statements, the corresponding figures for 30 June 2023 were restated.

Material impairments

8. As disclosed in notes 3 and 4 to the financial statements, impairments of R60,3 million (2022-23: R42,8 million) relating to receivables from exchange transactions and R26,8 million (2022-23: R22,3 million) relating to receivables from non-exchange transactions were incurred as a result of irrecoverable debt.

Material losses

9. As disclosed in note 62 to the financial statements, a material loss of 26% (2022-23: 19%) was incurred as a result of inadequate implementation of the measures to prevent electricity distribution losses.

Other matters

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

Unaudited disclosure notes

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

12. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion on them.

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Standards of GRAP and the requirements of the MFMA and 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.

14. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

15. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a

material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

Report on the audit of the annual performance report

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

18. I selected the following development priority presented in the annual performance report for the year ended 30 June 2024 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Development priority	Page numbers	Purpose
Basic service delivery	XX	The development priority is key to the core function of the municipality and service delivery within the municipality.

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

20. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives
- all the indicators relevant for measuring the municipality's performance against its primary mandated and prioritised functions and planned objectives are included
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

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

22. I did not identify any material findings on the reported performance information for the development priority.

Other matters

23. I draw attention to the matters below.

Achievement of planned targets

24. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance.

25. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report. The measures taken to improve performance are included in the annual performance report on pages 7 to 9.

Basic service delivery

Targets achieved: 70% *Budget spent: 92%*		
Key indicator not achieved	**Planned target**	**Reported achievement**
No. of public amenities constructed	3	1
Number of smart meters installed	6 400	2 769
Number of indigent households receiving free basic services	7 500	6 474

Material misstatements

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

Report on compliance with legislation

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

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

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

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

Annual financial statements, annual performance report and annual report

31. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of expenditure, revenue, current assets and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records provided, resulting in the financial statements receiving an unqualified audit opinion.

Other information in the annual report

32. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that has been specifically reported on in this auditor's report.

33. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

34. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

35. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other

information be corrected. If the other information is not corrected, I may have to retract this auditor's report and reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

36. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.

37. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.

38. Although reviews of the financial statements and annual performance report were performed, material misstatements in the financial statements and the annual performance report were identified, indicating that the review processes by management, the internal audit unit and those charged with governance were not adequate.

Auditor General

East London

29 November 2024

AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003	Section 122(1) Section 122(2) Section 126(1)(a) Section 126(1)(b) Section 127(2) Section 127(5)(a)(i) Section 127(5)(a)(ii) Section 129(1) Section 129(3) Section 133(1)(a) Section 133(1)(c)(i) Section 133(1)(c)(ii) Section 11(1) Section 15 Section 28(1) Section 29(1) Section 29(2)(b) Section 62(1)(d) Section 65(2)(a) Section 65(2)(b) Section 65(2)(e) Section 64(2)(b) Section 64(2)(c) Section 64(2)(e) Section 64(2)(f) Section 64(2)(g) Section 13(2) Section 14(1) Section 14(2)(a) Section 14(2)(b) Section 63(2)(a) Section 63(2)(c) Section 1 – Definition: service delivery and budget implementation plan Section 24(2)(c)(iv) Section 53(1)(c)(ii) Section 54(1)(c) Section 72(1)(a)(ii) Section 1 – Paragraph (a), (b) & (d) of the definition: irregular expenditure Section 32(2) Section 32(2)(a) Section 32(2)(a)(i) Section 32(2)(a)(ii) Section 32(2)(b) Section 32(6)(a) Section 32(7) Section 170 Section 171(4)(a) Section 171(4)(b) Section 112(1)(j) Section 116(2)(b) Section 116(2)(c)(ii) Section 117

Legislation	Sections or regulations
MFMA: Municipal Budget and Reporting Regulations, 2009	Regulation 71(1)(a) Regulation 71(1)(b) Regulation 71(2)(a) Regulation 71(2)(b) Regulation 71(2)(d) Regulation 72(a) Regulation 72(b) Regulation 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulation 3(1)(a) Regulation 3(3) Regulation 6 Regulation 7 Regulation 12(2) Regulation 12(3)
MFMA: Municipal Regulations on Financial Misconduct Procedures and Criminal Proceedings, 2014	Regulation 5(4) Regulation 6(8)(a) Regulation 6(8)(b) Regulation 10(1)
MFMA: Municipal Supply Chain Management Regulations, 2017	Regulation 5 Regulation 12(1)(c) Regulation 12(3) Regulation 13(b) Regulation 13(c) Regulation 16(a) Regulation 17(1)(a) Regulation 17(1)(b) Regulation 17(1)(c) Regulation 19(a) Regulation 21(b) Regulation 22(1)(b)(i) Regulation 22(2) Regulation 27(2)(a) Regulation 27(2)(e) Regulation 28(1)(a)(i) Regulation 29(1)(a) Regulation 29(1)(b) Regulation 29(5)(a)(ii) Regulation 29(5)(b)(ii) Regulation 32 Regulation 36(1) Regulation 36(1)(a) Regulation 38(1) (c) Regulation 38(1)(d)(ii) Regulation 38(1)(e) Regulation 38(1)(g)(i) Regulation 38(1)(g)(ii) Regulation 38(1)(g)(iii) Regulation 43 Regulation 44 Regulation 46(2)(e) Regulation 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section 18(1)

Legislation	Sections or regulations
Construction Industry Development Board Regulations, 2004	Regulation 17 Regulation 25(7A)
Division of Revenue Act	Section 11(6)(b) Section 12(5) Section 16(1) Section 16(3)
Municipal Property Rates Act 6 of 2004	Section 3(1)
Municipal Systems Act 32 of 2000	Section 74(1) Section 96(b) Section 25(1) Section 26(a) Section 26(c) Section 26(h) Section 26(i) Section 29(1)(b)(ii) Section 34(a) Section 34(b) Section 38(a) Section 41(1)(a) Section 41(1)(b) Section 41(1)(c)(ii) Section 42 Section 43(2) Section 54A(1)(a) Section 56(1)(a) Section 57(2)(a) Section 57(6)(a) Section 66(1)(a) Section 66(1)(b) Section 67(1)(d)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulation 5(2) Regulation 5(3) Regulation 5(6) Regulation 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulation 2(1)(e) Regulation 2(3)(a) Regulation 3(3) Regulation 3(4)(b) Regulation 7(1) Regulation 8 Regulation 9(1)(a) Regulation 10(a) Regulation 12(1) Regulation 15(1)(a)(i) Regulation 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulation 2(3)(a) Regulation 4(4)(b) Regulation 8(1) Regulation 8(2) Regulation 8(3)

Legislation	Sections or regulations
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulation 17(2) Regulation 36(1)(a)
MSA: Municipal Staff Regulations	Regulation 7(1) Regulation 31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)
Preferential Procurement Policy Framework Act 5 of 2000	Section 2(1)(a) Section 2(1)(f)
Preferential Procurement Regulations, 2017	Regulation 4(1) Regulation 4(2) Regulation 5(1) Regulation 5(3) Regulation 5(6) Regulation 5(7) Regulation 6(1) Regulation 6(2) Regulation 6(3) Regulation 6(6) Regulation 6(8) Regulation 7(1) Regulation 7(2) Regulation 7(3) Regulation 7(6) Regulation 7(8) Regulation 8(2) Regulation 8(5) Regulation 9(1) Regulation 10(1) Regulation 10(2) Regulation 11(1) Regulation 11(2)
Preferential Procurement Regulations, 2022	Regulation 4(1) Regulation 4(2) Regulation 4(3) Regulation 4(4) Regulation 5(1) Regulation 5(2) Regulation 5(3) Regulation 5(4)

6.2 AUDIT ACTION PLAN

AUDIT ACTION PLAN FOR THE YEAR ENDED - 30 JUNE 2024

Key	Reference	Component	Key	Finding description	Nature (Actual Finding)	Root Cause	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Responsible Official	Target date	Remedial action	Item
	COAF 2d	Revised SDBIP	Yes	Internal Control Deficiency: Revised SDBIP for 2023/24 financial year does not adhere to the MFMA: Municipal Budget and reporting regulations Schedule B	During the audit we noted the following: 1.The Revised SDBIP for 2023/24 financial year does not include an executive summary, as required in terms of MFMA: Municipal Budget and reporting regulations Schedule B par 5. 2.The Revised SDBIP for 2023/24 financial year does not include Resolutions dealing with the approval of revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, to correspond with the approval of the adjustments budget, as required in terms of MFMA: Municipal Budget and reporting regulations 25, Schedule B par 4	There is a lack of management oversight in ensuring that proper processes are followed for the adjustment of the SDBIP	Management should ensure that the SDBIP complies and is prepared in accordance MFMA: Municipal Budget and reporting regulations Schedule B.	Management disagrees with the finding, the adjusted SDBIP complies with the Schedule B par 5 of the Municipal Budget and reporting regulations. Refer to attached council agenda and council resolution.	Management comments noted, inspected the council resolution CONA 007/24 and adjusted SDBIP and noted that it does not include an executive summary as MFMA: Municipal Budget and reporting regulations Schedule B par 5. The revised SDBIP did not comply with MFMA: Municipal Budget and reporting regulations 25, Schedule B par 4. Therefore the finding remains	The executive summary was not clearly referenced and documented in the council resolution.	Municipal Manager	28/02/2025	The municipality will ensure that during the adjustment budget an executive summary will be included and clearly referenced as well on the Council resolution.	AOPO
	COAF 2g	Revenue, Receivable and Receipts	Yes	Internal control deficiency: Revenue, Receivable and Receipts	The indigent customers application form was completed incorrectly, it does not indicate that Ms Badman is a tenant (occupant status selected was Child headed). The owner of the property is VN Rameti not Ms Babman	There is lack of adequate management reviews to ensure that the recorded information is accurate and complete	Management should ensure that proper reviews are conducted to ensure that the financial information is accurate and complete	Management agrees with the finding. There was an error when selecting Occupant status on the form. Ms. Badman is indeed a tenant that benefits, and the owner VN Rameti does not reside on the property and does not benefit. However, the benefits are the same for a child headed home and a tenant.	Management comments noted, inspected the register of control documents and confirmed that ticket 00106 for Mthabiseni Mkumbuzi was withdrawn, the hall booking for Aphinda Ntethe on the 26 February 2024 and the tariff book and confirmed the basic charge. Therefore finding is resolved.	Lack of proper reviews of the indigent applications to ensure that the financial information is accurate and complete	Manager Income and Expenditure	2025/03/31 On going	Management will ensure that proper reviews are conducted to ensure that the financial information is accurate and complete	AFS
	COAF 2h	Policies	Yes	Policies not reviewed	During the audit, we noted that the following policies have been identified that they were not reviewed during the 2023/24 financial year	This is caused by lack of review controls over policies on a periodical basis by management.	Management should ensure that all municipal policies are reviewed and approved on a periodically basis to ensure that any changes to legislations or standards are taken into account.	Management does not agree with the finding as EPWP Draft Policy – Phase IV EPWP policy is available and was approved by council in June 2023. The policy could not be reviewed during 2023/2024 Financial Year because the president of the country only launched Phase IV EPWP where EPWP Phase V policy had not been developed yet. However, there is a workshop planned for Phase V EPWP Policy scheduled for September 2024	Management comments noted, inspected the council resolution CONA/130/24 and confirmed that council approved anti-fraud and risk management policy. However the management indicated that for the remaining policies are still under review, therefore finding remains.	Lack of review controls over policies on a periodical basis by management.	Director Community Services	31-Mar-25	Management will check all policies and identify when they are due for review and take them to council if necessary before year end.	Internal control deficiency
	COAF 2i	Cost Reduction Plan	Yes	Cost Reduction Plan - Cost reduction not approved and implemented	During the audit of the Use of Consultants Business Process it was noted the Cost Reduction Plan submitted for audit was not signed for approval and no detailed consultancy reduction plans were put in place and implemented to reduce the reliance on consultants by the municipality.	The cause of the finding is that there is no approved Cost Containment Policy in place to provide guidance on the development and implementation of Cost Reduction Plans to reduce reliance on consultants.	Management should ensure to develop Cost Reduction Plans which should detail how the costs in relation to the use of consultants and other professional service providers will be reduced that are aligned with the Municipal Cost Containment Policy with clearly defined and measurable goals/outcomes. Management should further oversee the implementation and annual review of the Cost Reduction Plans in order to reduce reliance on consultants and other professional service providers	Management disagrees with the finding. The municipality has a cost containment strategy and a policy on appointment of consultant in line with the cost containment regulations. Refer to attached documents	According to Regulation 5 (f) of the MFMA Municipal Cost Containment Regulation in addition to or as part of the Municipality Cost Containment Strategy/Policy the accounting officer must develop cost reduction plans to reduce reliance on consultants, the Cost Reduction Plan submitted was not signed and therefore approved , the finding therefore remains and will be a control deficiency	Lack of review controls over policies on a periodical basis by management.	Manager SCM & Assets	28-Feb-25	Management will check all policies and identify when they are due for review and take them to council if necessary.	Internal control deficiency
	COAF 2j	Payroll compensation of employees	Yes	BP- Internal control deficiency: Payroll compensation of employees and employee benefit - MFMA	During the audit, we noted that the performance assessment for section 54(a) and 56 managers was not performed twice. As per the system description for Payroll compensation of employees and employee benefit "The individual employees' performance is evaluated twice a year, mid - year review and annual review, and the council approves the performance results for the section 54(a) and 56 managers" Upon inspection of the performance assessment reports for the senior managers, we noted the following: 1.L Gomana - Performance assessment of 2022/23 was done but the mid-year review was not performed. 2.NC Eddie - Performance assessment of 2021/22 was done, but the mid-year review and annual review was not performed	There is a lack of oversight from management to ensure that the performance assessment are evaluated twice a year, mid - year review and annual review, and the council approves the performance results	Management should ensure that the performar	Management does not agreement with the finding. We conduct our assessments once a year for both the annual assessment of the previous year which has been audited and the mid-year assessment for the current year. Therefore, there were two assessments conducted in one session. Please find the attached timetable and invitation to the assessment. For Mrs Eddie her contract ended in September 2022. She was not available at the time the 2022 annual assessments were conducted, hence she was still being assessed for 2022	Management comments noted, performance assessment for NC Eddie and L Gomana for 2022/23 and mid-year were not submitted. Therefore the finding remains	Lack of safeguarding of documents and centralisation of staff documents	Municipal Manager	31-Mar-25	Management to ensure that performance assessment is done twice a year (mid year and year end) and properly documented.	Internal control deficiency
	COAF3a	Planning	Yes	Audit of Pre-determined Objectives	The supporting evidence (completion certificate) does not have the actual performance that support the reported achievement in the quarter 4 for the indicator: Number of kms of Roads Constructed		Management should ensure that all performance indicators reported in the APR are supported with all relevant documentation and the relevant documentation is consistent throughout. Management should ensure that supporting evidence (completion certificates) should agree to the km reported on the APR	Management agrees with the finding: The completion certificate was amended to reflect the actual performance achieved. Completion certificate is attached	Management comments were noted, inspected the completion certificates for Ugie Park Streets and Greenfields and confirmed that the certificates indicated the number of kilometres/metres achieved.	Lack of submission and review of the supporting documents which support the APR.	Senior Manager Strategic Support	2025/03/31 On going	Management to conduct quartely and annually reviews of the documentation that supports the APR.	AOPO
	COAF3b	Planning	Yes	Audit of Pre-determined Objectives	2.The TIDs for the indicators listed below identified site meeting minutes as part of the supporting evidence, however, there were site meeting minutes provided as supporting information: a)Number of Public Amenities Constructed b)Number of kms of Roads Constructed c)Number of bridges constructed d)Number of households in electrification program connected e)Number of kilometres of bulk infrastructure constructed (Link line) f)Number of high mast public lights installed g)No of smart meters installed	Issue 2, 3, 4 and 7: The cause is due to management not ensuring that the documents stated on the TID are available to support the indicators	Management should ensure that all performance indicators reported in the APR are supported with all relevant documentation and the relevant documentation is consistent throughout. Management should ensure that supporting evidence (completion certificates) should agree to the km reported on the APR	Management agrees with the findings on the below indicators, management corrected the findings by providing the minutes of the site meetings of the projects per indicator. The minutes are attached. a)Number of Public Amenities Constructed -Tlokweng Public Toilets -Hopedale sports field b)Number of Kms of roads constructed -Greenfields -Tlokweng streets -Ugie Streets c)Number of km's of Bridges Constructed -Castle rocks d)Number of households in electrification program connected -Minutes attached e)Number of kms of bulk infrastructure (Link line) -Minutes Attached f)Number of High mast public lights installed	a)Number of Public Amenities Constructed Management comments were noted, number of public amenities consisted of three projects: Hopedale sports field – The site minutes were subsequently submitted by management, therefore the finding is resolved. However, Tlokweng Public Toilets and Refele Sports Field – The site minutes were not subsequently submitted by management, therefore the finding remains b)Number of kms of Roads Constructed Greenfields and Mt Fletcher streets - The site minutes were subsequently submitted by management, therefore the finding is resolved	Lack of proper recording keeping of the supporting documentation to ensure that it is readily available and accessible upon request. Lack of review of the AFS and Non-compliance with the accounting policy.	Director - IPD	2025/03/31 On going	Management to maintain a proper record keeping management system and ensure that all requested information is readily available and submitted within stipulated time frames.	AOPO
	COAF3c	Planning	Yes	Audit of Pre-determined Objectives	The TIDs identified a "Maintenance schedule" as a supporting information for the KMs of urban roads maintained indicator, however, the maintenance was not provided.	Issue 5: The cause is due to management incorrectly reporting the number of the streetlights and high mast lights that were defective and maintained for Quarter 1, reported the number of streetlights and high mast lights that were inspected during that period.	Management should ensure that all performance indicators reported in the APR are supported with all relevant documentation and the relevant documentation is consistent throughout. Management should ensure that supporting evidence (completion certificates) should agree to the km reported on the APR.	Management agrees with the finding. The urban roads maintenance schedule is attached to rectify the finding	Management comments were noted, management subsequently submitted the maintenance schedule for urban road maintenance and therefore the finding is resolved	Lack of proper recording keeping of the supporting documentation to ensure that it is readily available and accessible upon request. Lack of review of performance indicators reported in the APR.	Director - IPD	2025/03/31 On going	Management to maintain a proper record keeping management system and ensure that all requested information is readily available and submitted within stipulated time frames. Regular review of performance indicators reported in the APR and ensure it is supported with all relevant documentation and the relevant documentation is consistent throughout and agrees to the APR	AOPO
	COAF3d	Planning	Yes	Audit of Pre-determined Objectives	4.The TIDs for the following indicators identified monthly progress report as part of the supporting evidence, however, there were no monthly progress report provided as supporting information: a)Number of kms of Roads Constructed b)Number of kilometres of bulk infrastructure constructed (Link line) c)No of smart meters installed	The cause of the finding is due to lack of proper recording keeping of the supporting documentation, to ensure that it is readily available and accessible upon request.	Management should ensure that all performance indicators reported in the APR are supported with all relevant documentation and the relevant documentation is consistent throughout. Management should ensure that supporting evidence (completion certificates) should agree to the km reported on the APR	Management agrees with the finding, progress reports were provided to rectify the finding a)Number of Kms of Urban roads maintained -Monthly progress report attached f)Number of kms of Roads Constructed- -Progress report is attached g)Number of kilometres of bulk infrastructure constructed (Link line) -Progress report attached h)No of smart meters installed	Management comments were noted, monthly reports were subsequently submitted therefore finding is resolved. Number of Kms of Urban roads maintained Number of kms of Roads Constructed Number of kilometres of bulk infrastructure constructed (Link line) No of smart meters installed	Lack of proper recording keeping of the supporting documentation to ensure that it is readily available and accessible upon request.	Director - IPD	2025/03/31 On going	Management to maintain a proper record keeping management system and ensure that all requested information is readily available and submitted within stipulated time frames.	AOPO
	COAF3e	Planning	Yes	Audit of Pre-determined Objectives	The reported performance for quarter 1 for this indicator does not agree to the supporting evidence. Refer to the table below for the details of the disagreements:	This is caused by a lack of management oversight and reviews to ensure that the reported achievement on the APR is accurate and agrees to supporting evidence.	Management should ensure that all performance indicators reported in the APR are supported with all relevant documentation and the relevant documentation is consistent throughout. Management should ensure that supporting evidence (completion certificates) should agree to the km reported on the APR.	Management agrees with the findings and acknowledges the error in the reporting of quarter 1. The correct report is as follows	Management comments noted management did not submit supporting documents (Amended Q1 performance report) we could	lack of review of APR and supporting documentation.	Manager IDP	2025/03/31 On going	Management to Prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information.	AOPO
	COAF 4	Indigent debtors	Yes	Indigent debtors – Indigent Customers	Some beneficiaries received the indigent subsidies while they did not qualify, refer below for examples: Annexure A: Deceased persons -The customers in this annexure were found to have been deceased in the 2023/24 financial year, however, they received the subsidy during the year. Annexure B: Invalid IDs -The customers in this annexure were found to have been registered with invalid IDs, however, they received the subsidy during the year. Annexure C: Duplicate ID -The customers in this annexure were found to be receiving the indigent subsidy twice. Annexure D: Old ID numbers -The customers in this annexure were found to have old ID numbers, which brings into question, their existence, given that everyone is expected to have the new ID numbers. Annexure E: Age over 100 -The existence of these customers is questionable due to their old age. Annexure F: Employed in Government -These customers appear in the database of people that are in the employment of government institutions, thus, irregularly benefiting from indigent subsidy. Annexure G: Interest – Supplier - Payment -These customers were found to have interests in suppliers that received payments	The municipality has not gone through the process of cleaning up its indigent customer database, to ensure that only customers that are indigent as defined in the indigent subsidy policy are benefitting from the municipality's indigent subsidy program.	Management should continuously review their indigent customer database for customers that may no longer qualify for the subsidy to ensure that only customers that meet the defined criteria in the indigent customer policy are benefiting from the program.	Commitment to prevent the finding from re-occurring in the future financial years: Annexure A – Management disagrees with the finding. The municipality grants indigent subsidy per household and not per individual. Paragraphs 2.4, 3.1, 7(f), 8.14 and 8.16 all refer to a household and not an individual. Even though the main applicant for that household is deceased, the household is still indigent. Paragraph 8.1.8 states that the surviving spouse must come apply for indigency. Annexure B – Management disagrees with the finding. An incorrect indigent register was submitted but the correct one has been submitted to the auditors. Annexure C – Management disagrees with the finding. An incorrect indigent register was submitted but the correct one has been submitted to the auditors. Annexure D – Management disagrees with the finding. An incorrect indigent register was submitted but the correct one has been submitted to the auditors. Annexure E – Management does not agree with the finding. We do have beneficiaries over 100 years that do walk-ins to apply for Indigent Support. Annexure F – Management agrees with the finding. The municipality does not have a system that gives access to database of people in employment of government institutions. Annexure G – Management disagrees with the finding. Our policy has a threshold for an amount [illegible]	Management response is duly noted. We assessed the correct indigent register submitted with the management response to the COAF 04 and we found that the same exceptions raised and communicated based on the incorrect register still apply, as the registers contain similar information.	The municipal system is not linked to the system used by the AGSA that is able to pick beneficiaries in the service of the state and to Home Affairs in assessing those deceased.. The indigent register is on excel.	Manager Income and Expenditure	2025/01/31 On going	The municipality to ensure that the indigent system is budgeted and procured in the next financial year to ensure that everything is automated and limit huma errors. Also the indigent register to be reviewed to maksure it the correct version and does not have obvious errors (duplicates etc)..	Internal control deficiency
	COAF 6	Expenditure	Yes	Some invoices were not paid within 30 days from the date of receipt of the invoice Audit Finding	The following invoices were not paid within 30 days of receipt of invoice	This is due to lack of management oversight and inadequate reviews to ensure compliance with the polices and the MFMA	Management should review and apply the approved policies. In addition, management should put in place strict controls to ensure that payments are made with 30 from the date of the receipt of invoice as required by MFMA section 65(2)	1.Management agrees with the finding. During the preparation of the payment process, there was an internal control deficiency that needed to be attended to by the user department and the service provider, unfortunately, the new received date was not stamped. 2.Management agrees with the finding. During the preparation of the payment process, there was an internal control deficiency that needed to be attended to by the user department and the service provider, unfortunately, the new received date was not stamped. 3.Management does not agree with the finding. There are debit order arrangements for all Eskom transactions that are less than R60 000.00 we are not liable for invoices that Eskom has processed after 30 days as they did not even charge the municipality interest on the account for late payment	Management response is duly noted. Regarding items 1 & 2 remains and will be reported in the management report or auditor's report depending on materiality of occurrence rate of instances of similar non compliance.	Lack of implementation of the expenditure policy and its controls to ensure payments are made within 30 days.	Manager Income and Expenditure	2025/03/31 On going	Management to record and note all invoices returned to user departments, put a new received date stamp, and ensure that all invoices are paid within the 30-day legislated period. Managemen to develop a checklist that will incorporate this procedure.	AFS

Key	Reference	Component	Key	Finding description	Nature (Actual Finding)	Root Cause	Auditors Recommendation	Management Response	Auditor's conclusion	Root Cause by Management	Responsible Official	Target date	Remedial action	Item
	COAF 6	Expenditure	Yes	General expenses classified as contracted services	The Munsoft Monthly Service fees have been incorrectly classified as contracted services, instead of the General Expenses	Management neglected to reallocate the General expenditure paid out of the Budget for contracted services (due to budget depletion), to the General expenses in the AFS preparation process	When the budget is depleted for a certain category of expenditure and payments are made out of other categories, management should ensure that these are reallocated to the correct category and also reported in the correct category of expenditure.	Management agrees with the finding. However, further investigation of transactions under contracted services was done and found 2 more Munsoft transactions and a journal has been proposed to correct the misallocation. The misallocation amounts to R837 525.	Management response is duly noted. The finding for items 1 & 2 remains and will be reported in the management report or auditor's report depending on materiality of occurrence rate of instances of similar non-compliance.	Inadequate implementation of MSCOA and GRAP.	Manager Income and Expenditure	2025/03/31 On going	Management to prepare a corrective journal will be processed to transfer the misallocation to the correct segment. Review of all processed transactions by Senior Management on a monthly basis	AFS
	COAF 7	Grants	Yes	INEP Grant : Construction contracts misstatements	1.The municipality received funds from Integrated National Electrification Programme (INEP) that amounted to R15 459 000, most of the grant was spent on the Eskom licence area where the municipality is not licensed . The municipality recognised the R15 459 000 under revenue from non- exchange transactions under Government grants and subsidies. The municipality then recognised/recorded contracted services of R13 447 962 in the current year that is classified as Electrical relating to electrification of unlicenced. Therefore, the Municipality did not recognised the construction revenue of R13 447 962 and have a difference of R2 011 038 recognised or recorded under government grants. 2.Upon the review of CAPEX 2024 register of payments made to municipal's unlicenced area, the municipality made a payment of R14 180 007 which is R 732 045 more than what is disclosed as electrical under contracted service resulting in understatement in the annual financial statements as illustrated on the table below. The municipality has overstated the revenue from government grants and subsidies by R 14 180 007 and understated revenue from exchange (construction contracts revenue by the same amount in the 2023/24 financial year, in the corresponding figures the same misstatement amounts to R 13 610 941.	The cause of the finding is due to lack of proper application of GRAP 11 as the municipality did not apply guidance that was issued by National Treasury to all the municipalities	Management should ensure that Contract revenue is accurately recorded and presented in the AFS. Management should consider ensure that GRAP 11 requirements are appropriately applied when it comes to INEP GRAP to avoid the finding from re-occurring in the future	1.Management agrees with the finding that the Municipality did not recognise the construction revenue. However, an amount of R13 447 962 is the amount recognised under contracted electrical construction costs and it excludes VAT amounting to R2 017 194. This makes the total revenue from construction contracts amount to R15 465 156.30.	Management subsequently submitted the adjusted AFS and amended the disclosure note 26 for Government grants and subsidies and disclosure note 18 for Construction contracts accordingly. Therefore, the classification finding is resolved. However, after assessment of the disclosure note 18 for Construction contracts we noted that management included VAT amount of R2,016,392 in the revenue amount. Therefore, the finding remains.	Inadequate implementation of the NT circular guidelines on the INEP Grant	Manager Budget and Reporting	2025/03/31 On going	The revenue from the INEP GRANT will be reclassified to revenue from exchange transactions (Construction contracts) and be reported in accordance with the new guidelines. Regular training will be provided to those responsible for accounting and reporting to enable them to correctly interpret and apply current and updated accounting standards. Management will develop a checklist that will incorporate this disclosure	AFS
	COAF 8	Principal-agent arrangements	Yes	1.Principal-agent arrangements omitted in Note 53 for the AFS for the 2023-24 financial year	Elundini Local Municipality has a binding contract with Contour Technologies (Pty) Ltd where 'Contour undertakes to ensure that payment of all monies to the municipality collected from valid third-party sales in the preceding calendar month within three (3) working days of the succeeding calendar month'. Therefore, Contour enters into transactions with the electricity customers in Elundini Local Municipality on behalf and for the benefit of the municipality, hence, an agent for GRAP 109.05 purposes. In terms of clause 8.2 of the Service Level Agreement (SLA) entered between Contour and the Elundini Municipality; Contour undertakes to ensure that payments of all monies to the Municipality are collected from valid third-party sales in the preceding calendar days within three working days. From GRAP 109 requirements and the SLA it clear that there is Principal Agent arrangement where Contour acts as an agent for collecting monies from third parties and pay over to the municipality. Management did not assess the relationship between the Municipality and Contour Technology (Pty) Ltd and as a result the GRAP 109 disclosure requirements for principal-agent arrangements was not disclosed in the AFS submitted for audit for the year ended 30 June 2024.	Management did not assess the relationship between the Municipality and Contour Technology (Pty) Ltd	Management should adjust Note 53 to include the principal disclosures for the arrangement between Contour Technology (Pty) Ltd and the Municipality	Management comment: Management agrees with the finding. Note 53 will be adjusted to include the principal disclosure for the arrangement between Contour Technology (Pty) Ltd and the Municipality. See attached proposed disclosure note.	Management agrees with the finding and has further submitted a proposed adjustment. Based on inspection of the adjusted Annual Financial Statements, the finding has been addressed and therefore has been resolved.	Lack of review of the AFS and non adherence to the AFS plan.	Manager Budget and Reporting	2025/03/31 On going	Note 53 was adjusted to include the principal disclosure for the arrangement between Contour Technology (Pty) Ltd and the Municipality. Regular training will be provided to those responsible for accounting and reporting to enable them to correctly interpret and apply current and updated accounting standards. Management will develop a checklist that will incorporate this disclosure	AFS
	COAF 9	Financial Instruments	Yes	1.Statutory receivables and finance lease obligations have been incorrectly included in the disclosure for Financial Instruments Disclosures	In note 40. Financial instruments disclosures, management has included R21 053 118, which includes Property Rates: R19 143 886 (2022-23: R19 649 740). Receivables from Property rates are statutory receivables as defined in GRAP 108.05(a), thus, their inclusion in Note 40 constitutes a material overstatement of the disclosure, as they are specifically excluded from the scope of GRAP 104. In note 40, management has included an amount of R1 576 622 (2022-23: R0) for Finance Lease Obligation. Obligations under leases are specifically excluded from the scope of GRAP 104.	This is due to lack of adequate management reviews of the financial statements.	Management should perform adequate reviews of the financial statements and ensure that they are prepared in accordance with the standards of GRAP	1.Management agrees that the property rates are statutory receivables and that they should not be included as financial assets. The AFS will be adjusted accordingly to ensure that property rates are not included as part of financial assets. 2.Management does not agree with the finding that obligations under leases are specifically excluded from the scope of GRAP 104. In terms of GRAP 104.03(c)(ii) finance lease payables recognised by a lessee are subject to the derecognition, presentation and disclosure provisions of GRAP 104. The application guidance on GRAP 104 also states the following: AG21. Under GRAP 13 a finance lease is regarded as primarily an entitlement of the lessor to receive, and an obligation of the lessee to pay, a stream of payments that are substantially the same as blended payments of principal and interest under a loan agreement. The lessor accounts for its investment in the amount receivable under the lease according to the board treatment	Management responses are duly noted. Statutory Receivables: Management may proceed with the adjustment and submit the proposed disclosure for assessment. Finance Lease Obligation: The finding is resolved, upon re-looking at GRAP 103.03(c)(ii) it was confirmed that finance lease obligations are subject to the presentation and disclosure requirements of GRAP 104. The adjusted AFS were assessed, and the note was correctly adjusted. Finding is resolved.	Lack of review of the AFS and non adherence to the AFS plan.	Manager Budget and Reporting	2025/03/31 On going	Note 40 will be adjusted to exclude property rates from statutory receivables. Regular training will be provided to those responsible for accounting and reporting to enable them to correctly interpret and apply current and updated accounting standards. Management will develop a checklist that will incorporate this disclosure	AFS
	COAF 11	Revenue	Yes	Incorrect property rates disclosed in note 23 for Property rates	The following differences were identified in Note 23 for Property rates between the approved tariffs and the basic rates disclosed:	Management has not adequately reviewed the disclosure note for property rates to ensure that the note disclosed is consistent with the GRAP standards.	Management should ensure the annual financial statements are reviewed and the narrations included in the disclosure notes have been verified and are consistent with the accounting policies	Management agrees with the finding. Adjustments will be made to the Annual Financial Statements to ensure that the disclosure note for property basic rates agrees with the approved tariff book. Please find an extract which shows how the disclosure note for property rates will be adjusted	Management subsequently submitted the adjusted AFS and amended the disclosure note for Revenue from non-exchange transactions accordingly. Finding is resolved.	Lack of review of the AFS and non adherence to the AFS plan.	Manager Income and Expenditure	2025/03/31	Interim AFS will be preapred and the AFS reviews will be conducted by all levels of reviews in line with the AFS plan.	AFS
		Revenue	Yes	Municipal Infrastructure Grant: Incomplete grant schedule register	The following differences were identified between the amount in the grant schedule disclosed in the AFS:	Management did not have controls in place to ensure that all the transactions that should have been recorded have been recorded in the grant schedule register, at the correct amounts.	Management should have controls in place to ensure that all transactions that should be recorded in the grant schedule register, are recorded at the correct amounts. Furthermore, management should ensure that they review the grant schedule register to ensure that the amount disclosed in the AFS and the register are consistent.	Management does not agree with the finding, the operational expenditure on MIG for 5 percent is not included on the schedule, only capital portion is included.	Management comments were noted, evidence to substantiate management comments was not submitted by management for further assessment. Therefore, finding remains.	Lack of review of the grants schedule	Manager Budget and Reporting	28-Feb-25	Management to amend the MIG Grants register to included both Operating and CAPEX so that the total agrees to AFS.	AFS
		Revenue	Yes	Differences between the grant schedule register and invoice (Accuracy)	1.The following differences were identified between the amount in the grant schedule and invoice amount	Management did not have controls in place to ensure that all the transactions that should have been recorded have been recorded in the grant schedule register, at the correct amounts	Management should have controls in place to ensure that all transactions that should be recorded in the grant schedule register, are recorded at the correct amounts. Furthermore, management should ensure that they review the grant schedule register to ensure that the amount disclosed in the AFS and the register are consistent.	Management does not agree with the finding. In the invoices that are in the payment vouchers, the retention that the Municipality withholds from the contractors is not included. Please find the attached Capex register extract. The Capex register can also be found in the audit file, renamed as "WIP Register 20232024 Updated" under PPE	Management comments were noted, However the differences were as a result of retentions not being correctly accounted for in the grant register. Therefore, finding remains.	Lack of review of the grants and retentions schedules	Manager Budget and Reporting	28-Feb-25	Management to amend grants register to reflect retentions separately and link it to CAPEX/WIP and commitments register	AFS
		Revenue	Yes	Differences between the grant schedule register and invoice (Accuracy)	Upon the review of CAPEX 2024 register, we noted that the following project for MIG was classified under INEP.	Management did not have controls in place to ensure that all the transactions that should have been recorded have been recorded in the grant schedule register, at the correct amounts	Management should have controls in place to ensure that all transactions that should be recorded in the grant schedule register, are recorded at the correct amounts. Furthermore, management should ensure that they review the grant schedule register to ensure that the amount disclosed in the AFS and the register are consistent.	Management agrees with the finding on the description part as the error was on the description on the CAPEX register, but the classification was correct as being MIG. A description for an MIG project was only incorrect worded as INEP in the CAPEX register. However, in the G.L., under the funding column the transaction has been correctly posted to the MIG funding. Please find the attached voucher for the transaction attached in the response. The voucher number for the transaction is as follows: 011078-0005. Please also find the attached G.L. extract for the MIG transaction. Revenue from conditions met pulls directly from the G.L. and the funding for this transaction in the G.L. is MIG. Therefore, the MIG Grant has not been understated and the INEP Grant has not been overstated in the Annual Financial Statements in this regard	Management agrees with the finding and proposes an adjustment, a further assessment will be done when the final adjustments have been made	Lack of review of the AFS and non adherence to the AFS plan.	Manager Budget and Reporting	2025/03/31	Interim AFS will be preapred and the AFS reviews will be conducted by all levels of reviews in line with the AFS plan.	AFS
	COAF 12	Securirty assets	Yes	1.Security assets (Guns) not barcoded or uniquely identified	A security asset was selected for testing under movable assets. The asset could not be identified from the other group of assets. This means the asset could not be uniquely identified from the other group assets of the similar nature. We had to verify all 15 items. Guns have a unique serial number which was not used as a unique asset number. The barcode captured in the Fixed Asset Register could not be used as they were not in the guns.	Management did not use the gun serial number as an asset code which could make it simple to uniquely identify the asset or attached the barcode per the asset register to the gun for it to be identifiable	Management should adjust the asset register and capture guns in their serial numbers as asset numbers or attach the barcodes per the asset register to the guns to make them identifiable.	Management will use the gun serial number as an asset code which could make it simple to uniquely identify the asset or attached the barcode per the asset register to the gun for it to be identifiable	Management agrees with the finding, this will remain as the internal control deficiency finding in the management report.	Inadequate review of the asset register and non adherence to the AFS plan.	Manager SCM & Assets	2025/02/28	Conduct asset count for the second quarter and update FAR.	Internal control deficiency
	COAF 13	Employee costs	Yes	Difference between the annual 12 Month payroll report 2023/24 and the payroll reconciliation prepared by the consultants	The data used by the consultants in preparation of the reconciliation differs from the data per the annual 12 month payroll report 2023/24.	This is due to lack of management oversight and inadequate reviews to ensure that the annual 12 month payroll report agrees with the AFS.	Management should ensure that they review the reconciliation and agree to underlying records.	: Management agrees that the totals as per the payday reports don't agree with the 12 months reports. Due to issues with the payday system in February 2024 the payday report for February that was extracted from the system did not agree with the 12 months report. Both these reports are extracted from the payday system. This issue has been resolved and the correct payday report that agrees with the 12 months report has been extracted. A reconciliation for the month of February has also been performed. Please find the attached reperformed reconciliation and the proposed journal	Management agrees with the finding and have submitted a proposed journal. We shall assess when all the required adjustments have been passed	Inadequate review of the Payroll and AFS and non adherence to the AFS plan.	Manager HR	2025/02/28 On going	Management will prepare reconciliation for the month of Febraury between payday and payroll and going forward AFS reviews by all levels of reviews in line with the AFS plan.	AFS
	COAF 14	Depreciation	Yes	1.Depreciation: disagreement between depreciation per the FAR and audited amount	When performing depreciation recalculations for three assets we noted differences as illustrated below. For Item one there was also a reassessment (change) in useful life which resulted in calculated differences that would have a projected difference of R520 357. Upon consultation with members of management still the differences remain	Management calculations are not clear enough to determine the changes of estimates and depreciation calculations	Management should adjust the asset register and depreciation calculations clearly showing the changes in estimates	The management agrees with the finding. However, the difference for the motor vehicle should be R3 906 before extrapolating. The management will be making necessary adjustments. The calculation performed did not factor in the residual when performing a recalculation. Kindly find the attached annexure for calculations	Management agrees with the finding, It was identified that the residual value had not been factored into our initial calculation. Upon including the residual value, the variance was reduced to R3,906. The total differences in depreciation are immaterial and fall below the trivial threshold. Therefore the finding is resolved.	Inadequate review of the asset register and non adherence to the AFS plan.	Manager SCM & Assets	2025/02/28 On going	Management will start implementing the asset module and FAR to be reviewed. AFS reviews by all levels of reviews in line with the AFS plan.	AFS
	COAF 15	Receivables	Yes	Incorrect classification of receivables from non-exchange interest	Interest on receivables from exchange transactions of R24 524 248 included interested on non-exchange transactions. The interest on non-exchange transactions was not disclosed separately. The differences of R 4 236 060.16 were noted	This is a lack of management oversight and inadequate reviews to ensure that the interest on receivables is classified correctly, as management included interest - receivables exchange and non-exchange transaction in Interest receivables on note	Management should ensure interest on receivables is classified correctly according to the GRAP standards.	Management agrees with the finding. Adjustments to the Annual Financial Statements will be made by making reclassifications of interest from receivables from exchange to receivables from non-exchange. Please find the attached annexure that show how we will present the split of the interest.	Management subsequently submitted the adjusted AFS and amended the disclosure note 03 on Receivables from exchange transactions and disclosure note on 04 on Receivables from exchange transactions accordingly. Finding is resolved.	Inadequate review of the AFS and non adherence to the AFS plan.	Manager Income and Expenditure	2025/02/28 On going	Interim AFS will be preapred and the AFS reviews will be conducted by all levels of reviews in line with the AFS plan.	AFS
	COAF 18	Property, Plant and Equipment - Machinery and equipment	Yes	1.Construction of Fibre (Machinery and equipment)	•During the review of the capitalized amounts for Machinery and Equipment additions, it was observed that the municipality incorrectly calculated VAT (excluding VAT) of R57,935 as part of the asset capitalization. •It was further noted that the supplier is not registered as a VAT vendor. We verified this by checking the SARS website, which confirmed the supplier's non-registration for VAT. As a result, management capitalized an amount that was exclusive of VAT, whereas VAT should have not been excluded. Therefore, this means the invoiced amount of R444 165 should have been capitalised to assets instead of R386 230.	The cause of the finding is due to lack of management oversight in the payments capturing processing and allocation	Management must have controls in place to ensure that when they receive invoices from suppliers they make sure that they are registered or not for VAT purposes	A journal to debit the asset by R57 935 and journal to credit the VAT account by R57 935 has been proposed. The second journal to correct the depreciation is also proposed.	Management agrees with the finding and have submitted a proposed adjusting journal. The journals, along with the adjusted general ledger (GL) and trial balance (TB), were reviewed and confirmed that the adjustments had been processed. The understatement of the asset and overstatement of VAT were appropriately reversed. As a result, the finding is resolved.	Inadequate review of the asset register and non adherence to the AFS plan.	Manager SCM & Assets	2025/02/28 On going	Management will start implementing the asset module and FAR to be reviewed. AFS reviews by all levels of reviews in line with the AFS plan.	AFS

Appendix A – Councillors; Ward and/ Or Party Represented and Council Attendance

The Council had 09 scheduled meetings, including both ordinary and special council meetings. The table below depicts the attendance of councillors to the council meetings:

COUNCIL MEMBERS	FULL TIME/ PART-TIME	WARD/ ORGANISATION	No of Council meetings attended	No of apologies for non-attendance	% Council meetings attendance
Mamello Leteba	FT	African National Congress	09	00	100%
Victoria Vangiwe Hokwana	FT	African National Congress	09	00	100%
Bandile Nicholas Nqodi	PT	African National Congress	08	01	89%
Thozama Victoria May	PT	African National Congress	07	02	78%
Simphiwe Mdoda	PT	African National Congress	08	01	89%
Mthobeli Siphamla	PT	African National Congress	09	00	100%
Patuoe Lephafa	PT	Economic Freedom Fighters	09	00	100%
Moleboheng Telile	PT	African National Congress	09	00	100%
Zandisile Mampintsha	PT	African National Congress	09	00	100%
Mabaca Victor Thokozwayo	PT	Ward 1	08	01	89%
Phumza Cawe	PT	Ward 2	09	00	100%
Nomalungisa Ngcuka	PT	Ward 3	09	00	100%
Kgotsofaditse Abednigo Mgijima	PT	Ward 4	08	01	89%
Thembani Mfono	PT	Ward 5	06	03	67%
Nokhanyo Tyumbu	PT	Ward 6	08	01	89%
Tukiso Lephaila	PT	Ward 7	07	02	78%
Mpoleng Agnes Mdleleni	PT	Ward 8	08	01	89%
Nolwazi Mditshane	PT	Ward 9	09	00	100%
Sbusiso Sibanda	PT	Ward 10	08	01	89%
Amanda Ncusana	PT	Ward 11	09	00	100%
Lipuo Constance Marrand	PT	Ward 12	09	00	100%
Lennox Siphiwo Ndumndum	PT	Ward 13	07	02	78%
Akhona Siphambo	PT	Ward 14	09	00	100%
Lebohang Christopher	PT	Ward 15	09	00	100%

Booka					
Asithandile Mzekelo Masiso	PT	Ward 16	07	02	78%
Ntlokoma Dan Jubilee Mfono	PT	Ward 17	05	04	56%
Fundiswa Sonti-Maqanda	PT	African National Congress	07	02	78%
Veronica Norman	PT	African National Congress	09	00	100%
Lonwabo Magqashela	PT	African National Congress	07	02	78%
Anele P. Mayisha	PT	Democratic Alliance	09	00	100%
Lunga Botomani	PT	ATM	08	01	89%
Rethabile Moleleki	PT	SARKO	08	01	89%
Themba Tsoaeli	PT	Economic Freedom Fighters	08	01	89%
Akhona Witness Masondo	PT	United Democratic Movement	07	02	78%
Chief Siyamthanda Mabandla	PT	Traditional Council	03	06	33%
Chief Thozama Zibi	PT	Traditional Council	05	04	56%

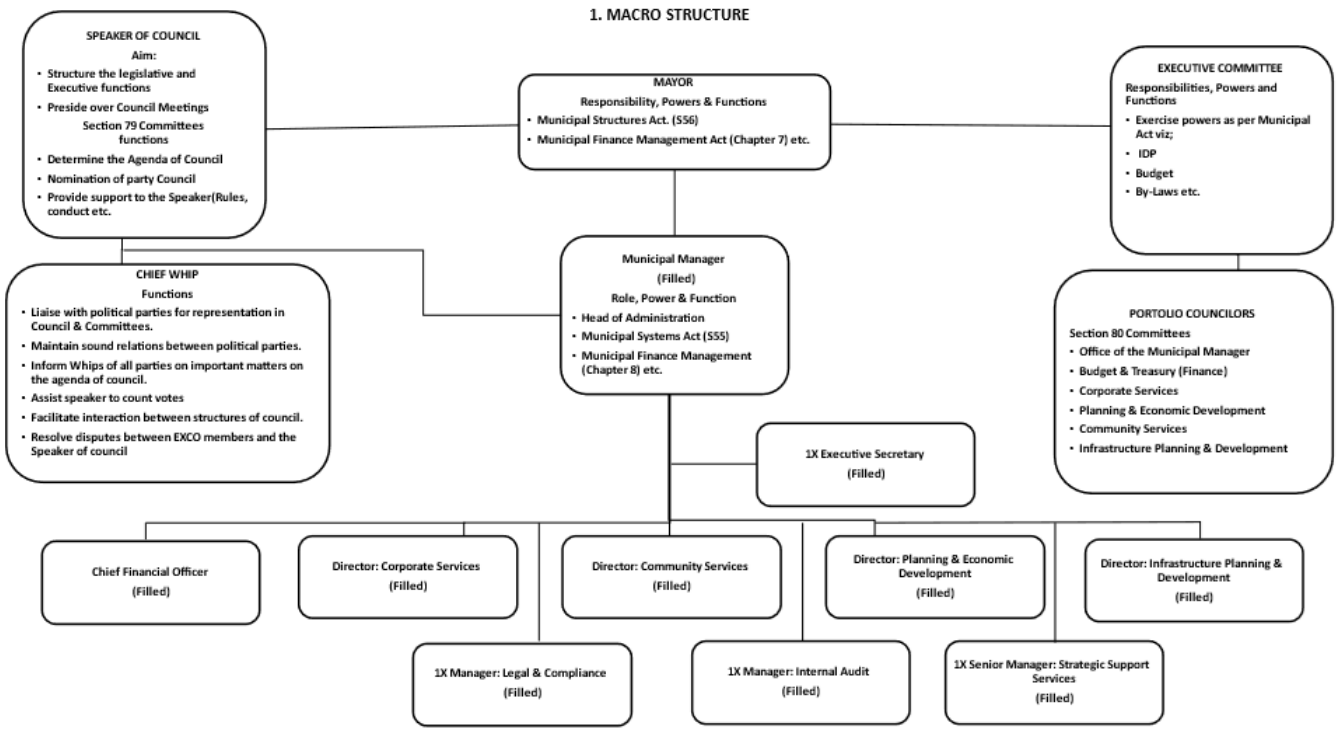
Appendix B – Committees and Committee Purposes

Below is the list of both Section 79 and 80 Committees that ELM had during the year under review:

Committees (other than Mayoral / Executive Committee) and Purposes of Committees		
Type of Committee	Municipal Committees	Purpose of Committee
Section 80	Community Services Portfolio committee	The purpose is to provide the EXCO and Council with reports on all Community Services functions
Section 80	Financial Services Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Financial Services functions
Section 80	Infrastructure Planning and Development Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Infrastructure Planning and Development functions
Section 80	Strategic Planning and Economic Development Portfolio Committee	The purpose is to provide the EXCO and Council with reports on all Strategic Planning and Economic Development functions
Section 80	Strategic Governance Committee	The purpose is to ensure that ELM is operating in a transparent and accountable way and to also ensure that it is a suitable organisation which is clear of its contribution to its local people.
Section 79	Municipal Public Accounts Committee	The purpose is to exercise oversight over executive functionaries of Council and ensure good governance in ELM.
Section 79	Members' Interests and Ethics Committee	The purpose is to establish and promote ethical conduct standards for municipal officials and members of the Council. To outline certain roles of conduct so that they carry out duties, powers and function impartially and in dignity
Section 79	Rules Committee	The purpose of this committee is to develop, formulate and adopt policy concerning the exclusive business of the Council including its proceedings, procedures, rules and orders, also to monitor and oversee the implementation of policy on all matters mentioned above.
Section 79	Budget Steering Committee	The purpose of this committee is to provide technical assistance to the Mayor in discharging his or her duties as provided for in the Municipal Finance Management Act No

		56 of 2003.
Section 79	Audit Committee	The purpose of this committee is to advise municipal council and the accounting officer on issues of sound financial controls, audit, risk management, performance management and good corporate governance.
Section 79	Women Caucus	The purpose of this committee is to advance interests of women and to ensure that women are also mainstreamed in all governance programmes.
Section 79	Mandate Committee	The purpose of this committee is to provide mandate to representatives serving in the district municipal council on issues of the municipality that need consideration by the district municipal council

Appendix C: Third Tier Administrative Structure



Appendix D– Functions of ELM

Below is the list of functions performed by the ELM as defined in terms both Schedule 4 Part B and Schedule 5 Part B of the powers and functions in terms of the Local Government: Municipal Structures Act as amended:

FUNCTION	JGDM	ELM
SCHEDULE 4 PART B		
Air pollution	X	
Building regulations		X
Child care facilities		X
Electricity reticulation	X	X
Fire fighting	X as per regulation	X
Local tourism	X as per White Paper	X
Municipal airports		X
Municipal planning	X	X
Municipal Health Services	X	
Municipal Public Transport		X
Pontoons and Ferries		
Storm water		X
Trading regulations		X
Water (potable)	X	
Sanitation	X	
SCHEDULE 5 PART B		
Beaches and amusement facilities		
Billboards and the display of adverts in public places		X
Cemeteries, Crematoria and funeral parlours		X
Cleansing		X
Control of public nuisances		X
Control of undertakings that sell liquor to the public		

Facilities for the accommodation, care and burial of animals		X
Fencing and fences		X
Licensing of dogs		X
Licensing and control of undertakings that sell food to the public		X
Local amenities		X
Local sport facilities		X
Markets		X
Municipal abattoirs		X
Municipal parks and recreation		X
Municipal roads		X
Noise pollution		X
Pounds		X
Public places		X
Refuse removal, refuse dumps and solid waste disposal		X
Street trading		X
Street lighting		X
Traffic and parking		X
ADDITIONAL AGENCY FUNCTIONS PERFORMED		
Licensing of vehicles		X
Primary Health Care	X	
Road maintenance	X	X

Appendix E – Functionality of Ward Committees

Functionality of Ward Committees					
Ward Name (Number)	Name of Ward Councillor and elected Ward committee members	Committee established (Yes / No)	Number of monthly Committee meetings held during the year	Number of monthly reports submitted to Speakers Office on time	Number of Quarterly public ward meetings held during year
1	Cllr. Tokozwayo Zukiswa Tofile Nonkonzo Mavis Mdludlu Flenny Zandisile Mateyisi Nomakho Dyani Neliswa Maguga Noaphiwe Sophaqa Siphokazi Mqhamkana Nomthandazo Stella Mzondi Thandumzi Mongameli Sonti Mzimasi Matolo	Yes	Committee meets Quarterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
2	Cllr. P Cawe Busisiwe Spayidile Thundezwa Pika Eunice Mimi Falitenjwa Eric Fetana Zukile Mbizweni Gcobisa Dastile Lungiswa Dayimani Sinazo Jikwe Bonginkosi Elgin Nogavu	Yes	Committee meets Quarterly. 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

3	Cllr. N. Ngcuka Ntomboxolo Nowethu Dywili Maboyisi Mbulali Andisiwe Bhoto Bongiwe Cynthia Pula Faith Fiona Hamann Ncebakazi Sithole Mxolisi Gift Tsibanto Thando Mjika Beatrice Noxolo Saka	Yes	Committee meets Quarterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
4	Cllr. K. A. Mgijima Thembelani Nkohla Nopumlani Victoria Dibela Ntombokwenzani Mfundisi Nozipho Mdletye Nodabephi Kapa Ntombizanele Sonkwenye Christina Thozama Mbungu Aubrey Tefo Lequoa Shireen Bantom	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made.	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
5	Cllr. T. Mfono Nozuko Titshala Siyabonga Mhlandleni Luyanda Kerel Nhose Nomvelwano Nozuko Dlokwana Zikhona Ngayi		Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Odwa Owen Mdlana Anele Nziweni Tandiswa Msutwana Ngeziwe Ntombonina Mbana Siyabonga Nyiba			the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	
6	Cllr. N. Tyumbu Sithembile Nunu Mbuyiselo Makhonjwa Simphiwe Dlomo Notozamile Mdzanga Xolile Muizen Slwanyana Valencia Nombuso Mneno-Nyiba Ntombethemba Mbuzeli Nosibusiso Gibeni Kalipa Joy Gana	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
7	Cllr. Lephaila Thembikhaya Khwaza Kabelo Andries Machaea Octavia Gcwabe Bongiwe Sanezwa Sicwebu Malejoetso Tsolo Christopher Matsoso Katleho Maja Nosamkele Dyunkwana Vuyisa Manyosi	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
8	Cllr. Mdleleni	Yes	Committee meets Qaurterly . 4	Only Quarterly reports are produced and submitted to both office of the speaker	Due to numerous challenges including public transport system, road infrastructure, poverty and

	Lefedisa Mpeke Ntitseng Anastacia Mohlafuno Moipone Thelma Ralarala Nombuso Malahlisa Mantankiso Khoase Mamolebadi Tedile Nikelwa Gcotyelwa-Lekhetha Mhlangabezi Sibizo Bonga Landule		Quarterly meetings were held	and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
9	Cllr. N. Mditshane Molebeledi Manganeng Lusanda Alex Ngxongxela Priscilla Nteboheng Lebeta Tiisetso Vincent Khonyane Luvuyo Mabuya Zwelandile Khwezi Ntombedinga Jojo-Delihlazo Vuyokazi Ndzunga Athenkosi Mkaka Ophola Olota	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
10	Cllr. S. Sibanda	Yes	Committee	Only Quarterly reports are	Due to numerous challenges

	Bulelwa Dlaba Mbulelo Admiral Mdletye Mpendulo Mpofana Ngele Yondela Dondolo Cyprian Ntlahla Ndaba Andiswa Mafumana Ralekane Motjotji George Bunene Mfuphi Samuel Keletso Heise Lwandile Mfuneko Dube		meets Qaurterly . 4 Quarterly meetings were held	produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
11	Cllr. A. Ncusana Bukiwe Mpeta Andiswa Magalela Kholeka Ntyinkala Ncomeka Magidi-Gidi Mcgregor Ntyikala Mantho Rametsi Mamello Peteince Qhali Nothobelumzi Lisimi Bithatelo Poni	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
12	Cllr. Marrand Xoliswa Petronella Lesebane Solomzi Geqeza Nthabeleng Julia Molefe-Lekena Nothembile Jonga Thulani Benjamin	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Mhlonyane Nkgothatseng Elizabeth Erasmus Sechaba Mokhutshoane Khojane Lebeko Lebohang Semaru Libuseng Matsa			Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	
13	Cllr. L. S. Ndumndum Dieketseng Victoria Moshoeshoe Mamosuwe Boleke Tasi Innocentia Makhetha Lerato Adelina Lebenya Dineo Mokhutsoane Nokhawunti Cynthia Mbungendlu Nokwanda Nzdunga Patuwe Mpheme Takatso Khahleli Nkululeko Rodwell Nkothe	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
14	Cllr. A. Siphambo Mpatliseng Lephafa Mkhuseli Lekhatha Molokelang Temperance Lehapa Malehlohonolo Khiba Ntswakeleng Manamathela Mabokang Gladys Mabula	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

	Ntombomzi Matubatuba Emihle Mazwi Ntombethemba Christina Dlaza			ward committee and village meetings and recommendations made	
15	Cllr. L. C. Booka Neo Tinny Sam Ongezwa Mhlana Zukiswa Cicilia Menyelwa Leboya Piet Sebeka Matumelo Patience Motema Thabiso Mpeke Albertina Ntebaleng Mamba Mampe Telile	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
16	Cllr. A. Masiso Nompumelelo Macuphe Noluthando Mavis Menemene Mamarena Priscilla Mpeta Collen Tuurman Andiswa Mathole Nonceba Sicangca Zingiwe Mavis Mtembu Yoliswa Bhukhwana Abednigo Kholebona Mhambi Sandile Mangali	Yes	Committee meets Qaurterly . 4 Quarterly meetings were held	Only Quarterly reports are produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	Due to numerous challenges including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held
17	Cllr. N. D. J. Mfono	Yes	Committee	Only Quarterly reports are	Due to numerous challenges

	Azola Mzanywa Busisiwe Masizana Sandiswa Dyani Monica Phelekwa Ngqubeka Zoleka Nyangweni Unathi Willen Tembelani Sondzandza Fungiswa Budaza Bulelwa Faith Sigwela Tandeka Sylvia Fihlani		meets Qaurterly . 4 Quarterly meetings were held	produced and submitted to both office of the speaker and Strategic Governance Committee. The report to the Speaker gave detail about the convening of the ward committee and village meeting as well as attendance. The report to the Strategic governance Committee gave detail of the issues discussed in the ward committee and village meetings and recommendations made	including public transport system, road infrastructure, poverty and unemployment, community halls etc, the resolved that village quarterly meetings are proper to reach to as many community members as possible. During the year only village meetings were held

Appendix F: Long Term Contracts and Public Private Partnerships

PUBLIC PRIVATE PARTNERSHIPS ENTERED INTO (2013-2022) R' 000						
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2013/2014	Value 2014-2023
Elundini Waste Management Sites	Interwaste Environmental Solutions	01/07/2013	30/04/2023	Community Services Manager	R 2, 4m	R 2.4 m - R 7.2 m

Appendix F1: Capital Project

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0 (Full List at Appendix O) **R' 000**				
No.	**Project Name and detail**	**Start Date**	**End Date**	**Total Value**
4	Construction of Bethule to Mrhorwana	31 Jan 2023	30 June 2023	6, 319, 813.68
18	Construction of Nkangala Chevy chase Access road	17 Jan 2023	20 June 2023	5, 150, 866.94

3	Construction of Nqanqarhu Cluster 1 phase 3	15 November 2022	30 June 2023	30, 411, 740.33
14	Construction of Refele sport field	09 Feb 2023	27 October 2023	17, 866, 563. 21

Appendix G - Recommendations of The Municipal Audit Committee

The ELM's Audit and Risk Committee has, during the period under review held eight (8) meetings as per its schedule.

1. 24 November 2023 -ordinary audit committee meeting
2. 23 January 2024 – special audit committee meeting
3. 16 February 2024 - special audit committee meeting
4. 7 & 8 March 2024– In-committee meetings
5. 3 May 2024 – ordinary audit committee meeting
6. 16 July 2024 – ordinary audit committee meeting
7. 08 August 2024 - special audit committee meeting
8. 23 August 2024 - special audit committee meeting

Below were the items discussed and their resolutions:

Recommendation No.	Audit and Risk Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
1.	Smart meter project funded through a loan has become the standing item for all Audit and Risk Committee ordinary meeting. Internal Auditors was requested to verify all expenditure related to Smart meter projects and report back to Audit and risk Committee. Concerns from Audit and Risk Committee were escalated to an in-committee meeting between Audit and Risk Committee members, Accounting Officer, Mayor and Internal Auditors. Audit Risk Committee recommended to the municipality to stop on incurring any expenditure on Smart meter project beside loan payment.	Mr. J.T. Mdeni – Accounting Officer	Yes
2.	Through the report of the Internal Audit, there were assets that were identified reported as complete but up on physical verification they were not available for use (Vehicle Testing Station and certain public toilets). Audit and Risk Committee recommended that if Vehicle Testing Station was componentised, municipality should transfer pit to work in progress and public toilets to work in progress.	Mrs. B. Mbana-Gantsho – CFO	Yes
3.	Audit and Risk Committee recommended municipality to set aside a budget during budget adjustment to fix all non-compliance findings that were identified by Department of Transport.	Mr. J.T. Mdeni – Accounting Officer	
4.	Through the report of the Internal Audit on Infrastructure Capital project and grant management, there were findings on Nkangala access road, Refele sport-field and Smart meter project and Audit and Risk Committee recommended that management to do their own analysis and find a way to conduct physical verification of the projects to ascertain the findings raised by Internal Auditors.	Mr. J.T. Mdeni – Accounting Officer	Yes
5.	The Committee noted with concern the report that the externally monitored fraud hotline was not active. Management committed to ensuring that the matter is	Mr. J.T. Mdeni – Accounting Officer	

Recommendation No.	Audit and Risk Committee recommendations during the year under review	Responsible person	Recommendations adopted (Yes or No, if not adopted provide explanation)
	addressed with urgency.		
6.	The process of preparation of financial statements revealed serious capacity constraints within the municipal finance function. There were serious capacity constraints relating to accounting and reporting standards and the accounting systems in the finance unit. This is evident on the findings of the AGSA. This challenge should be minimised with the availability of the CFO for the full financial period.	Mr. J.T. Mdeni – Accounting Officer	Yes

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LOCAL MUNICIPALITY
IKAMVA ELIQAQAMBILEYO

OVERSIGHT REPORT ON THE ANNUAL REPORT OF THE ELUNDINI MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2024

1. PREAMBLE

The Elundini Municipality's Municipal Public Accounts Committee (MPAC) has been established in terms of the municipality's Standing Rules and Orders, which also provide the terms of reference for the committee. The primary functions of MPAC have been articulated in the Standing Rules and Orders as follows: -

a) To consider and evaluate the content of the annual report and to make recommendations to Council when adopting an oversight report on the annual report;

b) In order to assist with the conclusion of matters that have not been finalized, information pertaining to past recommendations made on the annual report must also be reviewed. This relates to quarterly in-year reports, mid-year and annual reports;

c) To examine financial statements and audit reports of the municipality, and in doing so, the committee must consider improvements from the previous statements and reports and must evaluate the extent to which the Audit Committee's and Auditor General's recommendations have been implemented;

d) To provide good governance, transparency and accountability on the use of municipal resources;

e) To recommend and undertake an investigation, after reviewing any investigation report already undertaken by the municipality or Audit Committee; and

f) To perform any other functions assigned to it through a resolution of Council within its area of responsibility.

The terms of reference further direct that the MPAC shall have permanent referral of documents as they become available relating to:-

I. In-year reports of the municipality and municipal entities

II. Annual financial statements of the municipality and municipal entities;

III. Audit opinion, other reports and recommendations from the Audit Committee.

IV. Information relating to compliance in terms of sections 128 and 133 of the MFMA;

V. Information in respect of any disciplinary action taken in terms of the MFMA where it relates to an item that is currently serving or has served before the committee;

VI. Any other audit report from the municipality or its entity; and

VII. Performance information of the municipality and municipal entities.

At its meeting held in the Nqanqarhu Town Hall on 30 November 2021, the municipal council appointed the following councilors to serve in the Municipal Public Accounts Committee:

(i) Councilor M Mampintsha (Chairperson)

(ii) Councilor K A Mgijima

(iii) Councilor L B Magqashela

(iv) Councilor N Tyumbu

(v) Councilor M Mdleleni

In order to minimize the potential for conflict of interest, Council has divested all members of MPAC of any further responsibilities in the committees of Council.

2. INTRODUCTION

The Mayor of the Elundini Municipality has, in terms of section 127(2) of the Municipal Financial Management Act 56 0f 2003 (MFMA), read with section 58 of the same Act, tabled before a Special Meeting of the Council held on the 29 January 2025, an annual report of the Elundini Municipality for the year ended 30 June 2024.

The annual report was prepared in terms of section 121 of the MFMA and section 46 of the Municipal System Act No 32 0f 2000 (MSA).

Section 129 of the MFMA requires the Council of a municipally to consider the annual report and by no later than two months from the date on which the annual report was tabled in the Council in terms of section 127, to adopt an oversight report containing the council's comments on the annual report, which must include a statement whether the council: -

I. Has approved the annual report with or without reservations.

II. Has rejected the annual report; or

III. Has referred the annual report back for revision of those components that can be revised.

Following the tabling of the annual report for the year ended 30 June 2024, the MPAC had developed a schedule of meetings for its intense consideration and the development of an oversight report. The meetings were sat as follows: -

Date of Meeting	Members in attendance	Major focus	Special Invitees
25/02/2025	• Cllr M Mampintsha • Cllr M Mdleleni • Cllr L B Magqashela • Cllr Tyumbu • Cllr Mgijima	• Annual report • Performance report	
06/03/2025	• Cllr M Mampintsha • Cllr M Mdleleni • Cllr L B Magqashela	• Audited annual financial statements	Elundini Audit Committee chairperson, Mrs Ntombentsha

	• Cllr Mgijima	• Audit report	Mnconywa CA(SA) All ELM Councillors

Additional to the special invitees, and as a standard practice, presentations were invited from management, particularly to give technical guidance on some of the matters as they appear in the annual report, as well as to account for those areas as the MPAC deemed it necessary.

A. Components of the annual report

Section121 (3) of the MFMA prescribes that the annual report of the Elundini Municipality must include the following:-

- Annual Financial Statements of the municipality as submitted to the Auditor General for audit in terms of section 126 (1);
- The Auditor General's audit report in terms of section 126 (3) on those financial statements;
- The Annual Performance Report of the municipality prepared by the municipality in terms of sections 46 of the MSA;
- The Auditor General's audit report in terms of section 45 (b) of the MSA;
- An assessment by the municipality's accounting officer of any arrears on municipal taxes and service charges.
- An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives referred to in section 17(3)(b) (of the MFMA) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year.
- Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports referred to in paragraph (b) and (d);
- Any explanations that may be necessary to clarify issues in connection with the financial statements.
- Any information as determined by the municipality.

- Any recommendations of the municipality's audit committee; and
- Any other information as may be prescribed.

The committee found that the Annual report for the year ended 30 June 2023 has been prepared in accordance with Section 121(3) of the MFMA.

B. Analysis of the annual report for the year ended 30 June 2024

2.1. OVERALL INSTITUTIONAL PERFORMANCE

The report indicates that the Institution has slightly improved its level of achievement as recorded in the previous year report with performance achievement of 73, 9% as against 73% achievement last year. ELM had a total of 23 indicators; Basic Service Delivery had a total of 10 indicators out of that, 7 indicators were achieved while 3 indicators were not achieved which translates to 70% achievement and 30% not achieved. Financial Viability had a total of 05 indicators and out of that, 4 indicators were achieved while 1 indicator was not achieved which translates to 80% achievement and 20% not achieved. Good Governance had 02 indicators which were both achieved and that translated to 100% achievement. Local Economic Development had a total of 04 indicators and 3 indicators were achieved and 1 indicator not achieved which translates to 75% achievement and 25% under-achievement. Municipal Transformation had 2 indicators and 1 indicator was achieved which translates to 50% achievement and 50% under-achievement

2.2. ANALYSIS OF PERFORMANCE REPORT

Some targets could not be achieved due numerous challenges which include inadequate capacity of service providers, poor revenue collection and shortage of debt collection staff, inclement weather, service delivery protests which led to deviation from planned road maintenance, taxi unrests which resulted in the operations of the municipality being negatively impacted, unreliable power

backup and vandalism of network towers leading to unavailability of network connection affected the performance of the institution, budget constraints and cash flow challenges etc.

- The target on training interventions is at 70% achievement and the non-achieved have been forwarded to the next financial year
- The target on the number of focus groups enterprises supported where 3 out of 5 was achieved has also been rolled over to the next financial year.

The observation by the committee is that targets set and reflecting in the SDBIP do not relate to the available budget. Some targets are not achieved and the explanation for non-achievement is insufficient budget. It remains to be explained why unbudgeted projects are not removed during the adjustment period as this has been the case year in year out.

2.3. PROJECT VERIFICATION

The committee took a round and verified the projects as stated in the annual report.

The committee visited Tlokoeng paved streets as well as the Tlokoeng Public toilets. Indeed both projects are complete but the toilets are not used by the public as there is no water connection yet and the explanation is that an application has been made to the District Municipality for the water connection. The project is standing and not benefiting the community, and this does not reflect a good or favourable picture about this council as even similar projects in Ugie and Nqanqarhu that were completed in the previous years are still standing unusable and degenerating and vandalized. This council has to do something to ensure that all these projects are upgraded into a usable state that would make them restore the dignity of our communities

The committee had intended to visit the Greenfileds paved streets but due to access roads having been damaged by the current rains, this proved to be impossible on the identified day.

The committee requested the Mayor and the Political Leadership of the municipality to accompany it to community meetings where the mayor presented the Annual Report for comment by the communities. The first meeting was held in Tlokoeng On 18 March 2025 where communities of ward 8, 9, 10, 11, 12, 13, 14 and 15 were invited. The communities acknowledged the projects and the contents of the Annual Report.

The second meeting was held in Nqanqarhu on 19 March 2025 with communities from wards 1, 2, 3, 4, 5, 6, 7, 16 and 17. The communities acknowledged the service delivery stated in the Annual Report but expressed concerns that most access roads have already been washed away by the rains.

2.4. ANALYSIS OF THE AFS AND AUDIT REPORT

The committee invited the chairperson of the municipality's Audit Committee, Ms Ntombentsha Mnconywa, CA (SA), so that she provides an independent, technical assistance to the committee and she joined virtually in a meeting held on 06 March 2025. In this meeting, the committee had also invited all the councilors so as to benefit from the expert analysis of the Annual report and mainly the Annual Financial Statements as well as the Audit Report. In prefacing her presentation, she intimated that the annual financial statements ought to be viewed against the backdrop of the municipality's core mandate, which is the delivery of services to communities. The analysis should therefore entail a critical and analytical review of important account balances and certain classes of transactions. This should also include evaluating the financial health of the municipality, Risks identified in the analysis as well as compliance issues. The Chairperson of the Audit Committee expressed that the municipality is in a bad and challenging financial position.

On the Performance of the Municipality, the Annual Report reflects that the construction of public amenities remains to be a challenge as the municipality remains not achieving

them. This is bad for councilors as elected community representatives, public amenities are intended to make an impact on the lives of the communities.
Also on training interventions planned, the target was not achieved. This also has a negative impact on the municipality. Training is directed at improving the skills of the municipal officials so that they can improve service delivery to the communities. The municipality has a role to play in skilling the communities so that they can attain skills that would make them employable or start their own businesses. If such training interventions are not implemented as planned, then the municipality is failing itself and the community.

A significant percentage of the overall targets not achieved relates to basic services to the communities. This should be a concern to this council as it shows that we are failing our communities.

On cost coverage ratio, the norm is 1:1-3 months but the municipality is 1:1 month. This poses a high risk, and the municipality may not be able to pay its creditors in future if the situation remains as it is.
The municipality's debt collection rate is 677 days as against the norm which is 30 days. In simple terms, this means the municipality renders services to the communities and its customers but take 677 days to get paid for that service. The municipality must engage in a serious program of encouraging communities to pay for municipal services.

Deviations from SCM Processes – R33 million

Another high risk is that of deviations form SCM processes. Deviations for the year under review are stated at R33 million which is a huge increase from the R15 million recorded last year. IP&D accounts for a lager percentage of the deviations.

Accounts Recievable

Although the municipality has a total of R48 000.00 debtors, debt impairment is R22 000.00. This means the municipality already anticipates that it will not recover

R22 000.00 of its total debtors. The debtors age analysis reflects that there are debtors that owe the municipality for over 180 days.

Liabilities

The Smart Meter loan pauses a risk for the municipality. The monthly repayments are set at R900 thousand and considering the current financial state of the municipality with a standing monthly obligation of that amount, surely the municipality is at a high risk. In the performance information, the report indicates that the municipality has under-achieved in the installation of smart meters. This is an indication that the municipality might not curb the loss of electricity and still have a loan repayment obligation. The council must closely monitor the project and get it done with soon.

Revenue from exchange services – R73 million

Electricity sales are at R58,8 million of R73 million and electricity distribution loses are about R10,681 million. The municipality is losing a lot of money from electricity.

2.5. AUDIT OPINION

The municipality retained the Unqualified Audit Report. This means we should all work hard with dedication to attain clean audit next time

2.6. AUDIT ACTION PLAN

The committee also considered the Audit Action Plan developed by management and found it responding to the issues raised by the Auditor General.

3. WASTEFULL EXPENDITURE

3.1 Mr Mabhelonke Gqibela and Mr Lentsa Letlala – R4 666.36

This is expenditure incurred by the municipality as a result of these employees having missed their flight when returning from Gauteng where they were attending training.

The committee called the employees to get their side of the story and they explained that there was an accident on the road to the airport that delayed them. They left the hotel at 10h00 and the flight was at 14h00. They arrived at the airport at about 13h20 and due to other logistics, they missed the flight. The committee was not convinced by the explanation.

3.2. Mr Zibele Xuba and Ms Bukelwa Mashologu – R2 728.39

This is expenditure resulting from late payment of employee taxes amounting to R21 989.24 which incurred interest of R2 728.39. The committee called Mr Xuba and his assistants as well as Ms Mashologu. Their explanations proved that there has been negligence on the side of corporate services who are preparing the payments as well as finance who are responsible for checking the accuracy of the payments.

3.3. Ms Funeka Mbaliswana – R3 088.69

This is expenditure incurred by the municipality as a result of Ms Mbaliswana having to be booke accommodation in East London and a flight ticket to Cape town where she was to attend a workshop. Ms Mabliswana explained to the committee that she arrived in East London airport and was turned away at the last gate when boarding as her bag was discovered to be bigger than accepted size even though she has been using the same bag in the past. The committee however, found from Ms Mbaliswana's statement that in fact there was no time to have the laggage taken to the plane through other gates as she arrived just at the boarding time.

3.4. Ms Mandisa Mathwasa and Ms Ziyanda Madini – R15 477.38

This is expenditure incurred by the municipality for booking accommodation and flight tickets for the employees as they missed their original flight from a training in Gauteng. Their explanation is that there was an accident that delayed them on

the way to the airport. The employees spent time getting lost and missing the entrance to the airport and eventually missed the flight. They proposed to use shuttle services in future and requested pay the amount in rather small amounts

3.5. Interest Charged for late payment of Eskom – R1 077.57

This interest charged for late payment of the account. The explanation is due to the fact that the municipality did not have money at the time. This amount can not be attached to anybody.

3.6. R54 886.37

This is a total amount paid to SARS for penalties for late payment of PAYE(R50 448.37) as well as payment of allowances to an employee where the original payment was paid to an incorrect or closed account. The municipality can not recover the amounts as all the employees involved in the authorization thereof are no longer with the municipality.

3.7. R48 854. 28

This is wasful expenditure that the municipality incurred due to various reasons. R47 692.08 was incurred for repairs to a service delivery truck wheel-hub which got damaged, and the wheel got off. The repairs thereafter cost R47 692.08

R245.45 and 916.75 is interest paid for outstanding accounts. The explanation is that such invoices were sent through email but due to network challenges, the invoices could not be printed and processed on time and accumulated interest

4. RECOMMENDATIONS

The Municipal Public Accounts Committee therefore **RECOMMENDS** that Council **RESOLVES** as follows: -

a) That Council, having fully considered the Annual Report for the financial year ended on 30 June 2024, **APPROVES** the annual report; and

b) Council **APPROVES** the Annual report for the year ended 30 June 2024 without reservations.

c) Council **INSTRUCTS** the municipal manager to **develop stringent measures** to limit deviations and that all deviations must have his authorization/recommendations

d) Council **INSTRUCTS** the municipal manager to **present** the measures for the limitation of deviation to MPAC in the April-June 2025 quarter.

e) Council **MANDATES** MPAC to request quarterly reports from the municipal manger on the implementation of the Smart Metre Project

f) Council **INSTRUCTS** the municipal manager to develop, through relevant directorate/s, a **workable program** of encouraging municipal service beneficiaries to pay municipal accounts

g) Council **DEEM** the wasteful expenditure of R4 666.36 **RECOVERABLE** and **INSTRUCTS** the municipal manager to recover the amount in full by 30 June 2025 from Mr Mabhelonke Gqibela and Mr Lentsa Letlala.

h) Councill **DEEM** the wasteful expenditure of R2 728.39 **RECOVERABLE** and **INSTRUCTS** the municipal manager to recover the amount in full by 30 June 2025 from Mr Zibele Xuba and Ms Bukelwa Mashologu

i) Council **DEEM** the wasteful expenditure of R1 077.57 **IRRECOVERABLE** and **APPOROVE** its write off

j) Council **DEEM** the wasteful expenditure of R15 477.38 **RECOVERABLE** and **INSTRUCTS** the municipal manager to recover the amount in full by 30 June 2025 from Ms Mandisa Mathwasa and Ms Ziyanda Madini

k) Council **DEEM** the wasteful expenditure of R3 088.69 **RECOVERABLE** and **INSTRUCTS** the municipal manager to recover the amount in full by 30 June 2025 from Ms Funeka Mabaliswana

l) Councill **DEEM** the wasteful expenditure of R54 886.37(R50 448.37 for interest and R4 438.20 double payment for employee allowance)z as **IRRECOVERABLE** and **APPROVE** its **WRITE OFF**

m) Council **DEEM** the R48 854.28 (R47 692.08 for repairs to a truck, R245.45 and R916.75 being interest) **IRRECOVERABLE** and **APPROVE** its **WRITE-OFF**

5. CONCLUSION

On behalf of the MPAC, I take this opportunity to thank the leadership of the municipality, and the Management at large for the support given to the Committee to enable it to discharge its responsibilities.

I am particularly grateful to my colleagues in MPAC as well as Mrs Ntombentsha Mnconywa, chairperson of the Audit Committee for their resilience as they continue to assist the municipal council to provide accountable governance to the community of Elundini.

Lastly, I thank the Honorable Mayor for tabling the Annual report to the communities for their comments

Thank you.

Councilor Z. MAMPINTSHA
Chairman: Municipal Public Accounts Committee

APPENDIX I – MUNICIPAL REGULATIONS ON MINIMUM COMPETENCY LEVELS

Name	Surname	Position (select from scroll button)	Date of Employment (before or on/after Gazette 41996)	1. Higher Education Qualification (New NQF Levels)	2. All Relevant Work-Related Experience (select from scroll button)	3. Performance Agreements and FM & SCM levels (select from scroll button)	4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F)	Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc.	Remaining Unit Standards (Do not complete as this column is automated with column J and K)
Jack Thando	Mdeni	Accounting Officer	on/after 26 Oct 2018	NQF Level 8– Post Graduate Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Lungiswa	Gomana Kutwana	Senior Manager (MSA S56)	on/after 26 Oct 2018	NQF Level 8- Post Graduate Degree (min 360 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Siqalo	Mrenqwa	Senior Manager (MSA S56)	On/after 26 Oct 2018	NQF Level 7- Bachelor Degree (min 360 credits)	5 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Ntomboxolo	Eddie	Senior Manager (MSA S56)	on/after 26 Oct 2018	NQF Level 9 - Master's Degree or higher	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Hlubikazi	Mduzulwana	SCM Manager	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Funeka	Mbaliswana	Middle Manager:	before 3 Feb 2017	NQF Level 6 - National	7 years and more	Performance Agreements	17 Unit Standard	17	0

Name	Surname	Position (select from scroll button)	Date of Employment (before or on/after Gazette 41996)	1. Higher Education Qualification (New NQF Levels)	2. All Relevant Work-Related Experience (select from scroll button)	3. Performance Agreements and FM & SCM levels (select from scroll button)	4. Financial and Supply Chain Management Competency Areas (Do not complete as this column is automated with column F)	Insert the number of completed Unit Standards, e.g. 3, 5, 10, etc.	Remaining Unit Standards (Do not complete as this column is automated with column J and K)
		Finance		Diploma (min 240 credits)		signed, FM & SCM levels completed	submitted as recommended		
Bukelwa	Dlodlo	Middle Manager: Finance	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Sisa	Mveku	Middle Manager: Finance	Before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Thuthula	Sahlulo	SCM Head	before 3 Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0
Kwanele	Sobekwa	SCM Head	Before 3Feb 2017	NQF Level 6 - National Diploma (min 240 credits)	7 years and more	Performance Agreements signed, FM & SCM levels completed	17 Unit Standard submitted as recommended	17	0

APPENDIX K1: REVENUE COLLECTION BY VOTE

Revenue Collection Performance by Vote

R' 000

Vote Description *[Insert departmental structure etc]* R thousands	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
			3	4	5	6	7	8	9	10		
		A	A1	B	C	D	E	F	G	H		
Revenue by Vote	1											
Vote 1 - Excutive and Council		148 628	–	–	–	–	–	–	–	–	–	–
Vote 2 - BTO		126 441	634 766	–	–	–	–	(316 425)	(316 425)	318 341	302 943	319 065
Vote 3 - Corporate Services Department		440	–	–	–	–	–	–	–	–	–	–
Vote 4 - Strategic Development Services		31 162	5 868	–	–	–	–	(2 934)	(2 934)	2 934	764	801
Vote 5 - Community Services Department		(191)	22 618	–	–	–	–	(11 309)	(11 309)	11 309	10 261	9 069
Vote 6 - Infrastructure Development		75 378	230 662	–	–	–	–	(118 831)	(118 831)	111 831	153 888	131 176
Vote 7 -		–	–	–	–	–	–	–	–	–	–	–
Vote 8 -		–	–	–	–	–	–	–	–	–	–	–
Vote 9 -		–	–	–	–	–	–	–	–	–	–	–
Vote 10 -		–	–	–	–	–	–	–	–	–	–	–
Vote 11 -		–	–	–	–	–	–	–	–	–	–	–
Vote 12 -		–	–	–	–	–	–	–	–	–	–	–
Vote 13 -		–	–	–	–	–	–	–	–	–	–	–
Vote 14 -		–	–	–	–	–	–	–	–	–	–	–
Vote 15 -		–	–	–	–	–	–	–	–	–	–	–
Total Revenue by Vote	2	**381 859**	**893 914**	**–**	**–**	**–**	**–**	**(449 498)**	**(449 498)**	**444 415**	**467 856**	**460 112**

APPENDIX K2: REVENUE COLLECTION PERFORMANCE BY SOURCE

Description	Ref	2022/23									Budget Year 2023/24	Budget Year 2024/25
		Original Budget	Prior Adjusted	Accum. Funds	Multi-year capital	Unfore. Unavoid.	Nat. or Prov. Govt	Other Adjusts.	Total Adjusts.	Adjusted Budget	Adjusted Budget	Adjusted Budget
R thousands	1	A	3 A1	4 B	5 C	6 D	7 E	8 F	9 G	10 H		
Revenue By Source												
Property rates	2	65 496	68 183	–	–	–	–	(34 092)	(34 092)	34 092	35 898	37 657
Service charges - electricity revenue	2	76 283	81 161	–	–	–	–	(40 580)	(40 580)	40 580	48 169	50 529
Service charges - water revenue	2	26 344	–	–	–	–	–	–	–	–	–	–
Service charges - sanitation revenue	2	14 707	–	–	–	–	–	–	–	–	–	–
Service charges - refuse revenue	2	7 755	7 515	–	–	–	–	(3 757)	(3 757)	3 757	3 957	4 150
Rental of facilities and equipment		1 006	4 489	–	–	–	–	(2 244)	(2 244)	2 244	2 363	2 479
Interest earned - external investments		4 979	10 251	–	–	–	–	(5 125)	(5 125)	5 125	5 397	5 661
Interest earned - outstanding debtors		30 075	3 687	–	–	–	–	(1 843)	(1 843)	1 843	1 941	2 036
Dividends received		–	–	–	–	–	–	–	–	–	–	–
Fines, penalties and forfeits		62	719	–	–	–	–	(360)	(360)	360	379	397
Licences and permits		1 099	5 049	–	–	–	–	(2 525)	(2 525)	2 525	2 658	2 789
Agency services		16 955	1 185	–	–	–	–	(592)	(592)	592	624	654
Transfers and subsidies		153 100	376 040	–	–	–	–	(188 020)	(188 020)	188 020	197 177	205 989
Other revenue	2	7 943	144 313	–	–	–	–	(71 198)	(71 198)	73 115	99 090	76 481
Gains		–	70 468	–	–	–	–	(35 234)	(35 234)	35 234	1 101	1 155
Total Revenue (excluding capital transfers and contributions)		**405 803**	**773 059**	–	–	–	–	**(385 571)**	**(385 571)**	**387 488**	**398 755**	**389 978**

APPENDIX L: CONDITIONAL GRANTS EXCLUDING MIG

Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Disaster Relief Grant	R0	R12,306,000.00	R 952,782.00	0%	8%	
DEDEA	R5,000,000.00	R5,000,000.00	R4,418,388.00	12.00%	12%	
INEP	R 12,994,000.00	R 12,994,000.00	R 579,000.00	4%	4%	
FMG	R1,700,000.00	R1,700,000.00	R 170,000.00	10%	10%	To spend on Finance internship programme, financial systems and Trainings
EPWP	R1,580,000.00	R1,930,000.00	R1,930,000.00	122%	100%	
Total	R16,274,000.00	R12,306,000.00	R3,631,782.00	148%	134%	
** This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.*						*T L*

APPENDIX M1-2: CAPITAL EXPENDITURE

Capital Expenditure - Upgrade/Renewal Programme*							
R '000							
Description	Year -1	Year 2022-2023			Planned Capital expenditure		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure	FY + 1	FY + 2	FY + 3
Capital expenditure by Asset Class							
Infrastructure - Total	**41 966**	**41 966**		**38 583**	**51 743**	**45 633**	**–**
Infrastructure: Road transport - Total	41 966	41 966		38 583	51 743	45 633	–
Roads, Pavements & Bridges							
Storm water	41 966 250	41 966 250	38 466 250	38 582 849	51 742 750	45 633 250	
Infrastructure: Electricity - Total	–	–		–	–	–	–
Generation							
Transmission & Reticulation							
Street Lighting							
Infrastructure: Water - Total	–	–		–	–	–	–
Dams & Reservoirs							
Water purification							
Reticulation							

Infrastructure: Sanitation - Total	–	–		–	–	–	–
Reticulation							
Sewerage purification							
Infrastructure: Other - Total	–	–		–	–	–	–
Waste Management							
Transportation							
Gas							
Other							

APPENDIX N : CAPITAL PROGRAMME BY PROJECT

Capital Programme by Project: Year 0					
					R' 000
Capital Project	**Original Budget**	**Adjustment Budget**	**Actual**	**Variance (Act - Adj) %**	**Variance (Act - OB) %**
Water					
"Project A"	82	85	92	8%	11%
"Project B"	82	85	92	8%	11%
"Project C"	85	90	95	5%	11%
Sanitation/Sewerage					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Electricity					
Khohlong	4,800,000.00	4,800,000.00	3,488,215.82	-38%	-38%
Ulundi	4,500,000.00	4,500,000.00	5,156,329.89	13%	13%
Bhethula	3,300,000.00	3,300,000.00	3,763,351.23	12%	12%
Ulundi	1,800,000.00	1,800,000.00	2,032,555.87	11%	11%
Housing					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Refuse removal					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Stormwater					
Construction of Castle Rocks	5,000,000.00	5,300,000.00	3,336,036.74	-59%	-50%
Construccction of Bhethula to Mrhorwana	6,509,043.25	5,909,043.25	6,319,813.68	6%	-3%
Construction of Ntokozweni ECDC	4,428,573.68	4,428,573.68	4,289,522.52	-3%	-3%

Contruction of Nkangala Chevy Chase Access Road	4,602,191.14	5,202,191.14	5,150,866.94	-1%	11%
Contruction of Greenfields Street	3,634,090.55	2,134,090.55	1,265,839.05	-69%	-187%
Contruction of Ugie Streets	4,845,624.18	3,745,624.18	2,186,026.20	-71%	-122%
Contruction of Nqanqarhu Cluster 1 phase 3	7,804,120.79	7,804,120.79	7,503,539.11	-4%	-4%
Construction of Refele Sportsfield	8,641,656.41	8,641,656.41	12,592,231.13	31%	31%
	85	90	95	5%	11%
Economic development					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Sports, Arts & Culture					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Environment					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Health					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
Safety and Security					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
ICT and Other					
"Project A"	82	85	92	8%	11%
"Project B"	85	90	95	5%	11%
					T N

Appendix O : CAPITAL PROJECTS BY WARD

		R' 000
Capital Project	**Ward(s) affected**	**Works completed (Yes/No)**
Water		
"Project A"		
"Project B"		
Sanitation/Sewerage		
Electricity		Yes
Khohlong		Yes
Elenge		Yes
Bhethula		Yes
Ulundi		
Housing		
Refuse removal		
Stormwater		
Construction of Castle Rocks	16	No
Construccction of Bhethula to Mrhorwana	4	Yes
Construction of Ntokozweni ECDC	2	Yes
Contruction of Nkangala Chevy Chase Access Road	16	Yes
Contruction of Greenfields Street	17	No
Contruction of Ugie Streets	2	Yes
Contruction of Nqanqarhu Cluster 1 phase 3	3	Yes
Construction of Refele Sportsfield	8	No

KEY PERFOMANCE INDICATORS IN THE DEVELOPMENT OF THE ANNUAL REPORT

Organisational Transformation and Institutional Development –KPA 1

Chapter: Organisational Transformation and Institutional Development –KPA 1
Annual performance as per key performance indicators in municipal transformation and organizational development

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	278	278	91.1 %	8.9 % Vacancy rate
2	Percentage of appointment in strategic positions (Municipal Manager and Section 56 Managers)	6	6	100 %	N/A
3	Percentage of Section 56 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	1	1	16.6 %	All other 5 x Senior Managers had completed the Municipal Finance Management Programme (MFMP)
4	Percentage of Managers in Technical Services with a	5	5	100 %	N/A

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
	professional qualification				
5	Level of PMS effectiveness in the DM – (DM to report)	112 x employees including the Municipal Manager and Directors are participating in the Individual Performance Management System. These were all assessed during the 2023/24 financial year.			
6	Level of effectiveness of PMS in the LM – (LM to report)				
7	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5-year term	57	57	57	N/A
8	Percentage of Councillors who attended a skill development training within the current 5-year term	34	34	100 %	
	N/A				
9	Percentage of staff complement with disability	3	3	3	N/A

	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
10	Percentage of female employees	149	149	149	N/A
11	Percentage of employees that are aged 35 or younger	63	63	63	N/A

Chapter: Basic Service delivery performance highlights (KPA 2)

Annual performance as per key performance indicators in Electricity services

	Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (actual numbers)**	**Target set for the f. year under review (actual numbers)**	**Number of HH/customer reached during the FY**	**Percentage of achievement during the year**
1	Percentage of households with access to electricity services	58 564 (Table 33)	4403 (Table 33)	320 Paragraph 4.6.3	327 Paragraph 4.6.3	102%
2	Percentage of indigent households with access to basic electricity services	5000	Table 52	5000	5933	
3	Percentage of indigent households	Paragraph 5.1.2.1				

	with access to free alternative energy sources	As part of ELM commitment to improve continued access to service and provide a basket of free services as part of the poverty alleviation programme, Council has resolved to accelerate the provision of solar system to non-grid electrified homes within the municipal area				

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual KMs)	Kms achieved during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads					
2	Percentage of road					

	infrastructure requiring upgrade					
3	Percentage of planned new road infrastructure actually constructed	**41 210**	**611km**	**3.9km**		**5.46km**
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.					

Annual performance as per key performance indicators in waste management services

Indicator name	**Total number of household/customer expected to benefit**	**Estimated backlogs (actual numbers)**	**Target set for the f. year under review**	**Number of HH/customer reached**	**Percentage of achievement during the year**
Percentage of households with access to refuse removal services					
Existence of waste management plan					

Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customer expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	7.43%	3 253	0	0	0
2	Percentage of informal settlements that have been provided with basic services					
3	Existence of an effective indigent policy	✓				
4	Existence of an approved SDF	✓				
5	Existence of Land Use Management System (LUMS)	✓				

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

	Indicator name	**Target set for the year**	**Achievement level during the year (absolute figure)**	**Achievement percentage during the year**

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)

Annual performance as per key performance indicators in LED

	Indicator name	**Target set for the year**	**Achievement level during the year (absolute figure)**	**Achievement percentage during the year**
1	Existence of LED unit	Yes		
2	Percentage of LED Budget spent on LED related activities.	R6 037 250	R4 886 250	81%
3	Existence of LED strategy	**Yes LED Strategy is in place and is due for review in the 2024/25 financial year.**		
4	Number of LED stakeholder forum meetings held	Contractors Forum (4) Informal Traders Forum(4) Farmers Production Support Unit (4) Potato SA(3) SANBI (3)	6 6 4 3 3	150% 150% 100% 100% 100%
5	Plans to stimulate second economy	Development of Informal Traders Policy Development of Street Trading By Law	Draft Informal Traders Policy in place Draft By Law on Street Trading in place	100% 100%

	Indicator name	**Target set for the year**	**Achievement level during the year (absolute figure)**	**Achievement percentage during the year**
6	Percentage of SMME that have benefited from a SMME support program	50 SMMEs benefitted from training (capacity building programme)	20	250%
7	Number of job opportunities created through EPWP	15	12	80%
8	Number of job opportunities created through PPP			

	Indicator name			
1	Status of the audit outcome	Unqualified audit opinion		
2	Submission of AFS after the end of financial year	31 August 2024		
		Target set for Capital Budget (R000)	**Achievement level during the year R(000)Amount spent against capital budget (R000)**	**Percentage spent on capital budget during the year vs the actual revenue**
3	Percentage of expenditure of capital budget	R135 070 000	R70 391 591	52%
4	Percentage of salary budget as of the total operational budget	R420 491 000	R157 204 000	37%
5	Total municipal trade	R164 230 000	R157 808 175	96%

	creditors			
6	Total municipal own revenue as a percentage of the total actual budget	R217 963 000	R116 254 562	53%
7	Rate of municipal consumer debtors' reduction	10%	0.80%	
8	Percentage of MIG budget appropriately spent	R50 430 000	R50 430 000	100%
9	Municipalities with functional Audit Committee	**Bheki / MM to respond**		

Chapter: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% of ward committees	100	17	100

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
	established			
2	% of ward committees that are functional	100	17	100
3	Existence of an effective system to monitor CDWs	**There is no mechanism for the monitoring of CDWs as they are employees of COGTA. We once had an MOU with COGTA which provided guide for operational integration of the CDWs to the municipality so as to minimise conflict. Even though the MOU has not been renewed but we are still operating according to its provisions as CDWs have been provided office space and have access to telephone and are participating in ward committees. CDWs are invited as stakeholders to all IGR forum meetings. In the wards, CDWs work with ward committees and the ward councillor. CDWs are ex-officio members of the ward committees**		
4	Existence of an IGR strategy	**We do not have a specific strategy, but we use the Public Participation Strategy which provide strategic guide for the provision for platforms for community and stakeholder participation in municipal activities.**		
5	Effective of IGR structural meetings	**The IDP representative forum meetings are held quarterly where all government sector departments, the district municipality, government agencies participate by reporting and taking issues from the communities, are an effective means of the IGR. In addition there are also Local Aids Council meetings, Roads forum , Local Communicators Forum meetings etc which are IGR forums held quarterly with stakeholders**		
6	Existence of an effective communication strategy	.		
7	Number of mayoral imbizos conducted	18	17	94.4%
8	Existence of a fraud prevention mechanism	100		

APPENDIX L: ANNUAL FINANCIAL STATEMENTS



ELUNDINI LOCAL MUNICIPALITY
Annual Financial Statements
for the year ended 30 June 2024

General Information

Nature of business and principal activities	Elundini Local Municipality is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)
Executive Committee	
Mayor	Cllr M. P. S. Leteba Cllr S. Mdoda - Portfolio head: Infrastructure Development Cllr T. V. May - Portfolio head: Community Services Cllr P. Lephafa - Portfolio head: Financial Services Cllr B. N. Nqodi - Portfolio head: Corporate Services Cllr M. Siphamla - Portfolio head: Planning and Economic Development
Speaker	Cllr V.V Hokwana
Councillors	Cllr M.V. Tokozwayo - Ward 1 (ANC) Cllr P. Cawe - Ward 2 (ANC) Cllr N. Ngcuka - Ward 3 (ANC) Cllr K.A. Mgijima - Ward 4 (ANC) Cllr N.D.J. Mfono - Ward 5 (ANC) Cllr N. Tyumbu - Ward 6 (ANC) Cllr T. Lephaila - Ward 7 (ANC) Cllr M.A Mdleleni - Ward 8 (ANC) Cllr N. Mditshane - Ward 9 (ANC) Cllr Z. Sibanda - Ward 10 (ANC) Cllr G.A. Ncusana - Ward 11 (ANC) Cllr C.L. Marrand - ward 12 (ANC) Cllr L.S. Ndumndum - Ward 13 (ANC) Cllr A. Siphambo - Ward 14 (ANC) Cllr L.C. Booka - Ward 15 (ANC) Cllr M.A Masiso - Ward 16 (ANC) Cllr T. Mfono - Ward 17 (ANC) Cllr M.P.S. Leteba - PR (ANC) Cllr V.V. Hokwana - PR (ANC) Cllr S. Mdoda - PR (ANC) Cllr T.V. May - PR (ANC) Cllr M. Siphamla - PR (ANC) Cllr Z. Mampintsha - PR (ANC) Cllr V. Norman - PR (ANC) Cllr B.N. Nqodi - PR (ANC) Cllr F.M. Maqanda- Sonti PR (ANC) Cllr L.B. Magqashela - PR (ANC) Cllr M. Telile - PR (ANC) Cllr A. Mayisha - PR (DA) Cllr L. Botomani - PR (ATM) Cllr R. Moleleki - PR (SARKO) Cllr A.W. Masondo - PR (UDM) Cllr P. Lephafa - PR (EFF) Cllr P. Tsoaeli - PR (EFF)
Grading of local authority	3

General Information

Accounting Officer	J T Mdeni
Chief Finance Officer (CFO)	B Mbana-Gantsho (From 1 March 2024)
Registered office	No. 1 Seller Street Maclear 5480
Business address	No. 1 Seller Street Maclear 5480
Bankers	First National Bank Standard Bank
Auditors	Auditor General South Africa (AGSA)
Attorneys	Clark Laing Inc Magqabi Seth Zitha Attorneys Gray Moodliar Attorneys Gwabeni Inc Wesley Pretorious Associates Makade Inc Mbabane Sizwe Inc Tonise Attorneys
Directors	Director: Corporate Services -Z. Xuba (From 1 October 2023) Director: Infrastructure Planning and Development - S. Mrengqwa Director: Planning and Economic Development - N.C. Eddie Director: Community Service - L. Kutwana-Gomana
Section 79 Chairpersons	Members Interest Committee - Cllr M. Telile Rules Committee -Cllr V.V. Hokwana Municipal Public Accounts Committee - Cllr Z. Mampintsha Mandate Committe - Cllr M.V. Tokozwayo Strategic Governance - CLLR M.P.S. Leteba Women Caucus - Cllr C.L. Marrand
Audit Committee	Chairperson - NL Mnconywa Member- Y Madolo Member- M Sikhosana Member- R Vuzane

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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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Abbreviations used:

ANC	African National Congress
DA	Democcratic Alliance
GRAP	Generally Recognised Accounting Practice
CFO	Chief Financial Officer
CIGFARO	Chartered Institute off Government Finance Audit and Risk Officers
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
SARKO	South African Royal Kingdoms Organisation
UDM	United Democratic Movement
VAT	Value Added Tax

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer is primarily responsible for the financial affairs of the municipality, he is supported by the municipality's Audit Committe.

The annual financial statements set out on page 6 - 99 have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:



J T Mdeni
Accounting Officer

Accounting officer's Report

The accounting officer submits his report for the year ended 30 June 2024.

1. Review of activities

Main business and operations

Net deficit of the municipality was R 20,440,635 (2023: deficit R 12,703,409).

2. Going concern

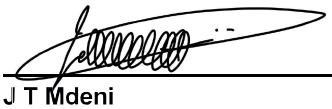
The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

3. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

The annual financial statements set out on page 6 - 99 have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2024 and were signed on its behalf by:



J T Mdeni
Accounting Officer

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Receivables from exchange transactions	3	11,406,462	10,790,198
Receivables from non-exchange transactions	4	20,261,230	17,664,113
VAT receivable	5	5,749,522	8,839,492
Cash and cash equivalents	6	49,725,520	45,752,319
		87,142,734	**83,046,122**
Non-Current Assets			
Investment property	7	43,656,682	44,149,269
Property, plant and equipment	8	575,275,267	554,803,465
Intangible assets	9	429,078	430,266
		619,361,027	**599,383,000**
Non-Current Assets		619,361,027	599,383,000
Current Assets		87,142,734	83,046,122
Total Assets		**706,503,761**	**682,429,122**
Liabilities			
Current Liabilities			
Finance lease obligation	10	681,076	-
Payables from exchange transactions	11	50,146,244	53,946,161
Employee benefit obligation	12	17,961,118	14,384,826
Unspent conditional grants and receipts	13	11,976,301	40,471
Provisions	14	891,382	-
Consumer deposits	15	402,450	402,450
Loans and borrowings	16	9,607,152	-
		91,665,723	**68,773,908**
Non-Current Liabilities			
Finance lease obligation	10	895,546	-
Employee benefit obligation	12	9,404,000	8,397,000
Provisions	14	35,830,142	30,598,260
Loans and borrowings	16	14,633,854	-
		60,763,542	**38,995,260**
Non-Current Liabilities		60,763,542	38,995,260
Current Liabilities		91,665,723	68,773,908
Total Liabilities		**152,429,265**	**107,769,168**
Assets		706,503,761	682,429,122
Liabilities		(152,429,265)	(107,769,168)
Net Assets		**554,074,496**	**574,659,954**
Accumulated surplus	52	554,074,496	574,659,954
Total Net Assets		**554,074,496**	**574,659,954**

* See Note

Statement of Financial Performance for the period ending 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	38,884,059	32,661,229
Construction contracts	18	15,459,000	14,400,000
Rental of facilities and equipment	19	2,289,140	1,757,537
Licences and permits	20	3,606,366	3,743,902
Other income	21	1,593,224	907,885
Interest earned - trade and other receivables	22	4,933,999	3,400,311
Interest earned - investments	22	6,267,229	6,367,152
Total revenue from exchange transactions		**73,033,017**	**63,238,016**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	24	27,326,317	25,782,795
Electricity availability charges	17	9,982,142	8,731,134
Donations	25	-	2,551,882
Transfer revenue			
Government grants & subsidies	26	250,626,170	230,547,411
Fines, penalties and forfeits	27	1,640,719	2,367,035
Interest from non exchange receivables	28	4,272,367	3,197,115
Total revenue from non-exchange transactions		**293,847,715**	**273,177,372**
Total revenue from exchange transactions		73,033,017	63,238,016
Total revenue from non exchange transactions		293,847,715	273,177,372
Total revenue		**366,880,732**	**336,415,388**
Expenditure			
Employee related costs	29	(135,199,797)	(126,163,378)
Remuneration of councillors	30	(13,417,831)	(13,412,823)
Depreciation and amortisation	31	(35,589,090)	(38,404,609)
Finance costs	32	(6,676,298)	(4,177,402)
Debt Impairment	33	(24,323,847)	(17,438,967)
Bulk purchases	34	(32,028,659)	(27,312,969)
Contracted services	35	(60,089,257)	(56,202,751)
Transfers and subsidies	36	(5,495,648)	(5,531,558)
Sale of goods/inventory	37	(651,373)	(1,434,429)
General expenses	39	(52,866,940)	(50,226,954)
Total expenditure		**(366,338,740)**	**(340,305,840)**
		-	-
Total revenue		366,880,732	336,415,388
Total expenditure		(366,338,740)	(340,305,840)
Operating (deficit) surplus		**541,992**	**(3,890,452)**
Gain (loss) on disposal of assets	38	(1,497,724)	851,243
Actuarial gains (losses)	12	(1,233,994)	1,047,668
Impairment loss	31	(18,250,909)	(10,711,868)
Operating surplus/(deficit) for the year		**(20,440,635)**	**(12,703,409)**

* See Note

Statement of Changes in Net Assets

Figures in Rand	Accumulated Surplus / (Deficit)	Total Net Assets
Balance on 1 July 2022 as previously reported	592,655,765	592,655,765
Correction of errors	(5,292,398)	(5,292,398)
Balance as at 01 July 2022	**587,363,367**	**587,363,367**
Surplus (Deficit) for the year	(12,856,718)	(12,856,718)
Prior year adjustment - note 50	153,309	153,309
Restated Surplus(deficit) for the year	**(12,703,409)**	**(12,703,409)**
Restated* Balance as at 01 July 2023	**574,659,954**	**574,659,954**
Income(losses) recognised directly in net assets	(144,823)	(144,823)
Surplus (Deficit) for the year	(20,440,635)	(20,440,635)
Balance as at 30 June 2024	**554,074,496**	**554,074,496**

* See Note

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Service charges		28,715,266	27,664,906
Other revenue		9,129,449	7,575,836
Property rates		29,001,567	21,703,873
Interest income		6,267,229	6,367,152
Government grants		278,021,000	239,466,998
		351,134,511	302,778,765
Payments			
Employees		(146,184,330)	(138,179,087)
Suppliers		(151,841,824)	(128,398,644)
Finance charges		(2,329,163)	(8,581)
		(300,355,317)	(266,586,312)
Total receipts		351,134,511	302,778,765
Total payments		(300,355,317)	(266,586,312)
Net cash flows from operating activities	40	**50,779,194**	**36,192,453**
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(70,391,569)	(67,036,478)
Proceeds from sale of property, plant and equipment	8	103,502	-
Purchase of other intangible assets	9	(245,999)	(569,669)
Net cash flows from investing activities		**(70,534,066)**	**(67,606,147)**
Cash flows from financing activities			
Proceeds from loans and borrowings		30,000,000	-
Repayment of loans and borrrowings		(5,758,994)	-
Finance lease payments		(512,933)	(147,324)
Net cash flows from financing activities		**23,728,073**	**(147,324)**
Net increase/(decrease) in cash and cash equivalents		**3,973,201**	**(31,561,018)**
Cash and cash equivalents at the beginning of the year		45,752,319	77,313,337
Cash and cash equivalents at the end of the year	6	**49,725,520**	**45,752,319**

* See Note

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	1,774,000	-	**1,774,000**	-	**(1,774,000)**	60.1
Service charges-Electricity	48,169,000	(15,391,000)	**32,778,000**	32,450,672	**(327,328)**	60.2
Service charges- Solid Waste	3,957,000	3,067,000	**7,024,000**	6,433,387	**(590,613)**	60.3
Construction contracts	-	-	**-**	15,459,000	**15,459,000**	60.11
Rental of facilities and equipment	2,363,000	-	**2,363,000**	2,289,140	**(73,860)**	60.4
Interest received - trade and other receivables	1,941,000	-	**1,941,000**	4,933,999	**2,992,999**	60.5
Interest received - investment income	5,397,000	-	**5,397,000**	6,267,229	**870,229**	60.5
Agency services	624,000	-	**624,000**	-	**(624,000)**	60.6
Licences and permits	2,658,000	-	**2,658,000**	3,606,366	**948,366**	60.7
Other Income	109,644,000	20,837,000	**130,481,000**	1,593,224	**(128,887,776)**	60.8
Gains	1,101,000	-	**1,101,000**	-	**(1,101,000)**	60.9
Total revenue from exchange transactions	**177,628,000**	**8,513,000**	**186,141,000**	**73,033,017**	**(113,107,983)**	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	35,898,000	(4,455,000)	**31,443,000**	27,326,317	**(4,116,683)**	60.10
Electricity availability charges (Non-exchange)	-	-	**-**	9,982,142	**9,982,142**	60.1
Transfer revenue						
Government grants & subsidies	202,177,000	350,000	**202,527,000**	202,898,420	**371,420**	60.11
Fines, Penalties and Forfeits	379,000	-	**379,000**	1,640,719	**1,261,719**	60.12
Interest received - Property rates	-	-	**-**	4,272,367	**4,272,367**	62.5
Total revenue from non-exchange transactions	**238,454,000**	**(4,105,000)**	**234,349,000**	**246,119,965**	**11,770,965**	
'Total revenue from exchange transactions'	177,628,000	8,513,000	**186,141,000**	73,033,017	**(113,107,983)**	
'Total revenue from non-exchange transactions'	238,454,000	(4,105,000)	**234,349,000**	246,119,965	**11,770,965**	
Total revenue	**416,082,000**	**4,408,000**	**420,490,000**	**319,152,982**	**(101,337,018)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Expenditure						
Employee costs	(154,996,000)	(2,208,000)	**(157,204,000)**	(135,199,797)	**22,004,203**	60.13
Remuneration of councillors	(14,939,000)	-	**(14,939,000)**	(13,417,831)	**1,521,169**	60.14
Depreciation and amortisation	(54,564,000)	2,892,000	**(51,672,000)**	(35,589,090)	**16,082,910**	60.15
Impairment loss/ Reversal of impairments	-	-	**-**	(18,250,909)	**(18,250,909)**	60.16
Finance costs	(65,000)	(5,623,000)	**(5,688,000)**	(6,676,298)	**(988,298)**	60.17
Debt Impairment and bad debts written off	**-**	(19,001,000)	**(19,001,000)**	(24,323,847)	**(5,322,847)**	60.18
Bulk purchases	(36,723,000)	7,962,000	**(28,761,000)**	(32,028,659)	**(3,267,659)**	60.19
Contracted Services	(79,320,000)	14,254,000	**(65,066,000)**	(60,089,257)	**4,976,743**	60.20
Transfers and Subsidies	(12,090,000)	4,451,000	**(7,639,000)**	(5,495,648)	**2,143,352**	60.21
Sale of goods and inventory	(1,410,000)	208,000	**(1,202,000)**	(651,373)	**550,627**	60.22
Debt impairment	(6,655,000)	6,655,000	**-**	-	**-**	
Loss on disposal of non-monetary assets	-	-	**-**	(1,497,724)	**(1,497,724)**	60.9
Other expenditure	(55,321,000)	(13,998,000)	**(69,319,000)**	(54,100,934)	**15,218,066**	60.23
Total expenditure	**(416,083,000)**	**(4,408,000)**	**(420,491,000)**	**(387,321,367)**	**33,169,633**	
	-	-	**-**	-	**-**	
	-	-	**-**	-	**-**	
Operating deficit	**(1,000)**	**-**	**(1,000)**	**(68,168,385)**	**(68,167,385)**	
Transfers and subsidies - capital	69,102,000	6,391,000	**75,493,000**	47,727,750	**(27,765,250)**	60.11
Surplus/ (Deficit) after capital transfers and contributions	**69,101,000**	**6,391,000**	**75,492,000**	**(20,440,635)**	**(95,932,635)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Receivables from exchange transactions	107,064,000	(92,248,000)	**14,816,000**	11,406,462	**(3,409,538)**	60.24
Receivables from non-exchange transactions	16,027,000	4,802,000	**20,829,000**	20,261,230	**(567,770)**	60.24
VAT receivable	11,193,000	4,953,000	**16,146,000**	5,749,522	**(10,396,478)**	60.24
Inventory	-	97,000	**97,000**	-	**(97,000)**	
Cash and cash equivalents	86,801,000	18,555,000	**105,356,000**	49,725,520	**(55,630,480)**	60.24
	221,085,000	**(63,841,000)**	**157,244,000**	**87,142,734**	**(70,101,266)**	
Non-Current Assets						
Investment property	-	46,798,000	**46,798,000**	43,656,682	**(3,141,318)**	60.24
Property, plant and equipment	79,037,000	513,388,000	**592,425,000**	575,275,267	**(17,149,733)**	60.24
Intangible assets	12,000	444,000	**456,000**	429,078	**(26,922)**	60.24
	79,049,000	**560,630,000**	**639,679,000**	**619,361,027**	**(20,317,973)**	
Current Assets	79,049,000	560,630,000	**639,679,000**	619,361,027	**(20,317,973)**	59.23
Non-Current Assets	221,085,000	(63,841,000)	**157,244,000**	87,142,734	**(70,101,266)**	59.24
Total Assets	**300,134,000**	**496,789,000**	**796,923,000**	**706,503,761**	**(90,419,239)**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	34,810,000	22,674,000	**57,484,000**	50,146,243	**(7,337,757)**	60.26
Payables (non-exchange)	-	43,000	**43,000**	-	**(43,000)**	60.26
Provisions	42,953,000	(15,562,000)	**27,391,000**	891,382	**(26,499,618)**	60.26
Consumer deposits	-	424,000	**424,000**	402,450	**(21,550)**	60.26
Loans and borrowings	-	10,456,000	**10,456,000**	9,607,152	**(848,848)**	60.26
VAT	7,819,000	254,000	**8,073,000**	-	**(8,073,000)**	60.26
Other current liabilities	-	-	**-**	30,618,495	**30,618,495**	60.26
	85,582,000	**18,289,000**	**103,871,000**	**91,665,722**	**(12,205,278)**	
Non-Current Liabilities						
Provisions	-	21,958,000	**21,958,000**	35,830,142	**13,872,142**	60.27
Loans and borrowings	30,000,000	(4,833,000)	**25,167,000**	14,633,854	**(10,533,146)**	60.27
Other non-current liabilities	49,151,000	(40,250,000)	**8,901,000**	10,299,546	**1,398,546**	60.27
	79,151,000	**(23,125,000)**	**56,026,000**	**60,763,542**	**4,737,542**	
Current liabilities	85,582,000	18,289,000	**103,871,000**	91,665,722	**(12,205,278)**	59.25
Non-Current liabilities	79,151,000	(23,125,000)	**56,026,000**	60,763,542	**4,737,542**	59.26
	-	-	**-**	-	**-**	
Total Liabilities	**164,733,000**	**(4,836,000)**	**159,897,000**	**152,429,264**	**(7,467,736)**	
Assets	300,134,000	496,789,000	**796,923,000**	706,503,761	**(90,419,239)**	
Liabilities	(164,733,000)	4,836,000	**(159,897,000)**	(152,429,264)	**7,467,736**	
Net Assets	**135,401,000**	**501,625,000**	**637,026,000**	**554,074,497**	**(82,951,503)**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates	30,514,000	(4,010,000)	**26,504,000**	29,001,567	**2,497,567**	60.28
Service charges	51,004,000	(16,532,000)	**34,472,000**	28,715,266	**(5,756,734)**	60.28
Other revenue	24,580,000	(96,000)	**24,484,000**	9,129,449	**(15,354,551)**	60.28
Government grants and subsidies	271,279,000	6,741,000	**278,020,000**	278,021,000	**1,000**	60.28
Interest	5,397,000	-	**5,397,000**	6,267,229	**870,229**	60.28
	382,774,000	**(13,897,000)**	**368,877,000**	**351,134,511**	**(17,742,489)**	
Payments						
Suppliers and employees	(342,709,000)	6,336,000	**(336,373,000)**	(298,026,154)	**38,346,846**	60.28
Finance charges	(65,000)	(5,623,000)	**(5,688,000)**	(2,329,163)	**3,358,837**	60.28
Transfers and grants	(12,090,000)	4,451,000	**(7,639,000)**	-	**7,639,000**	60.28
	(354,864,000)	**5,164,000**	**(349,700,000)**	**(300,355,317)**	**49,344,683**	
Total receipts	382,774,000	(13,897,000)	**368,877,000**	351,134,511	**(17,742,489)**	59.27
Total payments	(354,864,000)	5,164,000	**(349,700,000)**	(300,355,317)	**49,344,683**	59.27
Net cash flows from operating activities	**27,910,000**	**(8,733,000)**	**19,177,000**	**50,779,194**	**31,602,194**	
Cash flows from investing activities						
Proceeds from sale of property, plant and equipment	517,000	-	**517,000**	103,502	**(413,498)**	60.29
Purchases of capital assets	(133,614,000)	(1,456,000)	**(135,070,000)**	(70,637,568)	**64,432,432**	60.29
Decrease (increase) non-current receivables	-	517,000	**517,000**	-	**(517,000)**	60.29
Net cash flows from investing activities	**(133,097,000)**	**(939,000)**	**(134,036,000)**	**(70,534,066)**	**63,501,934**	
Cash flows from financing activities						
Borrowing long-term financing	30,000,000	-	**30,000,000**	23,728,073	**(6,271,927)**	60.30
Net cash flows from financing activities	**30,000,000**	**-**	**30,000,000**	**23,728,073**	**(6,271,927)**	
Net increase/(decrease) in cash and cash equivalents	(75,187,000)	(9,672,000)	**(84,859,000)**	3,973,201	**88,832,201**	
Cash and cash equivalents at the beginning of the year	51,674,000	27,133,000	**78,807,000**	45,752,319	**(33,054,681)**	
Cash and cash equivalents at the end of the year	**(23,513,000)**	**17,461,000**	**(6,052,000)**	**49,725,520**	**55,777,520**	

Accounting Policies

Figures in Rand	Note(s)	2024	2023

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.

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

1.1 Presentation currency

These annual financial statements are presented in South African Rand, rounded off to the nearest 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 Comparative figures

a) Prior Year Comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatement of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as practicable, and prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as practicable, and the prior year comparatives are restated accordingly.

b) Amended Accounting Policies
Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.
No significant amendments were made to the accounting policy of the current year.

1.4 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Standard of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the standards of GRAP if the effect of applying those requirements are immaterial.

1.5 Budget information

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and the final budget amounts, as well as a comparison between the actual amounts and the final budget amounts for the current financial year.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

Accounting Policies

1.6 Investment property

1.6.1 Initial recognition

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

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

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non - exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self- constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

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

1.6.2 Subsequent Measurement- Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life

1.6.3 Depreciation- Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for an a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. In any such indication exists, the expected residual value and useful life are revised and the effect of any change in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	Years
Buildings	5 - 55

1.6.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable service amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

Accounting Policies

1.6 Investment property (continued)

1.6.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items on investment property that were impaired, lost or given up is recognised in the statement of Financial Performance when the compensation becomes receivable.

1.7 Property, plant and equipment

1.7.1 Initial recognition

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

The cost of an item of property, plant and equipment is recognised as an asset if it is possible that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plan and equipment are initially recognised at cost on its acquisition date. 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 the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at the date of acquisition and any 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 the Municipality.

Where an item of property, plant and equipment is acquired in exchange of 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 items fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

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

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.7.2 Subsequent Measurement- Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset , it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on asset is capitalised when it increases the capacity of future economic benefits or service potential associated with the asset.

1.7.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date the asset is derecognised.

Accounting Policies

1.7 Property, plant and equipment (continued)

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. the depreciation charge for each period is recognised in the Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any change in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	Years
Buildings	5 - 30
Infrastructure	3 - 100
Other Assets	3 - 20

Lease assets are depreciated over the lesser of the useful life or lease term

1.7.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.7.5 Derecognition

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

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

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.

Accounting Policies

1.7 Property, plant and equipment (continued)

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

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

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

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

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

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

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

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

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

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

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

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

Accounting Policies

1.8 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.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

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

Accounting Policies

1.9 Employee benefits

Defined-contribution plans are post-employment benefit plans under which the Municipality pays a fixed contributions into a separate entity (a fund), and which will have no legal obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current year and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contributions plans.

Short-term employee benefits

1) Staff leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulating leave is vesting.

2) Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

3) Provision for performance bonus

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to section 57 employees, is recognised as it accrues to section 57 employees. Provisions are based on the employment contract stipulation as well as previous performance bonus payment trends.

Other Short- Term Employee Benefits

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

a) As liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of benefits , the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for a reduction in future payments or a cash refund; and

b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

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

Post-employment benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined- benefit plans.

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programs) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Accounting Policies

1.9 Employee benefits (continued)

Multi- Employer Defined Benefit Plans

The Municipality contributes to various National and Provincial-administered defined plans on behalf of its qualifying employees. These funds are multi- employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they are payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

Post Retirement Medical Benefits

The Municipality provides post- retirement medical benefits by subsidising the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 60% as contribution and the remaining 40% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of minimum service period . The present value of the defined liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of the plan assets (if any) out of which the obligations are settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation. Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

Pension and retirement fund obligations

The municipality provides retirement benefits for its employees and councillors. Defined contribution plan are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient funds to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. The defined benefit funds, which are administered on a provincial basis, are actuarially valued tri- annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on a proportion basis to all participating municipalities. The contributions and lump sum payments are recognised in statement of Financial Performance in the year they become payable. Sufficient information is not available to use defined benefit accounting for a multi- employer plan. As a result, defined plans have been accounted for as if they were defined contribution plans.

1.10 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.

Finance leases -Municipality as a lessee

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of lease liability. Contingency rents, if any, are charged as expense to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

Accounting Policies

1.10 Leases (continued)

Operating leases -Municipality as a lessee

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight line basis over lease term, unless another systematic basis is more representative of the time pattern of the users benefit. The difference between the straight-lined expenses and actual payments will give rise to liability or asset.

1.11 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

1.11.1 Initial Recognition

Financial Instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and thus the unamortised portion adjusted over the period of the loan transactions.

1.11.2 Subsequent Measurement

Financial instruments are categorised as follows

a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.

b) **Financial Instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are also subject to impairment review.

c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:

i) derivatives;

ii) combined instruments that are designed at fair value;

iii) Instruments held for trading

iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or

v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.11.3 Impairment And Uncollectability of Financial Assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.11.3.1 Financial Assets Measured At Amortised Cost

Accounting Policies

1.11 Financial instruments (continued)

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cashflows discounted at the financial asset's original effective interest rate(i.e. the effective interest rate compounded at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.11.3.2 Financial Assets Measured At Cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of the return similar financial asset. Such impairment losses is not to be reversed.

1.11.4 Derecognition of Financial instruments

1.11.4.1 Financial Assets

The municipality derecognises financial assets only when the contractual rights to the cashflows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another asset to another entity. Financial assets (receivables) are also derecognised when council approves the write off of financial assets due to non recoverability.

If the municipality neither transfers nor retains substantially all the rewards of ownership and continues to control the transferred asset, the municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralized borrowing for the proceeds received.

1.11.4.2 Financial Liabilities
The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

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.

1.11.5 Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on net basis, or to realise the assets and settle the liabilities simultaneously.

1.12 Share capital / contributed capital

Cash includes cash on hand, held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

For the purpose of cashflow statement, cash and cash equivalents consists of cash and cash equivalents as defined above, net of any bank overdrafts.

1.13 Taxes (Value Added Tax)

Revenue , expenses and assets are recognised net of the amounts of value added tax. the net amount of value added tax recoverable or payable, to the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value added tax (VAT) on the payment basis.

Accounting Policies

1.14 Payables and annuity loans

Payables are initially recognised at fair value and subsequently measured at amortised cost using an effective interest at, which is the initial carrying amount, less repayments, plus interest.

1.15 Consumer deposits

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated , the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

1.16 Conditional Government grants and public contributions

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria of recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulation and would be enforced by the transferor, a liability is recognised to the extent that conditions have not been met. When such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the condition associated with the grant, transfer or donation have not been met, always has to be cash backed. The cash which backs up the liability is invested as an individual investment or part of the general investment of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with the conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it in the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.17 Revenue

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.18 Borrowing costs

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are paid.

1.19 Unauthorised expenditure

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Fiance Management Act (Act No 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.20 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity’s supply chain management policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Accounting Policies

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.

Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.22 Capital Commitments

Capital commitments disclosed in the financial statements represent the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.23 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).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

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.

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.

Management is considered a related party and comprises 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 the legislation, in instances where they are required to perform such functions..

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or separated by no more than two degrees of natural or legal consanguinity of affinity.

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.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties that are not arm's length and not on normal commercial terms, are disclosed.

Accounting Policies

1.25 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent in accordance with this standard.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Accounting Policies

1.25 Accounting by principals and agents (continued)

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.
The municipality recognises assets and liabilities arising from principal- agent arrangements in accordance with the requirements of other Standards of GRAP.

1.26 Living and non-living resources

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in living resources.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, are not recognised as assets. The standard only requires disclosure of relevant resources.

The Municipality has assessed that it does not control any living resources, but is however responsible for non-living resources as set out in notes to the financial statements.

1.27 Segment information

A segment is an activity of the Municipality:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Municipality);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.
  Management comprises of 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 the legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial Statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/ department analysis of assets and liabilities associated with each segment/ department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is prepared on per segment.

1.28 Significant judgements and sources of estimation uncertainty

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amount s recognised in the financial statements.

Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

Useful lives and Residual Values 1.27.2

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding , service requirements and required return of assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgment on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

Impairment of Non- Monetary Assets 1.27.3

Non- monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit -oriented entity, as its primary objective is service delivery. Tariffs and charges are cost effective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on impairment of Non-cash generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment on non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

Provisions of and Contingent Liabilities 1.27.4

Management's judgment is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill sit. As inflation-linked RSA retail bond rates have longer terms than fixed RSA retail bond rates, inflation-linked rates are used as the discounting rate..

Financial Instruments and Statutory Receivables 1.27.5

The Municipality analyses the terms of and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgment is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

Financial Assets and Liabilities 1.27.6

The classification of financial assets and liabilities, into categories, is based on judgment by management. In making the judgment, management considered the definition and recognition criteria for the classification of financial instruments as set out in the GRAP Standards on Financial Instruments.

Revenue Recognition 1.27.7

Accounting policy on Revenue from Non- Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgment, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on revenue from Non- Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered , whether the service has been performed.

In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits service potential on initial recognition revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgment based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

Accounting Policies

1.28 Significant judgements and sources of estimation uncertainty (continued)

Provision for Staff Leave 1.27.8

Staff leave is accrued to employees according to collective agreements. Provision is made for full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

Provision for Performance Bonuses 1.27.9

Provision for performance bonuses represents the best estimate of the obligation at year end and is based on historic patterns of payment of performance bonuses. Performance bonuses are subject to an evaluation by council.

Componentisation of Infrastructure Assets 1.27.10

All infrastructure assets are unbundled into their significant components in order to depreciate all major components over the expected useful lives. The cost of each component is estimated based on the current market price of each component, depreciated for age and condition and recalculated to cost at the acquisition date if known or to the date of initially adopting the standards of GRAP.

Recognition and Derecognition of Land 1.27.11

In order for land to meet the definition of an asset, the Municipality must be able to prove that controls being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to the land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substance right for an unlimited period through a binding arrangement.

The above mentioned assessment is subject to management's judgments and assumptions are applied to conclude that the Municipality controls land.

Post-retirement and long term benefits 1.27.12

The cost of post retirement medical benefits and long service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

Impairment of Receivables 1.27.13

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due , and an assessment of their ability to make payments based on their creditworthiness. This was performed per service identifiable categories across all classes of debtors.

Materiality 1.27.14

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgment about:

(a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
(b) How the nature or size or both, of the information could reasonably be expected to influence decisions.

1.29 Statutory receivables

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions

1.29.1 Initial Recognition

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

Accounting Policies

1.29 Statutory receivables (continued)

1.29.2 Subsequent Measurement

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other changes that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.29.3 Impairment And Uncollectability Of Statutory Receivables

The Municipality assesses at each reporting date whether there is any indicating that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and the timing of the cashflows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted through the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.29.4 Derecognition

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality , despite having retained some significant risks and rewards of ownership of the receivable are settled, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

1.30 Impairment of cash-generating assets

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

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or

1.30 Impairment of cash-generating assets (continued)

- 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.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an overdesigned or overcapacity asset. Overdesigned assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Accounting Policies

1.31 Provisions

A provision is a liability of uncertain timing or amount. Provisisons are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating loses. The present obligation under an an onerous contract is recognised and measured as a provision.
Where some of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised 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 reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

(a) The Municipality has a detailed formal plan for the restructuring identfying at least:

> the business or part of the business concerned
> the principal locations affected
> the location, function, and approximate number of employees who will be compensated for terminating their service
>the expenditure that will be undertaken; and
>when the plan will be implemented

(b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits will be rquired to settle the obligation, the provision is derecognised.

Accounting Policies

1.31 Provisions (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.30 .

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
  - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
  - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.32 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which is consideration received or receivable.

1.32.1 Service Charges

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity are based on consumption and a basic charge per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when the estimates of consumption up to reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date , an accrual is made based on the the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

Accounting Policies

1.32 Revenue from exchange transactions (continued)

1.32.2 Interest Earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.32.3 Rental Income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.32.4 Income From Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services. Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of agency agreement.

1.32.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.32.6 Sale of Goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied

a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.

b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold

c) The amount of revenue can be measured reliably.

d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.

e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.32.7 Deferred Payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.33 Revenue from non-exchange transactions

Revenue form non- exchange transactions refers to the transactions where the Municipality received revenue from another enity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.33.1 Taxation revenue

Accounting Policies

1.33 Revenue from non-exchange transactions (continued)

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.33.2 Transfer Revenue

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.33.3 Fines

Fine Revenue constitutes both spot fines and summons. All fines issued during the year less any cancellation or reductions are recognised as revenue.

1.33.4 Insurance Refund

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

1.33.5 Unclaimed Deposits

All unclaimed deposits are initially recognised as a liability until 36 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. This policy is in line with prescribed debt principle as enforced by law.

1.33.6 Revenue From Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.33.7 Services In-Kind

These include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge

The Municipality recognises services in- kind that are significant to its operations as assets and recognises the related revenue when it is probable that future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the service in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.33.8 Contributed Assets

Contributed assets are recognised at fair value when such items of property, plant and equipment qualify for recognition and become available for use by the Municipality.

1.34 Insurance fund

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

Accounting Policies

1.35 Receivables

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of the receivables. An estimate is made for impairment of receivable, based on past default experience of all outstanding amounts at reporting date.

Bad debts written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectable, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.36 Housing development fund

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes, both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

1.37 Revaluation reserve

The surplus arising from the revaluation of property, plant and equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued buildings are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/deficit. On disposal, the net revaluation surplus is transferred to the accumulated surplus/deficit while gains or losses on disposal, based on revalued amounts, are credited or charged to the statement of financial performance.

1.38 Contingent liabilities and contingent assets

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation amount or amount of the obligation cannot be measured with sufficient reliability.

Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain events not wholly within the control of the Municipality.

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow or resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods:

GRAP 103 (as revised): Heritage Assets.
Effective date: Years beginning on or after - 01 April 2099.
Expected impact: Unlikely there will be material impact.

Guideline: Guideline on the Application of Materiality to Financial Statements.
Effective date: Years beginning on or after - 01 April 2099.
Expected impact: Unlikely there will be material impact.

GRAP 104 (revised): Financial Instruments
Effective date: Years beginning on or after - 01 April 2025.
Expected impact: Unlikely there will be material impact.

2.2 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2024 or later periods but are not relevant to its operations:

3. Receivables from exchange transactions

House Rentals	2,940,207	1,927,115
Sundry Receivables	1,082,810	718,869
Electricity	27,175,773	22,189,431
Refuse	12,851,147	9,084,822
VAT Component of outstanding debtors	6,524,937	5,240,663
Interest	18,053,860	12,000,489
Impairment - Electricity	(22,254,067)	(16,889,434)
Impairment - Refuse	(12,177,232)	(8,158,536)
Impairment - VAT Component of outstanding debtors	(5,679,245)	(4,305,105)
Impairment- interest (Exchange)	(14,780,412)	(9,640,598)
Impairment - Housing rentals	(2,331,316)	(1,377,518)
	11,406,462	**10,790,198**

Consumer debtors are receivable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of Receivables from exchange transactions on initial recognition is not deemed necessary.

Reconciliation of Allowance for Doubtful Debts

Balance at the beginning of the year	42,838,240	30,671,109
Contributions to provision	20,430,288	15,160,837
Bad debts writen off	(2,960,191)	(2,993,706)
	60,308,337	**42,838,240**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Receivables from exchange transactions (continued)

Electricity		
Current (0 -30 days)	2,145,795	1,357,345
31 -60 days	1,403,063	930,004
61 -90 days	1,033,791	1,421,793
91 -120 days	930,733	818,139
121 -150 days	825,672	1,763,698
>150 days	20,836,720	15,898,453
	27,175,774	**22,189,432**
Refuse		
Current (0 -30 days)	515,518	495,996
31 -60 days	431,931	353,547
61 -90 days	416,520	338,377
91 -120 days	408,268	329,884
121 -150 days	403,249	320,722
>150 days	10,675,660	7,246,296
	12,851,146	**9,084,822**
House Rentals		
Current (0 -30 days)	177,451	143,336
31 -60 days	133,257	71,173
61 -90 days	215,338	65,056
91 -120 days	109,692	60,626
121 -150 days	105,071	59,437
>150 days	2,199,398	1,527,487
	2,940,207	**1,927,115**
Interest		
Current (0-30 days)	456,270	356,716
31- 60 days	455,362	381,158
61- 90 days	443,656	335,347
91-120 days	423,561	325,524
121-150 days	406,612	287,055
>150 days	15,868,397	10,314,689
	18,053,858	**12,000,489**
VAT Component of outstanding debtors		
Current (0 -30 days)	396,785	278,041
31 -60 days	275,209	192,848
61 -90 days	217,456	274,656
91 -120 days	200,359	172,930
121 -150 days	183,847	314,070
>150 days	5,251,281	4,008,118
	6,524,937	**5,240,663**
Total receivables from exchange transactions	11,406,462	10,790,198

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

3. Receivables from exchange transactions (continued)

Trade and other receivables from exchange transactions impaired

The allowance for impairment of property has been made for all balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on the payments trends, management is satisfied that no further credit provision is required in excess of the current allowance.

4. Receivables from non-exchange transactions

Property Rates	40,194,507	32,832,117
Interest on Property Rates	4,236,060	3,120,969
Other receivables- Deposits	581,480	581,480
Other receivables- Office of the Premier Grant unpaid	119,842	119,842
Traffic fines	3,807,914	3,615,414
Other Debtors	751,338	1,671,177
Other receivables -Joe GqabiDistrict Municipality	456,572	456,572
Impairment - Property Rates	(22,992,501)	(18,650,994)
Impairment - Traffic fines	(3,807,914)	(3,615,414)
Impairment - Interest on Property Rates	(3,086,068)	(2,467,050)
	20,261,230	**17,664,113**
Reconciliation of Allowance for Doubtful Debts		
Balance at the beginning of the year	22,266,409	19,241,337
Contributions to provision	6,348,300	3,675,818
Bad debts written off	(1,814,294)	(650,746)
	26,800,415	**22,266,409**
Property Rates		
31 - 60 days	1,256,104	1,153,381
61 - 90 days	1,101,558	1,058,710
91 - 120 days	1,064,343	1,039,997
121 - 150 days	1,050,031	1,022,657
> 150 days	35,722,471	28,557,363
	40,194,507	**32,832,108**
Traffic fines		
Current (0 - 30 days)	46,710	11,050
31 - 60 days	18,300	40,400
61 - 90 days	38,220	40,900
91 - 120 days	15,400	15,600
121 - 150 days	19,100	15,900
> 150 days	3,670,184	3,491,564
	3,807,914	**3,615,414**
Interest on property rates		
Current (0 - 30 days)	390,393	318,234
31 - 60 days	380,808	317,208
61 - 90 days	373,915	298,249
91 - 120 days	367,453	290,846
121 - 150 days	363,103	270,656
> 150 days	2,360,388	1,625,784
	4,236,060	**3,120,977**
Total receivables from non-exchange transactions	20,261,230	17,664,113

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

4. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

The allowance for impairment of property has been made for all balances outstanding based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on there payments trends, management is satisfied that no further credit provision is required in excess of the current allowance.

Property rates	22,992,501	18,650,994
Traffic fines	3,807,914	3,615,414
	26,800,415	**22,266,408**

5. VAT receivable

VAT receivable	5,749,522	8,839,492
VAT Receivable from SARS	8,487	2,701,219
VAT in Suspense	61,790	1,833,168
VAT on Provision for Debt Impairment	5,679,245	4,305,105
	5,749,522	**8,839,492**

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Call Accounts	37,677,186	26,140,036
Current Accounts	11,664,465	18,135,092
Cash on hand	383,869	1,477,191
	49,725,520	**45,752,319**

Cash and cash equivalents comprise cash held and short term deposits. The carrying amount of these assets approximates their fair value..

Cash and Cash Equivalents are held to support the following commitments

Unspent Conditional Grants	11,976,301	40,471
Cash available for working capital requirements	37,749,219	45,711,848
	49,725,520	**45,752,319**

First Rand Bank Limited issued letters of guarantee in favour of the following

Eskom Holding Limited	5,216,304	5,216,304
Arbitration award	308,845	308,845

The Bank holds security to the value of the two amounts over FNB account number 6255 7779 322.

Heading		
Standard bank also holds security to the amount of R3 000 000 over investment account number 388490365-001	3,000,000	-

Figures in Rand	2024	2023

6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	2023_2024 (R)			2022_2023 (R)		
	Cash book	Bank Statement	Difference	Cash book	Bank Statement	Difference
FNB Acc No 62159933772 (Primary Account)	10,878,522	9,552,123	1,326,399	6,915,052	6,967,053	(52,000)
FNB Acc no 62312151848 (Petty Cash)	21,965	2,133	19,832	19,489	-	19,489
FNB Acc no 62857839298 (Vendor)	211,984	211,984	-	4,417,869	4,417,869	-
Standard Bank Acc no 280642407 (Revenue Account)	551,995	552,241	(246)	6,312,283	6,312,529	(246)
Wesbank Acc no 13179 (Fuel Account)	41,593	41,593	-	470,398	470,398	-
Standard Bank Acc no 388497173001 (EPWP)	29,666	29,666	-	2,628,994	2,628,994	-
Standard Bank Acc no 388497165001 (Voter Station)	1,655	1,655	-	1,584	1,584	-
Standard Bank Acc no 388493410002 (FMG)	19,261	19,261	-	1,732,217	1,732,217	-
Standard Bank Acc no 388493003001 (MDG)	11,505,255	11,505,255	-	1,552	1,552	-
Standard Bank Acc no 388490810001 (NER)	1,679,135	1,679,135	-	1,284,127	1,284,127	-
FNB Acc no 62189194170 (EQS)	62,891	62,891	-	1,286,755	1,286,755	-
FNB Acc no 62189180111 (MIG)	4,897,678	4,897,678	-	9,296,327	9,296,327	-
FNB Acc no 62284785121 (WCR)	120,268	120,268	-	2,803,073	2,803,073	-
FNB Acc no 62378875226 (MSI)	627,533	627,533	-	587,161	587,161	-
FNB Acc no 62557779322 (Joe Gqabi)	5,576,719	5,576,719	-	6,367,211	6,367,211	-
FNB Acc no 62785909650 (Energy Efficiency)	6,000	6,000	-	5,553	5,553	-
FNB Acc no 62852498023 (Solidarity Fund)	156,109	156,109	-	144,473	144,473	-
FNB Acc no 63043360592 (Smart Meters)	6,638,147	6,638,147	-	1,010	1,010	-
FNB Acc no 63062748513 (Cleansing Project)	828,243	828,243	-	-	-	-
FNB Retention Acc no 63101209921	2,265,642	2,265,642	-	-	-	-
STD Acc no 388490365001 (Security)	3,221,392	3,221,392	-	-	-	-
Cash on Hand	383,867	-	383,867	1,477,190	-	1,477,190
Total	**49,725,520**	**47,995,668**	**1,729,852**	**45,752,318**	**44,307,886**	**1,444,433**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

6. Cash and cash equivalents (continued)
Reasons for differences

FNB - 62159933772 (Primary Account) R 1 326 399 cash book and bank reconcilling items.

FNB Acc no 62312151848 (Petty Cash) - R 19 832 - Reconciling items.

Standard Bank Acc no 280642407 (Revenue Account - R 246 - Reconcilling item).

Cash on Hand - R 383 868- Reconciling items.

7. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	53,326,710	(9,670,028)	43,656,682	53,326,710	(9,177,441)	44,149,269

Reconciliation of investment property - June 2024

	Opening balance	Impairments	Depreciation	Total
Investment property	44,149,269	(13,488)	(479,099)	43,656,682

Reconciliation of investment property - June 2023

	Opening balance	Depreciation	Total
Investment property	44,628,368	(479,099)	44,149,269

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.

There are no restrictions on the realisability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop investment property or for repairs, maintenance or enhancements.

Income of R 2,005,974 and (2023: R 1,709,181) was generated on investment properties and was recognised as revenue from rental of investment property. There is no work in progress for investment property.
No significant operating expenditure was incurred on the investment property.

8. Property, plant and equipment

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	2,394,494	-	2,394,494	2,394,494	-	2,394,494
Buildings	186,117,204	(52,315,604)	133,801,600	165,825,425	(42,123,284)	123,702,141
Machinery and equipment	28,225,405	(21,481,311)	6,744,094	27,879,448	(20,968,023)	6,911,425
Furniture and office equipment	7,255,643	(4,086,762)	3,168,881	6,833,813	(4,663,324)	2,170,489
Motor vehicles	32,576,575	(24,195,484)	8,381,091	30,501,286	(21,857,589)	8,643,697
Lease asset	2,596,505	(829,211)	1,767,294	156,950	(155,672)	1,278
Computer equipment	11,218,444	(6,409,931)	4,808,513	12,323,208	(7,091,187)	5,232,021
Electricity Infrastructure	108,844,168	(28,871,462)	79,972,706	90,103,652	(26,213,128)	63,890,524
Roads Infrastructure	624,824,037	(339,546,525)	285,277,512	585,176,973	(312,059,089)	273,117,884
Capitalised Restoration Cost - Landfill sites	31,561,971	(16,843,227)	14,718,744	29,544,107	(15,160,933)	14,383,174
Work in Progress	34,240,338	-	34,240,338	54,356,338	-	54,356,338
Total	**1,069,854,784**	**(494,579,517)**	**575,275,267**	**1,005,095,694**	**(450,292,229)**	**554,803,465**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2024

	Opening balance	Additions	Transfers to Capital Assets	Disposals	Transfers received	Transfers from leased assets	Restoration Costs	Depreciation	Impairment loss	Total
Land	2,394,494	-	-	-	-	-	-	-	-	2,394,494
Buildings	123,702,142	-	-	(380,954)	21,094,775	-	-	(6,034,948)	(4,579,415)	133,801,600
machinery and equipment	6,911,424	551,406	-	(163,179)	526,126	-	-	(1,081,683)	-	6,744,094
Furniture and office equipment	2,170,489	1,321,085	-	(69,425)	-	-	-	(253,268)	-	3,168,881
Motor vehicles	8,643,678	2,405,390	-	(27,359)	-	-	-	(2,640,618)	-	8,381,091
Lease assets	1,277	350,000	-	-	-	2,089,555	-	(673,538)	-	1,767,294
Computer equipment	5,232,022	1,512,078	-	(286,044)	-	-	-	(1,649,543)	-	4,808,513
Electricity Infrastructure	63,890,524	-	-	-	18,740,516	-	-	(2,658,334)	-	79,972,706
Roads Infrastructure	273,117,884	-	-	-	39,647,067	-	-	(18,188,578)	(9,298,861)	285,277,512
Capitalised Restoration Cost - Landfill sites	14,383,174	-	-	-	-	-	2,017,864	(1,682,294)	-	14,718,744
Work in Progess	54,356,336	64,251,632	(80,008,485)	-	-	-	-	-	(4,359,145)	34,240,338
	554,803,444	**70,391,591**	**(80,008,485)**	**(926,961)**	**80,008,484**	**2,089,555**	**2,017,864**	**(34,862,804)**	**(18,237,421)**	**575,275,267**

8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - June 2023

	Opening balance	Additions	Transfer to Capital Assets	Disposals	Transfers received	Restoration Costs	Donations	Depreciation	Impairment loss	Total
Land	2,394,494	-	-	-	-	-	-	-	-	2,394,494
Buildings	98,411,208	-	-	-	30,467,182	-	-	(5,176,249)	-	123,702,141
Machinery and equipment	6,856,866	1,495,278	-	(17,159)	-	-	-	(1,423,560)	-	6,911,425
Furniture and office equipment	2,208,527	494,976	-	(13,422)	-	-	-	(519,592)	-	2,170,489
Motor vehicles	6,969,649	1,764,062	-	-	-	-	2,551,882	(2,641,896)	-	8,643,697
Lease asset	120,362	-	-	-	-	-	-	(119,084)	-	1,278
Computer equipment	5,583,848	1,412,646	-	(12,834)	-	-	-	(1,751,639)	-	5,232,021
Electricity infrastructure	60,498,754	-	-	-	6,600,483	-	-	(3,208,713)	-	63,890,524
Roads Infrastructure	277,725,224	-	-	-	17,594,764	-	-	(21,485,549)	(716,555)	273,117,884
Capitalised Restoration Cost - Landfill sites	21,558,780	-	-	-	-	(5,716,862)	-	(1,458,744)	-	14,383,174
Work in progress	56,183,641	62,830,438	(54,662,429)	-	-	-	-	-	(9,995,312)	54,356,338
	538,511,353	**67,997,400**	**(54,662,429)**	**(43,415)**	**54,662,429**	**(5,716,862)**	**2,551,882**	**(37,785,026)**	**(10,711,867)**	**554,803,465**

Pledged as security

Property plant and equipment was not pledged as security for financial liabilities

Repairs and Maintanance

Expenditure incurred to repair and mantain property, plant and equipment is included under contracted services in the Statement of Financial Perfomance:

	2024	2023
Maintenance of buildings and facilities	9,033,175	11,490,549

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

8. Property, plant and equipment (continued)

Slow moving projects

Public toilets in Ugie

Not ready for intended use.	1,501,169	1,501,169

Public toilets in Maclear

Not ready for intended use.	1,619,407	1,619,407

Mount Fletcher Vehicle Testing Station MVA pit Building

Not ready for intended use.	4,473,062	4,473,062

Reconciliation of Work-in-Progress June 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	33,717,287	20,639,048	54,356,335
Additions/capital expenditure	44,479,789	19,771,843	64,251,632
Impairment loss	(4,359,145)	-	(4,359,145)
Transferred to completed items	(58,387,578)	(21,620,905)	(80,008,483)
	15,450,353	**18,789,986**	**34,240,339**

Reconciliation of Work-in-Progress June 2023

	Included within Infrastructure	Included within Community	Total
Opening balance	21,750,826	34,432,815	56,183,641
Additions/capital expenditure	42,716,932	20,113,503	62,830,435
Disposals	(6,555,222)	(3,440,090)	(9,995,312)
Transferred to completed items	(24,195,248)	(30,467,181)	(54,662,429)
	33,717,288	**20,639,047**	**54,356,335**

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.

Notes to the Annual Financial Statements

Figures in Rand

9. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	815,699	(386,621)	429,078	569,699	(139,433)	430,266
Total	**815,699**	**(386,621)**	**429,078**	**569,699**	**(139,433)**	**430,266**

Reconciliation of intangible assets - June 2024

	Opening balance	Additions	Amortisation	Total
Computer software	430,266	245,999	(247,187)	429,078
	430,266	**245,999**	**(247,187)**	**429,078**

Reconciliation of intangible assets - June 2023

	Opening balance	Additions	Amortisation	Total
Computer software	1,050	568,659	(139,443)	430,266

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

10. Finance lease obligation

Minimum lease payments due		
- within one year	821,800	-
- in second to fifth year inclusive	958,766	-
- later than five years	-	-
	1,780,566	-
less: future finance charges	(203,944)	-
Present value of minimum lease payments	**1,576,622**	**-**
Present value of minimum lease payments due		
- within one year	681,076	-
- in second to fifth year inclusive	895,546	-
- later than five years	-	-
	1,576,622	**-**
Non-current liabilities	895,546	-
Current liabilities	681,076	-
	1,576,622	**-**

The lease term is 3 years and the average effective borrowing rate 11.07%.

The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 8.

11. Payables from exchange transactions

Trade payables	23,371,179	11,731,264
Unknown receipts	2,412,325	2,727,862
Accruals	322,425	17,931,420
Retentions	13,310,869	13,786,353
Deposits received	208,386	200,041
Payments received in advance	2,425,333	4,358,213
Sundry creditors	6,050,116	1,615,892
Advance licence fees	2,045,611	1,595,116
	50,146,244	**53,946,161**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

12. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Accrued Bonus	3,440,190	3,093,380
Performance Bonus	2,149,998	1,609,626
Staff Leave	10,926,930	9,618,820
Post Retirement Medical Benefits	2,920,000	1,501,000
Long Service Awards	7,928,000	6,959,000
	27,365,118	**22,781,826**

Carrying value

Non-Current Employee Benefits	(9,404,000)	(8,397,000)
Current Employee Benefits	(17,961,118)	(14,384,826)
	(27,365,118)	**(22,781,826)**

Accrued Bonus

Opening Balance	3,093,380	2,995,759
Contribution during the year	7,491,118	6,805,918
Payments made	(7,144,308)	(6,708,297)
	3,440,190	**3,093,380**

Performance Bonus

Opening Balance	1,609,626	820,060
Contributions during the year	1,349,281	2,235,820
Payments made	(808,909)	(1,446,254)
	2,149,998	**1,609,626**

Staff leave

Opening Balance	9,618,820	9,391,561
Contributions during the year	1,936,651	1,459,603
Payments made	(628,541)	(1,232,344)
	10,926,930	**9,618,820**

Post Retirement Medical Benefits

Opening Balance	1,501,000	1,561,000
Payments made	(284,158)	(307,634)
Finance charges	163,000	164,000
Actuarial Loss/(Gain)	1,540,158	83,634
Subtotal	2,920,000	1,501,000
Less current portion	(217,000)	(138,000)
	2,703,000	**1,363,000**

The amounts recognised in the Statement of Financial Position are as follows

Finance charges	163,000	164,000
Actuarial (gain) loss	1,540,158	(83,634)
	1,703,158	**80,366**

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up of as follows:

In-service members (eligible employees on medical aid)	210	-
In-service non-members (eligible employees without medical aid)	79	-

Figures in Rand	2024	2023

12. Employee benefit obligations (continued)

Continuation members (retirees and surviving dependants)	5	4
	294	**4**

The Municipality makes monthly contributions for health care arrangements to the following medical aid schemes
>Bonitas
>LA Health

Key Assumptions used are as follows.

1) Interest Rates

Discount Rate %	12	11
Health Care Cost Inflation rate %	8	7
Net Effective Discount Rate %	6	4
	-	**-**

The discount rate used is a composite of all government bonds and is calculated using a technique known as "bootstrapping"

2) Mortality Post-employment
PA(90) -1 with a 1% mortality improvement per annum from 2010

3) Last Valuation
The last valuation was performed as at 30 June 2024

4) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

The liability in respect of past service recognised in the Statement of Financial Position is as follows

The liability in respect of past service recognised in the Statement of Financial Position is as follows	Contribution Members	Present Value of fund obligations
30 June 2024	2,920,000	2,920,000
30 June 2023	1,501,000	1,501,000
30 June 2022	1,561,000	1,561,000
30 June 2021	1,572,000	1,572,000
30 June 2020	1,453,000	1,453,000
30 June 2019	1,560,634	1,560,634
30 June 2018	1,376,771	1,376,771
30 June 2017	1,492,858	1,492,858
	-	**-**

The Municipality has elected to recognise the full increase in this defined liability immediately as per GRAP 25.

Experience adjustments were as follows.

	Liabilities (Gain)/Loss
30 June 2024	56,000
30 June 2023	30,000
30 June 2022	11,000
30 June 2021	20,000
30 June 2020	70,000
30 June 2019	46,000

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

12. Employee benefit obligations (continued)

30 June 2018	(37,000)
30 June 2017	72,000
	-

Sensitivity Analysis on the Accrued Liability.

Assumption	Total Liability (R)	% Change
Liability	2,920,000	-
Health care inflation rate (+1%)	3,116,000	7
Health care inflationrate (-1%)	2,676,000	(8)
Discount rate (+1%)	2,641,000	(10)
Discount rate (-1%)	3,258,000	12
Post-employment mortality (+1 year)	2,831,000	(3)
Post-employment mortality (-1 year)	3,010,000	3
	-	-

Sensitivity Analysis on the Interest Costs

Assumption	Interest (R)	%Change
Estimated interest for 2023/24	163,000	-
Health care inflation rate (+1%)	177,000	9
Health care inflation rate (-1%)	150,000	(8)
Discount rate (+1%)	164,000	1
Discount rate (-1%)	161,000	(1)
Post-employment mortality (+ year)	157,000	(4)
Post-employment mortality (-1)	169,000	4
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

12. Employee benefit obligations (continued)

Long Service Awards

Assumptions used at the reporting date:

Opening Balance	6,959,000	6,967,000
Current-service cost	969,000	975,000
Expenditure for the year	(446,836)	(714,836)
Finance Charges	753,000	697,000
Actuarial loss	(306,164)	(965,164)
Subtotal	7,928,000	6,959,000
Less Current Portion	(1,227,000)	(883,000)
	6,701,000	**6,076,000**

The municipality operates an unfunded defined benefit plan for all its employees. Under the plan, a long service award is payable after five years of continous service and every five years thereafter to employees. The provision is an estimate of the long service based on historical staff turnover. No other long service benefits are provided to employees. These provisions are made to enable the municipality to be in a position to fulfill its known legal obligations when they become due and payable.

The most recent actuarial valuations of plan assets and present value of the defined benefit obligation were carried out as at 30 June 2024 by Mr C Weiss of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past servcie cost, were measured using the Projected Unit Credit Method.

At the end of the current year(2024), 289 employees were eligible for Long Service Awards (283 in 2023).

Key assumptions used are as follows:

Interest Rates		
Discount Rate %	11	12
General Salary Inflation (Long term) %	6	7
Net Effective Discount Rate applied to salary- related Long Service Bonuses %	5	4
	-	-

The discount rate used is composite of all government bonds and is calculated using a technique known as "bootstrapping"

ii) Last valuation
The last valuation was performed as at 30 June 2024.

iii) Actuarial Valuation Method
The Projected Unit Credit Method has been used to value the liabilities

The liability in respect of past service recognised in the Statement of Financial Position is as follows

	Unfunded Liability
30 June 2024	7,928,000
30 June 2023	6,959,000
30 June 2022	6,967,000
30 June 2021	6,170,000
30 June 2020	5,475,000
30 June 2019	4,749,336
30 June 2018	3,530,348
30 June 2017	3,415,935
	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

12. Employee benefit obligations (continued)

Experience adjustments were calculated as follows:

		Liabilities(Gain)/Loss
30 June 2024	-	214,000
30 June 2023	-	121,000
30 June 2022	-	222,000
30 June 2021	-	(43,000)
30 June 2020	-	343,393
30 June 2019	-	348,115
30 June 2018	-	293,874
30 June 2017	-	319,878
	-	-

Sensitivity Analysis on the Unfunded Accrued Liability

	Total Liability	% Change
Liability	7,928,000	-
General earnings inflation rate (+1%)	8,391,000	6
General earnings inflation rate (-1%)	7,505,000	(5)
Discount Rate (+1%)	7,498,000	(5)
Discount Rate (-1%)	8,406,000	6
Average retirement age (+ 2 years)	8,538,000	8
Average retirement age (-2 years)	7,336,000	(7)
Withdrawal rates (*2)	6,286,000	(21)
Withdrawal rates (*0.5)	9,033,000	14
	-	-

Sensitivity Analysis on the future Current- service and Interest Costs

Assumption	Current Service Cost	Interest Cost	Total Cost	%Change
Future Cost for 2023/24	969,000	753,000	1,722,000	-
General earnings inflation rate (+1%)	1,036,000	801,000	1,837,000	7
General earnings inflation rate (-1%)	908,000	709,000	1,617,000	(6)
Discount rate (+1%)	916,000	770,000	1,686,000	(2)
Discount rate (-1%)	1,029,000	733,000	1,762,000	2
Average retirement age (+2 years)	1,016,000	808,000	1,824,000	6
Average retirement age (-2 years)	922,000	709,000	1,631,000	(5)
Withdrawal rates (X 2)	718,000	578,000	1,296,000	(25)
Withdrawal rates (X 0.5)	1,146,000	872,000	2,018,000	17
	-	-	-	-

The amounts recognised in the Statement of Financial Performance are as folows		
Current Service Cost	969,000	975,000
Interest cost	753,000	697,000
Actuarial gain	(306,164)	(964,034)
	1,415,836	**707,966**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

12. Employee benefit obligations (continued)

Defined Contributions Funds

The Municipality contributes to the following Defined Benefit Plans

Consolidated Retirement Fund	8,934,438	8,180,348

Defined contribution funds

The Municipality contributes to funds which are defined as defined contribution funds. The retirement benefit fund is subject to the Pension Fund Act, 1956, with the pension being calculated on the pensionable remuneration paid. Current contributions by council are charged against expenditure on the basic of current service costs.

Contributions paid recognised in the Statement of Financial Performance: .

SALA Pension	1,126,645	1,137,799
SAMWU National	4,538,889	4,436,400
National Municipal Workers Fund	636,452	522,461
Discovery Investment	-	14,419
	6,301,986	**6,111,079**

13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Voter Education Grant	1,360	1,360
DEDEA Grant	620,723	39,111
Municipal Disaster Recovery Grant	11,354,218	-
	11,976,301	**40,471**

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

See note 25 for reconciliation of grants from National/Provincial Government.

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

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

14. Provisions

Reconciliation of provisions - June 2024

	Opening Balance	Unwinding of discounted interest	Increase due to re-measuremen	Total
Landfill Sites	30,598,260	3,431,135	2,692,129	36,721,524

Reconciliation of provisions - June 2023

	Opening Balance	Unwinding of discounted interest	Reduction due to re-measurement	Total
Landfill Sites	33,737,956	3,471,822	(6,611,518)	30,598,260

Non-current liabilities	35,830,142	30,598,260
Current liabilities	891,382	-
	36,721,524	**30,598,260**

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The calculation for the rehabilitation of the landfill site provision was compiled by an external specialist who was used to perform a valuation of the estimated annual cost of closure and rehabilitation (recurring costs) for the following landfill sites.

.

Mount Fletcher	13,855,562	11,655,689
Maclear old	5,137,769	4,327,189
Ugie-old	4,932,711	4,162,967
Maclear-new	1,128,195	1,126,771
Ugie-new	11,667,287	9,325,644
	36,721,524	**30,598,260**

Location	Estimated Decommission Date	Future Cost of Rehabilitation
Mount Fletcher	2,034	26,225,696
Maclear old	2,024	7,939,782
Ugie -old	2,024	7,622,892
Maclear- new	2,072	14,194,756
Ugie- new	2,033	21,076,316
	-	**77,059,442**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

14. Provisions (continued)

The CPI is used for determing the future value of current costs in the year when the cost is projected to be incurred. The CPI figure used in the General Landfill Closure Costing Model (GLCCM) is based on the three-month avarage CPA for the quarter that included the financial year-end date. The avarage of the CPI for the last quarter amounted to 6.1716%.

There are currently five landfill sites in Elundini which service Mount Fletcher, Maclear and Ugie, they are named after the town which they service.

Mt Fletcher Landfill Site

Total area of the landfill	35 022 m2
Is the site licenced	Yes
Expected remaining useful life	10 years
Waste type allowed	Genaral Landfill
Size class	Communal
Climatic water balance	B-

Maclear old Landfill Site

Total area of the landfill	10 000 m2
Is the site licenced	No
Expected remaining useful life	0 years
Waste type allowed	General Landfill
Size class	Small
Climatic water balance	B+

Ugie Old Landfill Site

Total area of the landfill	11 353 m2
Is the site licenced	No
Expected remaining useful life	0 years
Waste type allowed	General Landfill
Size class	Small
Climatic water balance	B-

Maclear new Landfill Site

Total area of the landfill	80 900 m2
Is the site licenced	Yes
Expected remaining useful life	48 years
Waste type allowed	General Landfill
Size class	Small
Climatic water balance	B+

Ugie new Landfill Site

Total area of the landfill	65 821 m2
Is the site licenced	Yes
Expected remaining useful life	48 years
Waste type allowed	General Landfill
Size class	Small
Climatic water balance	B-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

15. Consumer deposits

Consumer Deposits		
Electricity	304,598	304,598
Housing Rental	97,852	97,852
	402,450	**402,450**

The fair value of consumer deposits approximates their carrying value. Interest is not paid on these amount.

16. Loans and borrowings

Loans and borrowings	Opening capital	Capital payment	Closing capital
Current portion	15,366,146	(5,758,994)	9,607,152
Non-current portion	14,633,854	-	14,633,854
	30,000,000	**(5,758,994)**	**24,241,006**

The current annuity loan will be repaid over a period of 36 months at an interest rate of 11.29%. The loan is secured with an amount of R3 000 000 held over Standard Bank investment account number 388490365-001.

17. Service charges

Sale of electricity - exchange	33,410,445	27,780,299
Electricity availability charges - non-exchange	9,982,142	8,731,134
Electricity rebates	(959,773)	(1,107,328)
Refuse removal	7,026,848	6,670,322
Refuse rebates	(593,461)	(682,064)
	48,866,201	**41,392,363**

Notes to the Annual Financial Statements

18. Construction contracts

The Municipality receives an INEP allocation in terms of Schedule 5B of DORA

This allocation is used to construct electricity infrastructure in areas where Eskom is currently the distributor of electricity.

Therefore, upon completion the infrastructure is handed over to ESKOM for operation and maintenance.

Revenue		
Khohlon/mkgorwana electrification	-	4,638,088
Bethula electrification	-	3,770,075
Elenge electrification	-	3,853,044
Ulundi electrification	-	2,112,860
Nkobong link line electrification	-	25,933
Top blocks electrification	1,381,320	-
Westhoek electrification	3,600,210	-
Mehemeng electrification	3,491,116	-
Skote electrification	3,597,196	-
Xaxazana Zone 14 electrification	2,507,816	-
Ward 17 extention (Mbidlana) electrification	155,032	-
Ward 17 extention (Gqaghala) electrification	139,528	-
Esilindini electrification	228,072	-
Showini electrification	120,406	-
Koebong electrification	238,304	-
	15,459,000	**14,400,000**
Expenditure (INEP)		
Khohlong/Mkgorwana electrification	-	4,033,120
Bethula electrification	-	3,278,326
Elenge electrification	-	3,350,474
Ulundi electrification	-	1,837,269
Nkobong link line electrification	-	22,550
Top blocks electrification	1,201,148	-
Westhoek electrification	3,130,617	-
Mehemeng electrification	3,035,753	-
Skote electrification	3,127,997	-
Xaxazana Zone 14 electrification	2,180,709	-
Ward 17 extention (Mbidlana) electrification	134,810	-
Ward 17 extention (Gqaghala) electrification	121,329	-
Esilindini electrification	198,323	-
Showini electrification	104,701	-
Koebong electrification	207,221	-
VAT	2,016,392	1,878,261
	15,459,000	**14,400,000**
Expenditure (other sources)		
Elenge electrification	-	1,252,581
Koebong electrification	6,157	-
VAT	924	187,887
	7,081	**1,440,468**

Notes to the Annual Financial Statements

Agreements that meet all the criteria in paragraph .29 of GRAP 9 (Revenue from exchange transactions)

The Municipality recognises revenue using the percentage of completion method for agreements that meet all the criteria in paragraph .29 of GRAP 9 (Revenue from Exchange transactions), continuously as construction progresses.

The Municipality determines which agreements meet all the criteria in paragraph .29 of the Standard of GRAP on Revenue from Exchange transactions continously as construction progresses in the following manner:

The amount of revenue arising from such agreement in the period	15,459,000	14,400,000

The office of the Accountant General issued guidlines on how to account for the revenue and the expenditure incurred on the construction of infrastructure that will be handed over to Eskom once completed which brought changes to how Municipalities have been acounting for transactions related to the INEP Grant allocations.

In compliance with the requirements of the guidelines, the Municipality has had to separately disclose revenue recognised from the allocation related to work performed where the resulting infrastructure will not belong to the Municipality as construction contracts revenue to reflect the nature of activity carried out for the revenue to be recognised rather than the source of the fund which has always been the case.

This change was deemed necessary to comply with the requirements of the guidelines issued by the Office of the Accountant General.

19. Rental of facilities and equipment

Investment property		
Rental of investment property	2,005,974	1,709,181
Halls and facilities		
Rental of halls and facilities	60,995	45,193
Machinery and equipment		
Rental of machinery and equipment	222,171	3,163

20. Licences and permits

Driving Licenses	561,637	388,680
Learner driving licenses	796,216	742,500
Public Driving Permits	273,198	233,145
Registrations	1,975,315	2,379,577
	3,606,366	**3,743,902**

21. Other income

Building plans and inspection fees	130,149	132,626
Tender documents sale	185,681	142,990
Cemetery fees	42,614	30,934
Subsistence and Travel Allowance Refunds	7,752	-
Skills Development Levy Refund	286,713	332,626
Sundry income	263,587	52,530
Insurance refunds	286,923	138,880
Proceeds from Pound Auctions	389,805	77,299
	1,593,224	**907,885**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

22. Interest revenue

Interest earned - Investments	6,267,229	6,367,152
Interest earned - trade and other receivables	4,933,999	3,400,311
	11,201,228	**9,767,463**
	-	-
	-	**-**

23. Actuarial gains

Post retirement medical benefits	**-**	83,634
Long service awards	**-**	964,034
	-	**1,047,668**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

24. Property rates

Rates received

Public Service Infrastructure & Argriculture	14,036,044	12,158,094
Residential	7,090,707	5,886,656
Industrial, State Owned & Vacant Land	8,382,229	8,869,878
Multi-Purpose & Other Rates	-	994,272
Less: Rebates	(2,182,663)	(2,126,105)
	27,326,317	**25,782,795**

Valuations

Agricultural	1,506,079,957	1,506,079,957
Business	333,046,500	333,590,500
Churches	30,843,000	30,843,000
Government	579,164,400	579,164,400
Industrial	210,870,000	210,870,000
Mining	992,000	992,000
Municipal Owned Property	280,877,530	280,877,530
Public Open Space	33,027,000	33,027,000
Public service infrastructure	2,940,039,229	2,940,039,229
Residential	892,828,355	892,150,355
Vacant Land	43,504,600	43,638,600
	6,851,272,571	**6,851,272,571**

Assessment rates are levied on the total value of property of which the valuation must be performed every four years in terms of the Municipal Property Rates Act, Interim valuations we performed in June 2022

Rebates can be defined as any income that the Municipality is entitled by law to levy, but which has subsequently been forgone by a way of rebate or remission

Rates are levied annually and monthly. Monthly rates are payable by the last day of each month and annual rates are payable before 30 September. Interest is levied at prime rate on outstanding monthly basis

Basic Rate

(c/Rand)		
Public Service Infrastructure and Agricultural Land Farming	0.22	0.217
Residential	0.914	0.868
Industrial, State Owned, Mining and Vacant Land	1.828	1.736
Business	1.371	1.302
Agricultural land for other purposes	1.371	1.302
	6	**5**

25. Donation

Donation	2024	2023
Waste Compactor Truck	-	2,551,882

There were no donations received by the municipality during the year.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

26. Government grants and subsidies

Operating grants		
Equitable Share	190,445,000	180,384,000
Expanded Publick Works- EPWP	1,930,000	2,539,000
Municipal Finance Management Grant	1,700,000	1,650,000
Municipal Infrastructure Grant	2,702,250	2,208,750
Municipal Disaster Recovery Grant	952,782	-
Libraries Grant	750,000	1,238,327
DEDEA Grant	4,418,388	-
	202,898,420	**188,020,077**
Capital grants		
Municipal Infrastructure Grant	47,727,750	42,527,334
Operating Grants	202,898,420	188,020,077
Capital Grants	47,727,750	42,527,334
Total Grants Revenue	**250,626,170**	**230,547,411**

Equitable Share

In terms of the Constitution, local government is entitled to unconditional allocation of equitable share nationally raised to different levels of government. This allocation enables the provision of basic services and fulfilment of designated functions.

Municipal Finance Management Grant

Current-year receipts	1,700,000	1,650,000
Conditions met - transferred to revenue	(1,700,000)	(1,650,000)
	-	-

FMG is used to promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal Finance Management Act (MFMA).

Expanded Public Works Program (EPWP)

Current-year receipts	1,930,000	2,539,000
Conditions met - transferred to revenue	(1,930,000)	(2,539,000)
	-	-

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines..

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

26. Government grants and subsidies (continued)

Voter Station Grant

Balance unspent at beginning of year	1,360	1,360

This grant is used for maintenance of roads to voting stations.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	4,061,086
Current-year receipts	50,430,000	40,675,000
Conditions met - transferred to revenue (Operational)	(2,702,250)	(2,208,750)
Conditions met - transferred to revenue (Capital)	(47,727,750)	(42,527,336)
	-	-

MIG is used to supplement capital finance for basic municipal infrastructure for poor households, micro enterprise and social institutions. Also to provide for new municipal infrastructure and rehabilitation of existing ones.

Libraries Grant

Balance unspent at beginning of year	-	488,328
Current-year receipts	750,000	750,000
Conditions met - transferred to revenue	(750,000)	(1,238,328)
	-	-

The library grant is used to pay salaries for libraries staff and other library related costs.

DEDEA Grant

Balance unspent at beginning of year	39,111	39,111
Current-year receipts	5,000,000	-
Conditions met - transferred to revenue	(4,418,388)	-
	620,723	**39,111**

DEDEA Grant is used for promoting and administering sustainable economic development and employment creation. (see note 13).

Municipal Disaster Recovery grant

Current-year receipts	12,307,000	-
Conditions met - transferred to revenue	(952,782)	-
	11,354,218	**-**

Municipal Disaster Recovery Grant is used to rehabilitate and reconstruct municipal infrastructure damaged by a disaster. (see note 13).

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

27. Fines, Penalties and Forfeits

Illegal Connections Fines	-	12,584
Municipal Traffic Fines	236,100	281,500
Pound Fees	99,524	44,052
Unclaimed Money Forfeits	1,305,095	2,028,899
	1,640,719	**2,367,035**

28. Interest from non-exchage receivables

Interest - Property rates	4,272,367	3,197,115

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
29. Employee related costs		
Basic salaries and wages	88,818,211	82,208,820
Bonus	7,491,139	6,805,919
Medical aid contributions	6,389,142	5,746,800
UIF Contributions	604,270	600,733
Other payroll levies	200,627	224,874
Staff leave	1,937,851	1,459,602
Pension contributions	15,236,424	14,291,425
Overtime payments	4,463,043	4,395,399
Long-service awards	684,843	998,634
Acting allowances	1,425,667	1,067,991
Workmens Compensation Fund	805,006	694,498
Motor vehicle allowance	4,255,297	3,786,621
Housing allowances	157,829	141,050
Post employment benefit	185,041	208,348
Cellphone allowance	46,144	191,975
Scarcity allowance	230,628	176,850
Standby allowance	880,636	891,029
Bargain council	38,739	36,988
Perfomance bonus	1,349,260	2,235,823
	135,199,797	**126,163,379**
Municipal manager (J T Mdeni)		
Annual Remuneration	1,075,671	970,603
Car Allowance	360,000	360,000
Performance Bonuses	74,020	243,226
Contributions to UIF, Medical and Pension Funds	15,345	16,004
	1,525,036	**1,589,833**
Remuneration of Chief Financial Officer (B.A Mbana - Gantsho)(March 2024 - current)		
Annual Remuneration	333,444	-
Car Allowance	40,000	-
Contributions to UIF, Medical and Pension Funds	4,120	-
	377,564	**-**
Acting Chief Financial Officer - B Mashologu Dlodlo (July 2023-February 2024)		
Acting Allowance	17,128	10,248
Acting Financial Officer - F. Mbaliswana (July 2022 - January 2023)		
Acting Allowance	-	14,122
Acting Corporate Services Director - P. Dumalisile (July 2022 and May 2023-June 2023)		
Acting allowance	-	4,637
Director Infrastructure Planning and Development S Sako (July 2022 - November 2022)		
Annual Remuneration	-	517,928
Car Allowance	-	73,808
Performance Bonuses	-	132,510
Contributions to UIF, Medical and Pension Funds	-	47,357
Other	-	106,343
	-	**877,946**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
29. Employee related costs (continued)		
Director Infrastructure Planning and Development- S Mrengqwa	-	-
Annual remuneration	1,029,277	322,247
Car Allowance	219,361	73,120
Contributions to UIF, Bargaining and skills	13,367	4,324
	1,262,005	**399,691**
Remuneration of Acting Infrastructure Planning and Development Director - S. Mrengqwa (January 2023 - February 2023)	-	-
Acting allowance	-	3,695
Director Strategic Planning and Economic Development- NC Eddie		
Annual Remuneration	853,381	448,720
Car Allowance	360,000	62,400
Performance Bonuses	54,381	52,016
Contributions to UIF, Medical and Pension Funds	13,568	6,398
Leave pay	-	99,871
	1,281,330	**669,405**
Director Community Services- L. Kutwana-Gomana		
Annual Remuneration	1,058,713	938,977
Car Allowance	167,500	150,000
Performance Bonuses	126,320	22,768
Contributions to UIF, Medical and Pension Funds	14,481	25,370
	1,367,014	**1,137,115**
Director Corporate Services- N K Fololo		
Annual Remuneration	-	811,690
Car Allowance	-	166,500
Contributions to UIF, Medical and Pension Funds	-	10,537
	-	**988,727**
Director Corporate Services - Z Xuba (October 2023 - current)	-	-
Annual remuneration	652,997	-
Car allowance	164,521	-
Contributions to UIF, Bargaining and Skills	8,975	-
	826,493	**-**
Remuneration of acting Strategic Planning and Economic Development Director - D.E Muthetho (November 2022- May 2023)		
Acting allowance		43,118
30. Remuneration of Councillors		
Mayor	967,383	974,628
Speaker	783,308	783,308
Councillors	9,602,184	9,521,763
Chief Whip	432,101	433,677
Executive Committee	1,632,855	1,699,447
	13,417,831	**13,412,823**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

30. Remuneration of Councillors (continued)

2024	Basic Salary	Travel Allowance	Cellphone Allowance	Total
Mayor	694,726	228,690	43,966	967,382
Speaker	739,342	-	43,966	783,308
Councillors	6,431,425	1,983,678	1,187,082	9,602,185
Chief Whip	292,448	95,687	43,966	432,101
Executive Committee	1,193,245	263,746	175,864	1,632,855
	9,351,186	**2,571,801**	**1,494,844**	**13,417,831**

2023	Basic Salary	Travel Allowance	Cellphone Allowances	Total
Mayor	705,157	223,967	45,504	974,628
Speaker	736,304	1,500	45,504	783,308
Councillors	6,396,391	1,898,964	1,226,408	9,521,763
Chief Whip	295,423	92,750	45,504	433,677
Executive Committee	1,245,717	271,714	182,016	1,699,447
	9,378,992	**2,488,895**	**1,544,936**	**13,412,823**

The Mayor and Speaker are full-time. They are provided with secretarial support, office and a municipal motor vehicle.

31. Depreciation and amortisation

Property, plant and equipment	34,862,804	37,785,026
Investment property	479,099	479,099
Intangible assets	247,187	140,484
	35,589,090	**38,404,609**
Impairment loss		
Work-in-progress	4,359,145	9,995,312
Roads infrastructure	9,298,861	716,556
Buildings	4,579,415	-
Investment property	13,488	-
	18,250,909	**10,711,868**

32. Finance charges

Employee benefits	916,000	697,000
Current borrowings	2,157,263	-
Landfill site provision	3,431,135	3,471,822
Finance leases	171,900	8,580
	6,676,298	**4,177,402**

33. Debt impairment

Debt impairment	20,629,965	14,036,410
Bad debts written off	3,693,883	3,402,557
	24,323,848	**17,438,967**

34. Bulk purchases

Electricity	32,028,659	27,312,969

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

34. Bulk purchases (continued)

Bulk purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for resale to the consumers. Electricity is purchased from Eskom.

35. Contracted services

Accounting and Auditing	2,225,087	2,149,278
Audit Committee	1,002,856	702,144
Catering Services	1,137,196	1,518,655
Dumping sites	-	3,544,701
Electrical	13,447,962	13,610,941
Internal Auditors	-	281,704
Drivers Licence Cards	201,213	162,345
Legal Services	1,957,361	1,365,468
Maintenance of Buildings and Facilities	9,033,175	11,490,549
Organisational	2,915,952	3,010,884
Personnel and Labour	9,408,684	5,889,834
Professional Staff	2,036,489	1,867,284
Research and advisory	4,937,801	1,186,450
Security Services	8,895,020	7,565,954
Other Contracted Services	2,213,053	1,323,354
Disconnection of electricity	580,648	458,861
Decorations	96,760	74,345
	60,089,257	**56,202,751**

36. Transfers and Subsidies

Transfers and Subsidies	5,495,648	5,531,558

Transfers and Subsidies	2024	2023
Indigent Support - Eskom Electricity	4,312,648	4,352,558
Elundini Cooperative Development Centre	1,015,000	1,085,000
Indigent Support - Other Energy Sources	168,000	94,000
	5,495,648	**5,531,558**

37. Sale of goods/ inventory

Inventory consumed	651,373	1,434,429

38. (Gain) Loss on disposal of non-monetary assets

(Gain) or loss on disposal of non-current assets	1,497,724	(851,243)

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

39. General expenses

Advertising publicity and marketing	1,721,223	1,055,226
Bank charges	718,351	689,082
Commission paid	684,991	1,512,302
Computer expenses	9,478,102	6,795,306
Learnership and internship	648,993	593,392
Insurance	4,109,209	3,034,763
Lease rentals	564,839	538,154
Fuel and oil	5,214,528	5,356,068
Printing and stationery	1,701,476	1,999,604
Protective clothing	993,076	795,910
Skills Development levy	1,202,668	1,125,551
Professional bodies, membership and subscription	1,704,827	1,510,225
Telephone and fax	1,298,479	1,596,142
Training	2,235,785	1,321,304
Travel and subsistence	7,666,500	7,210,941
External audit fees	5,586,840	5,568,334
Ward committees and other stipends	3,936,588	4,274,962
Motor vehicle licenses	461,598	287,836
Electricity	1,874,363	1,752,348
Employee wellness	-	37,800
Other sundries and consumables	1,064,504	3,171,704
	52,866,940	**50,226,954**

40. Cash generated from operations

Deficit	(20,440,635)	(12,703,409)
Adjustments for:		
Depreciation and amortisation	35,589,092	38,404,609
Actuarial gains or loss	1,233,994	(1,047,668)
Loss/ (Gain) on disposal of non current assets	1,497,724	(851,243)
Donations	-	(2,551,882)
Impairment loss	18,250,909	10,711,868
Debt impairment	24,323,847	17,438,967
Movement in employee benefits obligation	2,433,298	1,397,116
Movements in provisions	-	-
Interest on Landfill sites	3,431,135	3,471,822
Interest on LSA	916,000	697,000
Other non-cash items	-	-
Net income (losses) recognised directly in net assets	(144,823)	-
Changes in working capital:		
Receivables from exchange transactions	(24,940,111)	(17,127,769)
Other receivables from non-exchange transactions	(2,597,117)	(8,476,186)
Payables from exchange transactions	(3,799,919)	11,618,972
VAT Receivable	3,089,970	691,044
Unspent conditional grants and receipts	11,935,830	(5,480,788)
	50,779,194	**36,192,453**

41. Financial instruments disclosure

Categories of financial instruments

June 2024

Financial assets

	At amortised cost	Total

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
41. Financial instruments disclosure (continued)		
Trade and other receivables from exchange transactions	11,406,462	11,406,462
Other receivables - deposits	581,480	581,480
Other receivables - Office of the Premier	119,842	119,842
Other debtors	751,338	751,338
Other receivables - Joe Gqabi District Municipality	456,572	456,572
Cash and cash equivalents	49,725,520	49,725,520
	63,041,214	**63,041,214**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	50,146,244	50,146,244
Consumer deposits	402,450	402,450
Loans and borrowings	24,241,006	24,241,006
Finance lease obligation	1,576,622	1,576,622
	76,366,322	**76,366,322**

June 2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	10,790,198	10,790,198
Other receivables - deposits	581,480	581,480
Other receivables - Office of the Premier	119,842	119,842
Other debtors	1,671,177	1,671,177
Other receivables - Joe Gqabi District Municipality	456,572	456,572
Cash and cash equivalents	45,752,319	45,752,319
	59,371,588	**59,371,588**

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	53,946,161	53,946,161
Consumer deposits	402,450	402,450
	54,348,611	**54,348,611**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

42. Commitments

Authorised capital expenditure

Already contracted for but not provided for		
• Property, plant and equipment	23,203,535	15,959,855
Total capital commitments		
Already contracted for but not provided for	23,203,535	15,959,855
This expenditure will be financed from:		
• Own revenue	70,900	2,183,617
• Municipal Infrastructure Grant	22,023,479	11,610,885
• Office of the Premier Grant	-	2,165,353
• Municipal Disaster Recovery Grant	1,109,156	-
	23,203,535	**15,959,855**

43. Contingencies

Council has the following contingent liabilities.

Contingent liabilities		
Alleged breach of contract	1,250,000	1,250,000
The plaintiff is claiming for damages arising from an alleged unlawful arrest by Municipal Officials.	200,000	200,000
The plaintiff's claim is for damages resulting from alleged unlawful confiscation of his drivers' license by the Municipal Traffic Police.	800,000	800,000
Plaintiff is claiming from the Municipality an amount of R3 035 000 in respect of injuries she allegedly suffered after she allegedly dell into a trench that was left uncovered at night where roadworks were being carried out at Back Street, Tlokoeng.	3,035,000	3,035,000
Claim for fees for professional services rendered to the Municipality. The Municipality felt that the fees were excessive and requested that their bill be subjected to taxation.	103,371	103,371
A contractor failed to fullfill its contractual obligations and therefore the Municipality, after following due process, terminated the contract in March 2014. A summons was received on 23 September 2014 claiming for loss of profit of the said termination amounting to R1 250 000.	-	1,250,000
Summons were served to the Municipality in relation to non-payment of services alleged to have been rendered to the Municipality by the travelling agent.	-	268,268
An employee of the Municipality was dismissed pursuant to a disciplinary hearing. The employee approached the Bargaining Council and the Commissioner reinstated the employee.	-	691,025
Total estimated Contingent liabilities	**5,388,371**	**7,597,664**

44. Risk management

Financial risk management

The municipality is potentially exposed to the following risks

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Risk management (continued)

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over long term. The municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

The following balances are exposed to liquidity risk.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

30 June 2024	Within 1 Year	Two to Five Years	After Five years	Total
Finance leases	681,076	895,546	-	1,576,622
Payables from exchange transactions	50,146,244	-	-	50,146,244
Consumer deposits	402,450	-	-	402,450
Loans and borrowings	9,607,152	14,633,854	-	24,241,006
	60,836,922	**15,529,400**	**-**	**76,366,322**

30 June 2023	Wthin 1 Year	Two to five years	After five years	Total
Payables from exchange transactions	53,946,161	-	-	53,946,161
Consumer deposits	402,450	-	-	402,450
	54,348,611	**-**	**-**	**54,348,611**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Risk management (continued)

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	30 June 2024	30 June 2023
Cash and Cash Equivalents	49,725,520	45,752,319
Receivable from Exchange transactions	11,406,462	10,790,198
Other receivables - deposits	581,480	581,480
Other receivables - Office of the Premier	119,842	119,842
Other debtors	751,338	1,671,177
Other receivables - Joe Gqabi District Municipality	456,572	456,572

Cash and Cash Equivalent

Deposits of the municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. An amount of R3 000 000 is held as security over the midterm loan for the duration of the loan period which is 36 months..

Receivables

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due to the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose whose accounts become in arrears, council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction service" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payables within 30 days. All receivables outstanding for more than 30 days are considered past due date.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

No receivables were pledged as security for liabilities and no collateral is held from any consumers (other than consumer deposits)

The following service receivables are past due, but not impaired		
1 month past due	1,226,285	969,681
2 months past due	1,099,965	1,346,381
3 months past due	319,347	825,920
4 months past due	927,571	993,145
5 months past due	1,056,895	733,144
6 - 12 months past due	5,685,081	4,719,846
	10,315,144	**9,588,117**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

44. Risk management (continued)

Long Term Receivables (including current portion)

Long Term Receivables are disclosed after taking into account any provision for impairment raised against the outstanding balance. Each outstanding balance are individually assessed for impairment.

No receivables were pledged as security for liabilities and no collateral is held from any of the counter parties.

Market risk

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following are exposed to interest rate fluctuations.

Cash and Cash equivalents	49,725,520	45,752,319

Other price risk (Market Risk)

Other price risk is the risk that the fair value of future cashflows of a financial instrument will fluctutate because of changes in market prices (other than those arising from interestrate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The municipality is not exposed to other price risk.

Post-tax surplus for the year would increase/decrease as a result of gains or losses on equity securities classified as at fair value through surplus or deficit. Other components of equity would increase/decrease as a result of gains or losses on equity securities classified as available-for-sale.

45. Fruitless and wasteful expenditure

Opening balance as previously reported	103,740	102,578
Add: Fruitless and wasteful expenditure identified - current	-	1,162
Closing balance	**103,740**	**103,740**

46. Irregular expenditure

Opening balance as previously reported	-	118,556
Opening balance as restated	**-**	**118,556**
Less: Amount written off - current	-	(118,556)
Closing balance	**-**	**-**

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,642,958	1,478,189
Refund and discount received	(82,148)	(51,737)
Amount paid - current year	(1,560,810)	(1,426,452)
	-	-

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

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

Audit fees

Opening balance	380,142	-
Current year subscription / fee	6,424,865	6,403,584
Amount paid - current year	(6,805,007)	(6,023,442)
	-	**380,142**

The amounts on the table above are VAT inclusive.

PAYE, SDL and UIF

Opening balance	1,424,622	1,543,912
Current year subscription / fee	24,530,062	22,702,161
Amount paid - current year	(24,503,276)	(22,821,451)
	1,451,408	**1,424,622**

Pension and Medical Aid Deductions

Opening balance	(6,487)	(6,484)
Current year subscription / fee	21,625,566	20,035,492
Amount paid - current year	(21,625,566)	(20,035,495)
	(6,487)	**(6,487)**

VAT

VAT receivable	5,749,522	8,839,492

VAT output payables and VAT input receivables are shown in note 5.

VAT is payable on the receipt basis. Only once payment has been received from debtors is VAT paid over to SARS. All VAT returns have been submitted by the due date throughout the year.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

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

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2024:

30 June 2024	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr P. Cawe	399	1,450	1,849
Cllr V. Hokwana	16,847	-	16,847
Cllr T. Mfono	9,611	90,851	100,462
Cllr L.S. Ndumndum	399	677	1,076
Cllr Z. Mampintsha	96	-	96
	27,352	**92,978**	**120,330**

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr P. Cawe	428	2,873	3,301
Cllr V. Hokwana	14,404	-	14,404
Cllr T. Mfono	8,448	71,003	79,451
	23,280	**73,876**	**97,156**

Relationships to the person of the state not considered to be related parties

Director	Relationship to the person of the state	Amount
Nomasiza Winnie Chaka (Imbokodo Women Trading Enterprise)	Fundiswa Chaka (Child)	32,179
Ndiafhi Rerani (Munsoft)	Spouse of Mary Renani (Department of Justice)	9,339,341
Oko Mhlwempu (Sivs Arch)	Brother of Mawande Gobeni (Unit Head of Elundini Local Municipality) Spouse of Abongille Mhlwempu (SAPS)	724,326
Litha Mpeqeka (Bralt Holdings)	Elundini Local Municipality experiencial learner (SCM)	209,999
Anele Thembalethu Nodikana (Maclear and Ugie Big Four)	Brother of Vuyokazi Nodikana (Elundini Local Municipality)	67,163
Sydwell Maqula (SMS ICT Choice)	Spouse of N.J. Majula (Department of Human Settlements)	1,941,777
Mbodla Matshutsha Vumi (Amatshutsha Logistics)	Spouse of Nqobile (Chief of staff KZN Office of the Premier)	767,641
Nosipho Kholutsoana (Lereku Trading)	Spouse of Moeketsi Kholutsoana (Forman of Structures at Elundini Local Municipality)	6,000
Total		13,088,426

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

48. Deviation from supply chain management regulations

Deviations from, and ratifications of minor breaches of the Procurement Processes due to Sole Providers, Specialised Services, Emergencies and Variation Orders:

Section 36 (1) (a) (1)	-	23,800
Section 36(1) (a) (iii)	6,000	-
Section 36 (1) (a) (v)	33,442,322	15,042,316
Section 36 (1) (b)	-	304,579
	33,448,322	**15,370,695**

Municipal Manager Office	117,702	1,595,942
Budget and Treasury Office	279,580	1,493,411
Infrastructure Planning and Development	31,616,956	8,416,877
Corporate Services	1,129,025	3,183,565
Community Services	292,210	625,750
Strategic Planning and Development	12,849	55,150
	33,448,322	**15,370,695**

Figures in Rand	2024	2023

49. Statutory receivables

In accordance with the principle of GRAP108, Statutory Receivables of the municipality are classified as follows.

Property Rates	40,194,507	32,832,117
Traffic fines	3,807,914	3,615,414
VAT Receivables	5,749,522	8,839,492

Property Rates are levied in term of the Municipal Property Rates Act 2004 (Act 6 of 2004) Refer to note 23 for property rates levied for the year and basis for interest rate used on outstanding balances.

Traffic fines are issued in terms of the Criminal procedure Act, 1997. Refer to note 26 or Traffic fines issued for the year. No interest is levied on outstanding traffic fines.

VAT receivable represents the refunds claimable from SARS by the municipality for value added tax paid or claimed on the services or goods acquired by the municipality. VAT receivable is claimed when input VAT for the period exceeds output VAT declared.

Refer to note 4 for determining the recoverability of property rates and traffic fines.

Statutory receivables that are past due at the reporting date, and have been impaired		
Property Rates	22,992,501	18,650,994
Traffic Fines	3,807,914	3,615,414
	26,800,415	**22,266,408**
Statutory receivables that are past due that have not been impaired		
Property Rates	17,177,003	16,820,669
Traffic Fines	-	-
	17,177,003	**16,820,669**

Rates - payment percentage of receivables are used to assess whether the receivable is impaired.
Refer to note 4 for more detail on the impairment and ageing of the statutory receivable past due not impaired.

Fines - all fines are impaired.
Refer to note 4 for more detail on the impairment provision and ageing of the statutory receivable past due not impaired.

VAT - VAT receivable from SARS is not impaired as South African Receiver of Revenue has sufficient funds to pay any outstanding amounts. VAT on output is provision assessed with the debtors impairment provision and included therein.
Refer to note 3 for more detail on the impairment provision.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

50. Related parties

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public.

Other related parties transactions relate to the acquisition of goods under terms and conditions applicable to open market trading on a willing buyer and seller principles. The payment terms are not favourable to other transactions (other related parties) and are not secured or encumbered. Settlement terms are in accordance with the general terms of trade with no guarantees received or given. The provision for doubtful debts is not made as the municipality is not owed by the supplier and no bad debts expense was recognised on these parties.

Related party loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councilors and senior management are not permitted.

Compensation of Management Personnel

Remuneration of related parties are disclosed in note 28 and 29.

Relationship to the person of the state.

Director	Relationship to the person of the state	Amount
Nontuthuzelo Nkalitshana (Timzo and Ntuthu Manufacturing and cleaning Services)	Councilor at Elundini Local Municipality in past 12 months	32,001
Total		32,001

51. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
VAT Receivable		8,846,322	(6,830)	-	8,839,492
Motor vehicles		8,579,022	64,675	-	8,643,697
Computer equipment		5,222,241	10,466	(686)	5,232,021
Furniture and office equipment		2,165,273	4,529	686	2,170,489
Receivables from exchange transactions		13,976,984	(2,493,025)	(653,927)	10,830,032
Receivables from non-exchange transactions		19,649,740	(2,679,386)	653,927	17,624,281
Current provisions		(3,431,137)	-	3,431,137	-
Non-current provisions		(27,167,123)	-	(3,431,137)	(30,598,260)
Accumulated surplus		(579,799,060)	5,071,467	67,636	(574,659,957)
Trade payables		(11,649,264)	-	(82,000)	(11,731,264)
Retentions		(13,868,353)	-	82,000	(13,786,353)
Buildings		130,844,544	328,701	(7,471,104)	123,702,141
Work-in-progress		55,280,135	-	(923,800)	54,356,335
Roads infrastructure		265,101,104	(310,488)	8,327,268	273,117,884
Electricity infrastructure		63,880,633	9,891	-	63,890,524
		(62,368,939)	**-**	**-**	**(62,368,938)**

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

51. Prior-year adjustments (continued)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Re-classification	Restated
Service charges	17	(32,615,693)	(45,535)	-	(32,661,228)
Depreciation and Amortization	31	38,468,459	(63,850)	-	38,404,609
Construction contracts		-	-	(14,400,000)	(14,400,000)
Government grants and subsidies		(244,947,411)	-	14,400,000	(230,547,411)
Loss on Disposal of non-monetary assets		9,904,548	(43,924)	(9,860,624)	-
Gain on disposal of non-monetary assets	38	-	-	(851,243)	(851,243)
Impairment (loss) reversal		-	-	10,711,867	10,711,867
Insurance refunds		138,880	-	(138,880)	-
Other income		769,005	-	138,880	907,885
Surplus for the year		**(228,282,212)**	**(153,309)**	**-**	**(228,435,521)**

Prior Period Error : Correction of reassessments performed in 2023

Reassessments of useful lives was performed for all movable assets (this includes motor vehicles, computer equipment, furniture and office equipment) in the 2023 financial year.

The Depreciation figures contained casting and calculation errors which had resulted in the following effects on the financial statements for the 2023 financial year:

Decrease in Depreciation and Amortization by	(R 50 388)
Decrease in Property, Plant and Equipment : Accumulated Depreciation by	R 50 388

The impact of corrrection of reassessment of infrastructure assets resulted in the following effects on the financial statements :

Decrease in Depreciation by	(R 101 952)
Decrease in Accumulated Depreciation by	R 101 952

Prior Period Error : Correcting prior year disposal

Motor Vehicles an ISUZU DCAB with a cost of R330 079 and Accumulated depreciation of R286 155.86 which was written of in 2023 financial year was reversed as it was auctioned in the 2024 financial year, so a depreciation figure was recalculated which amounted to R 14 641.18. lastly on Motor Vehicle there was depreciation calculated which amounted to R 35 392.77 which relates to Isuzu which was disposed in 2024, was reversed.

This resulted in the following effects on the Financial Statements for the 2023 financial year

Increase in Property, Plant and Equipment : Cost by	R 330 079
Increase in Property, Plant and Equipment : Accumulated Depreciation by	(R 286 155)
Increase In Gains on disposal of non-monetary assets by	(R 43 924)
Increase In Depreciation Expense by	R 14 641
Increase in Property, Plant and Equipment : Accumulated Depreciation by	(R 14 641)

Figures in Rand	2024	2023

51. Prior-year adjustments (continued)

Prior Period Error : Revenue recognition in the incorrect period

Electricity Sales from Contour Technology (Pty) Ltd amounting to R 52 365.26 (incl VAT) for the month of June 2023 was recorded in July 2023 on the receipt date instead of being recorded on 30 June 2023 when the actual event took place.

This resulted in the following effects on the Financial Statements for the 2023 financial year :

Revenue increased by	(R 45 535.01)
Sundry receivables increased by	R 52 365.26
VAT Receivables decreased by	(R 6 830.25)

Payables from exchange transactions

In the previous Financial Year suppliers for two infrastructure projects were overpaid by a net amount of R82 000.

This resulted in a variance of R82 000 when comparing the G.L. to the Trade creditors aging. Another issue is that the Trade creditors vote was debited after the suppliers had already been paid.

We then found that the Municipality had withheld retentions from the suppliers. We then corrected this issue by reducing the suppliers' retention accounts by the amounts that they were overpaid.

This resulted in the following effects on the Financial Statements for the 2023 Financial year:

Trade payables increased by R82 000; and
Retentions decreased by R82 000

Correction of error: Disclosure notes

Additional disclosures in terms of Municipal Finance Management Act

Audit fees - The prior year fee and the amount paid disclosed in the note excluded VAT. This resulted in the prior year fee being understated by (R6 403 584 - R5 237 775) R1 165 809. This also resulted in the amount paid being understated by (R6 023 442 - R5 568 334) R455 108. This was then corrected.

This prior period correction then resulted in the following effects on the Financial Statements for the 2023 Financial year:

Payments due to SARS increased by R1 165 809 to arrive at an amount of R6 403 584;

Amount paid - current year increased by R455 108 to arrive at an amount of R6 023 442;and

As a result of the adjustments, the closing balance also changed to R380 142

PAYE/UIF and SDL - The prior year actual amount due to SARS was understated by the UIF deductions from the employees. This resulted in the payments due to SARS as per the note being understated by an amount of (R22 702 161 - R22 039 053) R663 108. This was then corrected.
This prior period correction resulted in the following effects on the Financial Statements for the 2023 Financial year:

Payments due to SARS increased by R663 108 to arrive at an amount bof R22 702 161; and

As a result of this adjustment, the closing balance also changed to R1 424 622

Change of accounting policy disclosure - The accounting policy disclosed in the previous year did not reflect the accounting policy that was actually approved.In the current year, the disclosure has been corrected to align with the approved accounting policy and and the National Treasury Capital Asset Guide.

The principal agent arrangement that the Municipality has with Contour Technology (Pty) Ltd was not disclosed in the prior Financial Year. The principal agent arrangement has now been disclosed. Refer to note 54 for the disclosure.

Figures in Rand	2024	2023

51. Prior-year adjustments (continued)

Reclassifications

The following reclassifications adjustment occurred:

Reclassification 1: Projects transfered back to Work-in-progress

Transfer of completed projects back to Work-in progress

In the prior years, three assets were capitalised even though they were not in their intended conditions. This is because practical completion certificates for the projects were provided. Upon later inspection, it was found that the assets were not usable as they were not in their intended conditions.

These assets were then removed from the asset register and returned to Work-in-progress. This is because, although the projects have practical completion certificates, in substance the projects are still not in their intended conditions.

The effects of this prior year adjustment are as follows on the Financial Statements:

Buildings have decreased by R7 234 463;

Work-in-progress has increased by R7 593 638.4; and

As a result of the reversals of depreciation for the assets that have been moved back to WIP, the accumulated surplus has increased by R122 533 and depreciation for the prior year decreased by R236 640

Reclassification 2 : Completed WIP not recorded in previous years

Transfer of Work-in-progress to completed projects

A project that was completed was not moved from Work-in-progress to completed projects

The effects of this reclassification are as follows on the Financial Statements :

Increase in Depreciation expense by	R 310 488
Decrease in Accumulated Surplus by	R 190 170
Increase in Accumulated Depreciation by	R 500 658)
Increase in Roads infrastructure by	R8 517 438
Decrease in Work-in-progregress by	(R8 517 438)

Reclassification 3: Impairment loss clasified as loss on disposal of non-monetary asset.

An impairment loss on Work-in-progress (R9 995 321) and on Roads infrastructure (R716 555) was previously mapped under the Loss on disposal of non-monetary line item in the prior year. The impairment loss on Work-in-progress was also disclosed as disposals in note 8. These errors have been corrected.

The effects of this prior year adjustment is as follows in the Financial Statements:

Decrease in Loss on disposal of non-monetary assets by R9 860 624;

Increase in Gain on disposal of non-monetary asset by R851 243;

Increase in Impairment loss by R10 711 867; and

Change in Work-in progess Disposals of R9 995 321 to impairment loss in note 8.

Reclassification 4: Insurance refunds to Other income.

Insurance refunds have been mapped under Other income

Figures in Rand	2024	2023

51. Prior-year adjustments (continued)

Insurance refunds were a stand alone line item in the Financial Statements. They have now been mapped under Other income

The impact of this prior year adjustment on the Financial Statements is as follows:

A decrease in Insurance refunds by an amount of R138 880: and

An increase in Other income by an amount of R138 880..

Receivables from exchange transaction and non-exchange transactions

Interest on property rates was previously mapped under Receivables from exchange transactions. Interest on property rates has now been mapped under receivables from exchange transactions as income received from property rates is a non-exchange transaction.

The impact of this prior year adjustment on the Financial Statements is as follows:

Increase in interest from non-exchange transactions by an amount of R3 120 977

Decrease in Interest from exchange transactions by R3 120 977

Impairment on interest on property rates was previously lumped under impairment on interest from receivables from exchange transactions. A journal has been passed to ensure that impairment on interest on property rates is under receivables from non-exchange transactions.

The impact of this prior year adjustment on the Financial Statements is as follows:

Increase in impairment on interest on property rates by R2 467 050

Decrease in impairment on interest from recievables from exchange transactions by R2 467 050

Receivables from exchange transactions and from non-eexchange transactions had balances that were greater than the agings. These balances arise from issues when the Municipality migrated to Munsoft. These balances have been removed so that the debtors balances will agree with the agings.

The effect of this prior year adjustment on the Financial Statements is as follows:

A decrease in Receivables from exchange transactions by R2 545 390;

A decrease in Receivables from non-exchange transactions by R2 679 386; and

An increase in Accumulated surplus by R5 224 776.

Provisions

Figures in Rand	2024	2023

51. Prior-year adjustments (continued)

The methodology for the estimation of the current portion of the provision for landfill sites has changed tho the Present Value of the next year's amount that is to be spent on post-closure monitoring and maintenance in terms of the General Landfill Closure Costing Model. The methodology for estimation of the current portion was previously the interest charge for the next Financial Year.

The impact of this prior year adjustment on the Financial Statements is as follows:

A decrease in current provisions by R3 431 137; and

An increase in non-current provisions by R3 431 137.

Construction contracts revenue

The Office of the Accountant General issued guidelines on how to account for revenue and expenditure incurred on the construction of infrastructure that will then be handed over to Eskom once completed. This brought changes to how Municipalities have been accounting for transactions related to the INEP Grant allocations.

In compliance with the requirements of the guidelines, the Municipality has had to separately disclose revenue recognised from the allocation related to the work performed where the resulting infrastructure will not belong to the Municipality as construction contracts revenue to reflect the nature of the activity carried out for the revenue to be recognised rather than the source of the fund which has always been the case.

The impact of this prior year adjustment on the Financial statements is as follows:

An increase in construction contracts revenue by R14 400 000; and

A decrease in Govenment grants and subsidies by R14 400 000

52. Accumulated surplus

Accumulated surplus

Accumulated surplus

Closing balance	554,074,496	574,659,954

53. Events after the reporting date

The Municipality has no events after reporting date to report

54. Principals- Agent Arrangements

The Municipality acts as an agent for the Department of Transport and manages the issuing of vehicle licences for a commission.

The municipality does not incur any expenses on behalf of the prinicipal.
The municipality does not hold any resources on behalf of the principal that is recognised in the financial statements of the municipality.

The following transactions were undertaken by the Municipality as part of principal-agent arrangement:

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

54. Principals- Agent Arrangements (continued)

Revenue collected from third parties on behalf of the department	10,037,897	11,613,497
Income from Agency Services		
Commission earned on vehicle registrations	1,975,315	2,325,298
Liabilities		
Revenue due to the principal and not paid over at year end included in Payables from Exchange transactions	2,045,611	1,595,116

The Municipality (Principal) entered into an agreement with Contour Technology (Pty) Ltd (Agent) to provide the hosting, vending, data management and supplementary support services to the Municipality. Contour Technology (Pty) Ltd distributes the prepaid electricity (by way of vendors) to third parties and pays the revenue received over to the Municipality. The company does not use any of the Municipality's resources.

This contract will terminate after 90 days written notice and written acknowledgement of such notice by the other party.

Termination or cancelation of this contract will not affect any rights or duties arising under it with repect to Proprietary information or payment of charges.

Fees paid to Contour Technology (Pty) Ltd	691,740	579,781
Revenue due to the principal and not paid at year end included in Sundry Receivables.	118,307	52,365

55. Non- Living Resources

Other than land, the Municipality identified an aquifer as the only non-living resource of which the water is being extracted with the use of a 150 meter borehole.

56. Private Public Partnerships (PPP)

Council entered into a Private Public Partnership with Interwaste (Pvt) Ltd ("Operator ") on 13 May 2013.

In terms os the PPP the operator will be responsible for the maintenance and operation of the landfill sites in the Ulgie and Maclear, as well as Mt Fletcher from 2015/16. The municipality is still responsible for the collection of refuse at the

consumers' premises.

The duration of the contract is 10 years and the actual payments (including VAT) are as follows:

Year	Amount Paid
2023/24	R 750 430

The are no current obligations for the current year as the contract was terminated and there is no new operator appointed

Figures in Rand	2024	2023

56. Private Public Partnerships (PPP) (continued)

In terms of the PPP, the operator is required to provide their own movable assets in order to fulfil their function.

The PPP does make provision for the transfer of the movable assets to the Municipality at the end of the contract.

The operator is not required to build any new assets, but only to maintain the current assets belonging to the Municipality.

The performance of the Private Company is reviewed on an annual basis. The contract may be terminated based on performance. There is also no renewal clause after the 10 years.

A meeting was held on 17th August 2022 and it was noted that there was a breach of Private Public Partnership due to the landfill sites managed by Interwaste not being compliant due to a number of factors. Furthermore, the contract ended in 31 May 2023 and there were no further amendments/variations to the original contract entered.

57. Impact of Covid-19 and Financial Sustainability

Elundini Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect of the lockdown levels had on its economic environment. At this stage, the uncertainity still remains as to how long the economy will take to recover from lockdown levels.

58. Unauthorised expenditure

Unauthorised expenditure relates to expenditure in excess of the approved budget. No unauthorised expenditure has been reported in the current financial year 2024.

Unauthorised expenditure	2024 (Actual)	2024(Final Budget)	2024 (Unauthorised)
Vote 1- Executive and Council	52,836,901	62,099,254	-
Vote 2- Budget and Treasury	46,669,966	85,261,581	-
Vote 3- Corporate admin	47,607,037	60,679,932	-
Vote 4- Community services	53,768,126	67,577,956	-
Vote 5 Strategic Planning and Development	14,652,530	24,683,940	-
Vote 6- Infrastructure Planning and Development	152,894,267	247,618,512	-
	368,428,827	**547,921,175**	**-**

Unauthorised Expenditure	2023 (Actual)	2023 (Final budget)	2023 (Unauthorised)
Vote 1-Executive and Council	51,172,938	60,940,770	-
Vote 2- Budget and Treasury	85,702,686	87,369,056	-
Vote 3 Corporate Admin	44,445,432	54,804,747	-
Vote 4- Community services	52,426,393	64,327,167	-
Vote 5-Strategic Planning Development	10,240,288	20,219,431	-
Vote 6- Infrastructure Planning and Development	100,253,400	216,700,982	-
	344,241,137	**504,362,153**	**-**

Figures in Rand	2024	2023

59. Segment information

General information

Identification of segments

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segmens'performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Other	Supply of overall governance and administrative services to the segments below.
Community services	Halls, cemetries, parks, tourism and library services.
Electricity	Electricity services.
Public safety	Traffic control and animal pounds.
Planning and development	Town planning, building control and project management unit.
Roads	Construction and maintenance of roads and stormwater.
Refuse removal	Refuse removal services.

Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

Figures in Rand	2024	2023

59. Segment information (continued)
Geographic segment reporting

Although the Municipality operates in a number of geographical areas (i.e. wards), the geographical information is not considered to be relevent to management for decision making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies. Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page. The Municipality had no changes in the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year

Segment surplus or deficit, assets and liabilities

June 2024

	Other	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse removal	Total
Revenue								
Service charges (Exchange)	-	-	32,450,672	-	-	-	6,433,387	38,884,059
Construction contracts (Exchange)	-	-	15,459,000	-	-	-	-	15,459,000
Rental of facilities and equipment (Exchange)	798	60,587	2,005,974	-	-	221,782	-	2,289,141
Interest on Investments (Exchange)	6,267,229	-	-	-	-	-	-	6,267,229
Interest on Debtors (Exchange)	4,933,999	-	-	-	-	-	-	4,933,999
Licences and permits (Exchange)	36,369	-	-	3,569,997	-	-	-	3,606,366
Other income (Exchange)	1,420,461	42,614	-	130,149	-	-	-	1,593,224
Property rates (Non-exchange)	27,326,318	-	-	-	-	-	-	27,326,318
Government grants and subsidies (Non-exchange)	192,145,000	7,096,586	-	-	2,702,250	48,680,532	1,802	250,626,170
Electricity Availability Charges (Non-exchange)	-	-	9,982,142	-	-	-	-	9,982,142
Fine & Penalties (Non-exchange)	1,437,883	-	-	110,630	-	92,205	-	1,640,718
Interest Received- Rates (Non-exchange)	4,272,367	-	-	-	-	-	-	4,272,367
Total segment revenue	**237,840,424**	**7,199,787**	**59,897,788**	**3,810,776**	**2,702,250**	**48,994,519**	**6,435,189**	**366,880,733**
Entity's revenue								**366,880,733**

59. Segment information (continued)

Expenditure								
Employee related costs	64,068,970	13,068,271	7,283,498	12,783,276	12,680,614	12,545,329	12,769,844	135,199,802
Remuneration of councillors	13,417,830	-	-	-	-	-	-	13,417,830
Debt impairment	24,323,847	-	-	-	-	-	-	24,323,847
Depreciation and amortisation	13,059,887	-	2,658,334	-	-	18,188,575	1,682,295	35,589,091
Impairment loss	-	4,592,903	-	-	-	13,658,006	-	18,250,909
Finance cost	6,676,298	-	-	-	-	-	-	6,676,298
Bulk purchases	-	-	32,028,659	-	-	-	-	32,028,659
Sale of goods	419,935	524	226,414	-	4,500	-	-	651,373
Contracted services	21,847,620	6,113,391	16,537,158	854,667	5,639,276	6,672,850	2,424,297	60,089,259
Transfers and subsidies	1,015,000	-	4,480,648	-	-	-	-	5,495,648
General expenses	40,789,102	1,118,069	2,486,239	1,324,982	1,599,259	4,607,923	941,361	52,866,935
Loss on disposal of non-monetary assets	1,497,724	-	-	-	-	-	-	1,497,724
Actuarial losses	1,233,994	-	-	-	-	-	-	1,233,994
Total segment expenditure	**188,350,207**	**24,893,158**	**65,700,950**	**14,962,925**	**19,923,649**	**55,672,683**	**17,817,797**	**387,321,369**
Total segmental surplus/(deficit)								**(20,440,636)**

59. Segment information (continued)

2023

	Other	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse Removal	Total
Revenue								
Service Charges (Exchange)	-	-	26,672,971	-	-	-	5,988,258	32,661,229
Contracts revenue (Exchange)	-	-	14,400,000	-	-	-	-	14,400,000
Rental of facilities and equipment (Exchange)	3,792	44,564	1,709,181	-	-	-	-	1,757,537
Licence and permits (Exchange)	26,981	-	-	3,716,921	-	-	-	3,743,902
Other Income	744,324	30,934	-	-	132,626	-	-	907,884
Interest - investments (Exchange)	9,767,463	-	-	-	-	-	-	9,767,463
Property rates (Non-exchange)	25,719,319	63,475	-	-	-	-	-	25,782,794
Electricity availability charges (Non-exchange)	-	-	8,731,134	-	-	-	-	8,731,134
Donation (Non-exchange)	-	2,551,882	-	-	-	-	-	2,551,882
Government grants and subsidies (Non-exchange)	182,034,000	3,777,327	-	-	2,566,278	42,169,806	-	230,547,411
Fines, penalties and forfeits (Non-exchange)	2,072,951	-	12,584	281,500	-	-	-	2,367,035
Interest received - property rates (Non-exchange)	3,197,115	-	-	-	-	-	-	3,197,115
Gain on disposal on non-monetary assets (Non-exchange)	851,243	-	-	-	-	-	-	851,243
Actuarial gains (Non-exchange)	1,047,668	-	-	-	-	-	-	1,047,668
Total segment revenue	**225,464,856**	**6,468,182**	**51,525,870**	**3,998,421**	**2,698,904**	**42,169,806**	**5,988,258**	**338,314,297**
Entity's revenue								**338,314,297**

	Other	Community Services	Electricity	Public Safety	Planning and development	Roads	Refuse Removal	Total
59. Segment information (continued)								
Expenditure								
Employee related costs	58,052,196	11,053,310	7,418,544	11,724,692	11,718,994	13,295,588	12,900,056	126,163,380
Remuneration of councillors	13,412,823	-	-	-	-	-	-	13,412,823
Debt impairment	17,438,967	-	-	-	-	-	-	17,438,967
Depreciation and amortisation	13,706,934	-	3,208,714	-	-	21,488,959	-	38,404,607
Finance costs	705,580	-	-	-	-	-	3,471,822	4,177,402
Bulk purchases	-	-	27,312,969	-	-	-	-	27,312,969
Sale of goods	829,055	81,352	514,204	-	9,817	-	-	1,434,428
Contracted services	23,060,377	3,962,212	16,414,534	500,510	2,969,099	3,720,326	5,575,690	56,202,748
Transfers and subsidies	1,085,000	-	4,446,558	-	-	-	-	5,531,558
General expenses	39,782,915	896,507	2,445,835	651,579	909,808	4,265,068	1,275,240	50,226,952
Impairment loss	9,995,312	-	-	-	-	716,556	-	10,711,868
Total segment expenditure	**178,069,159**	**15,993,381**	**61,761,358**	**12,876,781**	**15,607,718**	**43,486,497**	**23,222,808**	**351,017,702**
Total segmental surplus/(deficit)								**(12,703,405)**

60. Budget differences

Financial Performance

1. Sale of goods

There was no revenue from the sale of goods. Revenue from the sale of goods was erenously budgeted for.

2. Service Charges- Electricity

Figures in Rand	2024	2023

60. Budget differences (continued)

The actual amount for electricity sales is almost in line with the budgeted estimates. The little difference is as a result of power outages experienced in the current financial period and the consumers opted to use other sources of energy.Electricity availability charges were budgeted for under service charges - electricity..

3.Service Charges-Solid Waste

The actual is less than budgeted, the budget is net of indigent relief.

4. Rental of facilities and equipment.

The actual is less than the budget due to tenants who moved out and were not replaced..

5. Interest revenue

Interest on investment, the interest is over collected due to investments that were kept and withdrawn after year end for the purpose of generating revenue and Interest rates that were higher than previous financial year.

Interest on receivables is collected more than what was anticipated.

6. Agency Services

There were agency fees budgeted, however the actual agency fees collected is disclosed under other revenue streams hence

the variance and it will be corrected in the following Financial year..

7. Licences and permits

The budgeted amount was based on prior year actuals and the applicable increase. There is great improvement in collection this year as compared to the previous year. This is because the neighbouring traffic department has closed for the period under review, and as a result people are booking at Maclear for licences and permits..

8. Other income

An amount of R70.6 million that was budgeted for was to counter fund for depreciation and debt impairment costs. Even though they are non-cash items, they must be funded as per budget circular No.115. T.

9. Gains on disposal of assets

There was no gain on disposal but the municipality incurred a loss. The Municipality did not budget for a loss on disposal of non-monetary assets because it didnt anticipate to sell assets which were not fully depreciated.

10.Property rates

The budget was more than the actual due to the fact that the budget does not include the rebates..

Figures in Rand	2024	2023

60. Budget differences (continued)

11. Government grants & subsidies

All grants as per the DORA are received fully, all conditional grants are fully spent. Additional grants like Disaster Relief and DEDEA grant were allocated later on during the financial period. The INEP (Construction contracts) and the Disaster Relief Grant was budgeted for under capital grants.

12. Fines, Penalties and Forfeits

The budgeted amount was based on prior year actuals and the applicable increase. There is great improvement in collection this year as compared to the previous year.

13. Employee cost

The budgeted employee related costs includes 14% of the total package and of the basic salary for performance bonus, which was not paid during the year under review but only paid in the new year and vacant positions that were not filled.

14. Remuneration of councillors

Remuneration of councillors were budgeted for 7.3% whereas on the gazzette for upper limits for Councillors there was no increase for the year under review.

15. Depreciation and amortisation

They were a number of disposals which were not anticipated.

16. Impairment loss

Impairment loss was not budgeted for because damage to infrastructure was not anticipated

17. Finance cost

Interest on finance leases was not budgeted for as there were no finance leases andicipated..

18. Debt impairment

Debt impairment was more than the budget due to low collection

19. Bulk Purchases

The budget was based on the prior year actuals. The actuals increased due to suspension of load shedding. There was a high demand for electricity because of winter season as well.

20. Contracted Services
Savings on projects.

21.Transfers and subsidies

The actuals are less due to a decrease in indigent status that was not anticipated due to non-renewal of indigent status by applicants.

Figures in Rand	2024	2023

60. Budget differences (continued)

22. Sale of Inventories

Savings on consumables.

23. Other expenditure.

General expenditure is under spent due to savings on implemented projects and also due to projects that are not fully implemented during the year and over budgeting for some projects as we are budgeting on estimates . The Municipality incured an unanticipated actuarial loss as there was an actuarial gain in the prior year

Financial Position

24. Current Assets

The budgeted receivables is more than the actual amount, because the budgeted figure does not take into account impairment, rebates and write offs that reduces the receivables balance. The budgeted cash was more than the actual due to cash outflow at year end.

25. Non-current Assets

The INEP Grant was budgeted for under non-current assets and the rural electrifications were expensed. There are also assets that have been unexpectedly impaired.

26. Current liabilities

Other current liabilities consist of current employee benefit obligations and current finance lease obligations.The actual payables are less than the budgeted figure, however the variance is less than 9% and is therefor reasonable.

27. Non-current liabilities

Other non-current liabilities consist of non-current employee benefit obligations and non-current finance lease obligations.The actual figure for Employee benefits was lower than the budget due to the fact that a portion of the actual Employee benefits being disclosed under Non-current liabilities and the Provisions figure depends on finance costs and changes in the provision due to changes in discount rates.

Cash Flow

28. Net Cashflow from Operating Activities

The actual was more than the budgeted due to collections for service charges and other revenue significantly lower than the budgeted.

29. Net Cashflow from Investing Activities

The variance was due to capital projects not implemented as budgeted for.

30. Net Cashflow from Financing Activities
The municipality budgeted for the whole amount of long term long excluding the repayments.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023

61. Change in estimates

A change in the estimated useful life of various assets of the municipality has resulted in the follwing decrease in the depreciation of the mentioned assets during the 2023-2024 financial year .The effect will only affect the current year depreciation.The future periods will not be affected.The carrying amount of related assets is adjusted accordingly.The change in estimates performed is reasonable and its regarded essential in the preparation of the financial statements.

Assets	Old depreciation	New depreciation	Decrease		
Furniture and and office equipment	89,350	36,523	52,827	-	-
Computer equipment	10,245	4,300	5,944	-	-
Machinery and equipment	2,781	962	1,819	-	-
	102,376	**41,785**	**60,590**	**-**	**-**

62. Material losses

Opening balance as restated	**-**	**-**
Units purchased (kwh)	17,805,656	17,892,864
Units sold (kwh)	13,178,213	14,432,200
Units lost during distribution	4,627,443	3,460,664
Percentage lost during distribution	26	19
Average cost per kwh unit (excl VAT)	2	1
Rand value of loss	10,681,757	5,093,375
	-	**-**

Annexure 1

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
June 2023											
Financial Performance											
Property rates	35,898,000	(4,455,000)	31,443,000	-		31,443,000	27,326,317		(4,116,683)	87 %	76 %
Service charges	52,126,000	(12,324,000)	39,802,000	-		39,802,000	48,866,201		9,064,201	123 %	94 %
Interest revenue	7,338,000	-	7,338,000	-		7,338,000	15,473,595		8,135,595	211 %	211 %
Transfers and subsidies and construction contracts	202,177,000	350,000	202,527,000	-		202,527,000	218,357,420		15,830,420	108 %	108 %
Other revenue	118,543,000	20,837,000	139,380,000	-		139,380,000	9,129,449		(130,250,551)	7 %	8 %
Total revenue	**416,082,000**	**4,408,000**	**420,490,000**	**-**		**420,490,000**	**319,152,982**		**(101,337,018)**	**76 %**	**77 %**
Employee costs	(154,996,000)	(2,208,000)	(157,204,000)	-	-	(157,204,000)	(135,199,797)	-	22,004,203	86 %	87 %
Remuneration of councillors	(14,939,000)	-	(14,939,000)	-	-	(14,939,000)	(13,417,831)	-	1,521,169	90 %	90 %
Debt impairment	(6,655,000)	(12,346,000)	(19,001,000)			(19,001,000)	(24,323,847)	-	(5,322,847)	128 %	365 %
Depreciation and asset impairment	(54,564,000)	2,892,000	(51,672,000)			(51,672,000)	(53,839,999)	-	(2,167,999)	104 %	99 %
Finance charges	(65,000)	(5,623,000)	(5,688,000)	-	-	(5,688,000)	(6,676,298)	-	(988,298)	117 %	10,271 %
Materials and bulk purchases	(36,723,000)	7,962,000	(28,761,000)	-	-	(28,761,000)	(32,028,659)	-	(3,267,659)	111 %	87 %
Transfers and grants	(12,090,000)	4,451,000	(7,639,000)	-	-	(7,639,000)	(5,495,648)	-	2,143,352	72 %	45 %
Other expenditure	(136,051,000)	464,000	(135,587,000)	-	-	(135,587,000)	(116,339,288)	-	19,247,712	86 %	86 %
Total expenditure	**(416,083,000)**	**(4,408,000)**	**(420,491,000)**	**-**	**-**	**(420,491,000)**	**(387,321,367)**	**-**	**33,169,633**	**92 %**	**93 %**
Total revenue	416,082,000	4,408,000	420,490,000	-	-	420,490,000	319,152,982	-	(101,337,018)	76 %	77 %
Total expenditure	(416,083,000)	(4,408,000)	(420,491,000)	-	-	(420,491,000)	(387,321,367)	-	33,169,633	92 %	93 %
Surplus/(Deficit)	**(1,000)**	**-**	**(1,000)**	**-**		**(1,000)**	**(68,168,385)**		**(68,167,385)**	**816,838 %**	**816,838 %**

Annexure 1

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	69,102,000	6,391,000	75,493,000	-		75,493,000	47,727,750		-	63 %	69 %
Surplus/(Deficit)	(1,000)	-	(1,000)	-	-	(1,000)	(68,168,385)	-	(13,019,717)	816,838 %	816,838 %
Capital transfers and contributions	69,102,000	6,391,000	75,493,000	-	-	75,493,000	47,727,750	-	-	63 %	69 %
Surplus (Deficit) after capital transfers and contributions	**69,101,000**	**6,391,000**	**75,492,000**	**-**		**75,492,000**	**(20,440,635)**		**(13,019,717)**	**- %**	**- %**
Financial Position											
Total current assets	221,085,000	(63,841,000)	157,244,000	-		157,244,000	87,142,734		(70,101,266)	55 %	39 %
Total non-current assets	79,049,000	560,630,000	639,679,000	-		639,679,000	619,361,027		(20,317,973)	97 %	784 %
Total current liabilities	(85,582,000)	(18,289,000)	(103,871,000)	-		(103,871,000)	(91,665,723)		12,205,277	88 %	107 %
Total non-current liabilities	(79,151,000)	23,125,000	(56,026,000)	-		(56,026,000)	(60,763,542)		(4,737,542)	108 %	77 %
Net Assets	**135,401,000**	**501,625,000**	**637,026,000**	**-**		**637,026,000**	**554,074,496**		**(82,951,504)**	**87 %**	**409 %**

Annexure 1

Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Cash flows											
Net cash from (used) operating	27,910,000	(8,733,000)	19,177,000	-		19,177,000	50,779,194		31,602,194	265 %	182 %
Net cash from (used) investing	(133,097,000)	(939,000)	(134,036,000)	-		(134,036,000)	(70,534,066)		63,501,934	53 %	53 %
Net cash from (used) financing	30,000,000	-	30,000,000	-		30,000,000	23,728,073		(6,271,927)	79 %	79 %
Net increase/(decrease) in cash and cash equivalents	**(75,187,000)**	**(9,672,000)**	**(84,859,000)**	**-**		**(84,859,000)**	**3,973,201**		**88,832,201**	**(5)%**	**(5)%**
Cash and cash equivalents at the beginning of the year	51,674,000	27,132,000	78,806,000	-		78,806,000	45,752,319		(33,053,681)	58 %	89 %
Net increase / (decrease) in cash and cash equivalents	(75,187,000)	(9,672,000)	(84,859,000)	-	-	(84,859,000)	3,973,201	-	(88,832,201)	(5)%	(5)%
Cash and cash equivalents at the beginning of the year	51,674,000	27,132,000	78,806,000	-	-	78,806,000	45,752,319	-	33,053,681	58 %	89 %
Cash and cash equivalents at year end	**(23,513,000)**	**17,460,000**	**(6,053,000)**	**-**		**(6,053,000)**	**49,725,520**		**(55,778,520)**	**(822)%**	**(211)%**