

UMDONI MUNICIPALITY



2023 - 2024 ANNUAL REPORT





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Legislative Responsivity: Municipal Council of Umdoni

The 2023/2024 Annual Report has been prepared in accordance with the provisions of Section 121 of the Municipal Financial Management Act (MFMA), 56 of 2000, Section 46 of the Local Government Municipal Systems Act (MSA), 32 of 2000 and Circular no 63 of Provincial Treasury, and thereafter approved by the Municipal Council after following all the process prescribed by Section 129 of the MFMA. In compliance with the MFMA, this Annual report will be tabled by the Mayor at a Municipal Council Meeting to be held on 29 January 2025, as prescribed by Section 127 of the MFMA, and was thereafter, in terms of Section 21(a) of the MSA, publicized for comments.

As directed by Section 129 of the MFMA, the Oversight Committee which is the Municipal Public Accounts Committee (MPAC) inclusive of two community members assist the Municipal Council in considering the Annual Report. The report of the Oversight is included in the Annual report and is made public in terms of Section 21(a) of MSA”

Mrs. TC Ndlela
Municipal Manager
Umdoni Municipality



UMDONI MUNICIPALITY



MAYORS FOREWORD AND EXECUTIVE SUMMARY

01

Chapter 1 – OFFICE OF THE MAYOR AND EXECUTIVE SUMMARY

COMPONENT A – FOREWORD: OFFICE OF THE MAYOR

1.1 MAYOR FOREWORD

It is a privilege to present the 2023/2024 Draft Annual Report for Umdoni Local Municipality as we reflect on the achievements and challenges of the past year. This document serves as a comprehensive overview of our collective efforts to enhance the life of all residents and visitors in our vibrant community.

A. Vision

“By 2030 Umdoni will be the J.E.W.E.L of the South Coast.”

B. Key Policy Developments

Our commitment to effective governance and sustainable development has driven key strategic objectives over the past year. From initiatives that promote efficient service delivery to policies fostering economic growth, we have strived to create a framework that aligns with the evolving needs of our community. Equality and service delivery are at the forefront of our policy making, ensuring that the benefits of our decisions are felt in every area of Umdoni.

The Key Strategic Objectives of Umdoni are:

- To establish an effective and efficient ICT System unit within Umdoni which is compliant, advanced and enhances communication channels that will improve time management and increase service delivery
- To ensure the implementation & Compliance to the Occupation Health & Safety Policy that is in line with relevant legislation
- To improve HR Policy Framework that is in line with the IDP and legislation and to ensure alignment of Organizational skills with the Organogram
- To ensure provision, upgrading, and maintenance of infrastructure and services that enhances economic development
- To ensure that the Housing Backlog is eliminated
- To promote economic development in order to reduce poverty, inequality and unemployment
- To promote human rights and social upliftment of vulnerable groups
- To ensure effective and efficient internal and external communication
- To ensure financial sustainability and sound financial principles
- Integrated approach towards planning for urban and rural communities

The above strategic objectives are aligned with the Provincial Growth and Development Strategy, the National Development Plan, the National Spatial Development Perspective and the National Key Performance Areas.

C. Key Service Delivery Improvements

2023/2024 financial year saw the manifestation of instability in labour, service delivery and the broader community's satisfaction in the municipality's services that resulted in labour and community unrest. As Council these manifestations have highlighted areas of improvement in council oversight and the

monitoring and evaluation of Senior Management's performance as prescribed by the Municipal Systems Act of 2000.

Service delivery remains and lies at the heart of our municipal mandate and there has been strides towards restoration of all municipal services and operations. Our staff has worked tirelessly in addressing the refuse removal backlog caused by rising tensions between the municipality and its labour during the last quarter of the financial year.

Strides achieved in service delivery are evident in the rehabilitation of 1.1 Kms of Hazelwood Road in Ward 13, maintenance of Stormwater as per the conditional assessment conducted in 2022, the construction and upgrading of steep hills from gravel to concrete in various rural and semi-urban wards. Council long resolved to upgrade major rural roads from gravel to asphalt that link wards to economic hubs and provide access to education. During the 2023/2024 financial year the municipality completed the upgrade of Smolo Road from Gravel to Asphalt.

260 Households were electrified in Ward 1 with only the municipality awaiting an outage date from ESKOM as of 30 June 2024 to energise the connected households. Umdoni constructed and completed the KwaMpondondo Sportfield and reached the halfway mark in the construction of Mandlalathi and Mgangezi Community Hall.

Umdoni municipality had to re-adjust their budget and Service Delivery Budget and Implementation Plan (SDBIP) in May 2024 to include projects that would be implemented with the Disaster Management Grant received towards the end of the financial year for areas that were affected by the 2022 floods. Utilizing the Disaster grant the municipality commenced with the regravelling of Hlongwa, Vukaphi, Mphemba, Shange, Access Roads in various rural wards and the rehabilitation of Hazelwood area, and Bushy Grove in wards 13 & 15.

In eliminating the housing backlogs with the financial backing of the Department of Human settlements, 20 Houses were constructed for the Amandawe rural housing project, 50 houses for the Malangenzi rural housing project, 50 units were rectified in the Ifafa Glebe rectification project.

1 community hall and 5 tidal pools were maintained during this financial year. The municipality conducted an assessment of all our community facilities that seeks to identify the maintenance requirements for each community facility. This assessment will be used for planned community maintenance programme for the upcoming financial year.

Verge maintenance was conducted in 13 areas through Umdoni urban areas, challenges and complaints are noted regarding the delivery of this service and improvements and action plan has been developed to address gaps in the upcoming financial year.

Under local economic development, the construction of the access road to Umzinto informal traders project was in progress as of 30 June 2024 and rolled over for completion in the 2024/2025 financial year. The municipality created over 150 job opportunities through the EPWP programme with incumbents strategically placed in service delivery programmes such as verge maintenance, Stormwater maintenance and waste programmes. 40 SMMEs and Co-Operatives were provided with support for the year under review.

D. Public Participation

A thriving municipality is built on the active involvement of its residents. This year we prioritised public participation as the cornerstone of our decision making process. Through public meetings, online platforms and engagements with our stakeholders, we have sought and received valuable input from our residents. The feedback has been instrumental in working towards the transformation of the state of our services, policies and reinforcing the importance of collaboration in building Umdoni that will be the JEWEL of the south coast by 2030.

E. Future Actions

We recognize that the journey toward a sustainable and inclusive municipality is a continuous one. We will focus on further strengthening community engagements, harnessing innovative solutions to address emerging challenges, strengthening our labour and stakeholder relations and fostering partnerships that amplify the impact of our initiatives in the coming financial year. As we navigate the complexities of a rapidly changing Umdoni, your support and collaboration remain indispensable.

We are facing challenges and an uncertain and unpredictable future economic climate, which means that a cautionary and conservative budgetary approach must be followed. Future planning includes but not limited to:

- Verge Maintenance
- Roads rehabilitation and upgrading
- Waste Management
- Maintenance of community facilities
- Infrastructure & Basic Services i.e (Funding from MIG, INEP for informal electrification).

F. Conclusion

In closing, the Annual Report encapsulates the collective efforts of our dedicated municipal staff, community partners, and most importantly, the residents of Umdoni Municipality. We have faced unprecedented challenges and celebrated remarkable success together such as the awarding of a Blue Flag status for Pennington Beach. The spirit of resilience and unity should define Umdoni and be evident going into the future. Let us embrace the opportunities that lie before us as we forge ahead, confident in our ability to build a future that reflects the shared aspirations of our diverse and dynamic community.

I extend my gratitude to the Executive Committee, the acting Municipal Manager, and all who have contributed to the progress and rebuilding of Umdoni brand. I look to another year of improvements, collaborations and achievement.

Your Worship: The Mayor
Cllr. Mbali Cele- Luthuli

COMPONENT B: EXECUTIVE SUMMARY

1.2 MUNICIPAL MANAGER'S OVERVIEW

The operating environment for local government has grown more complex in recent years and the fiscal year of 2023/2024 has been no exception.

The municipality encountered significant leadership challenges both administratively and politically during the year under review that has manifested itself in the commencement of labour unrests in April 2024 which also led to community unrests in the commencement of the 2024/2025 financial year.

The municipality aims to enhance service delivery through mending our relations with labour and all our relevant stakeholders as well as the community at large. This will be done by filling of all critical positions, prioritising governance and financial management issues.

This summary provides a comprehensive glimpse into the challenges, key achievements and noteworthy developments that have shaped our community and environment.

Robust financial management practises need to be implemented, ensuring that resources are allocated efficiently and transparently to meet the needs of our communities.

At the core of enhancing the living conditions in our communities lies the development of infrastructure, with primary focus on facilitating and co-ordinating the provision of water and sanitation, provision of waste management, verge maintenance, construction of new and maintenance of existing community facilities, electrification of households as well as co-ordinating and facilitating the provision of rural housing in partnership with the Department of Human Settlements.

Notable achievements include the upgrading of Smolo Road from gravel to Asphalt, the construction and completion of KwaMpondodo Sportfield, electrification of 206 households that only required energising by ESKOM as of 30 June 2024. The municipality reached the highway mark for the construction of Mgangeni and Mandlalathi Community hall with anticipated completion by the end of the 2nd quarter in the new financial year.

We also take pride in securing funding for the implementation of disaster projects that were affected by the 2022 floods which included the re-gravelling of various rural and urban roads.

The primary objective of the Extended Public Works Programme (EPWP) is to offer temporary employment opportunities to a number of unemployed residents within Umdoni. In line with this goal the EPWP programme consistently brings about positive transformations for Umdoni and its communities. During the 2023/2024 periods specifically, the EPWP programme generated over 150 temporary work opportunities.

In conclusion the 2023/2024 financial year was characterised inherent challenges that have attributed to the regress in Auditor General's Opinion of a Qualified Audit Opinion on our books. Administration has developed an Audit Action Plan to develop internal controls on matters of irregular expenditure and supply chain management. The municipality's commitment to fiscal responsibility, community engagement and sustainable development will lay a strong foundation for the future. We remain dedicated to overcoming challenges, embracing opportunities and serving our community with diligence and transparency.

The honourable Mayor, her executive committee, and the administrations unwavering commitment to serving the communities interests are responsible for the wins achieved this financial year amidst challenges.

Mrs. TC Ndlela
Municipal Manager



1.3 MUNICIPAL OVERVIEW

Umdoni local municipality is located in KwaZulu-Natal within the Ugu District municipality (DC21 within the Province of KwaZulu-Natal (Map 1). Umdoni municipality consists of 19 wards with a geographical area of 994 square kilometres. It abuts eThekweni Metro to the north, and Umzumbe to the south, and Ubuhlebezwe to the west, making it almost halfway from Port Shepstone and Durban. The Municipality is therefore conveniently located about 50 km from Durban and 65 km from Port Shepstone. Umdoni has an approximate coastline of 40 km and stretches inland as far as Kenterton. It includes the towns of Scottburgh, Umzinto and urban areas and settlements such as Amandawe, Emalangeni and Amahlongwa and Dududu.

The municipality comprises of 19 municipal wards. The municipality incorporates seven traditional authority areas comprising 19 municipal wards. The traditional Authorities fall under Ugu Local Houses of Traditional Leaders in KZN. The Local House has its own vision, mission and strategic focus areas, depending on development programmes of its community. The Ugu Local House is governed by the Traditional Leadership and Governance Framework Act, 41 of 2003, and the KZN Traditional Leadership and Governance Act, 5 of 2005. These two pieces of legislation ensure alignment of the institution of traditional leadership in KZN with constitutional imperatives. Umdoni Council comprises of 19 ward Councillors and 17 Proportional Representative Councillors.

According to Statistics South Africa 2022 Census, Umdoni Local Municipality has a total population of 156 443. Umdoni is the second largest municipality after Ray Nkonyeni and it contributes 20,2% of the total population of the UGU district.. 82 051 people which is 52,4% of the total population are females while 74 392 which constitutes 42,6% of the population are males. The sex ratio of the municipality is 91 males per 100 females.

Population Group	Number of People
Black African	123 358
Coloured	896
Indian/Asian	20 778
White	11 115
Other	243
Unspecified	14
Total	156 443

There are about 33 084 households throughout the municipality compared to 34 191 in 2011. The decrease in households could be for a number of reasons such as the devastating effect on the economy due to the COVID-19 pandemic that has seen a number of people within the area of jurisdiction lose their jobs, and this might have led to some community members moving in with their relatives to cut down on costs. According to StatsSA 2022 Census, the municipality has seen a 1.8% average annual population growth rate between 2011 and 2022. The increase in population presents challenges for municipal service delivery, as well as the demand for housing in urban areas. Rural-urban migration also has implications on the growth of informal settlements, which in many cases, encroach on land that could be used for agricultural production.

1.3.1 MUNICIPAL FUNCTIONS

The powers and functions of Umdoni Municipality are derived from the Constitution of the Republic of South Africa and a range of local government legislation, and could be summarised as follows: -

MUNICIPAL FUNCTIONS	Function Applicable to Umdoni Local Municipality (Yes /No)*
Constitution Scheduled 4, Part B functions:	
Air pollution	No
Building regulations	Yes
Child care facilities	No
Electricity and gas reticulation	No
Firefighting services	Yes
Local tourism	Yes
Municipal airports	No
Municipal planning	Yes
Municipal health services	No
Municipal public transport	Yes
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law.	No
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto.	No
Storm water management systems in the built-up areas	Yes
Trading regulations	Yes
Water and sanitation services limited to portable water supply system and domestic waste-water and sewage disposal systems	No
Beaches and amusement facilities	Yes
Billboards and the display of advertisements in public places	Yes
Cemeteries, funeral parlours and crematoria	Yes
Cleansing	No
Control of public nuisances	Yes
Control of undertakings that sell liquor to the public.	No
Facilities for the accommodation, care and burial of animals.	No

Fencing and fences	No
Licencing of dogs	No
Licencing and control of undertakings that sell food to the public.	No
Local amenities	Yes
Local sport facilities	Yes
Markets	Yes
Municipal abattoirs	No
Municipal parks and recreation	Yes
Municipal roads	Yes
Noise pollution	Yes
Pounds	Yes
Public places	No
Refuse removal, refuse dumps and solid waste disposal.	Yes
Street trading	Yes
Street lighting	Yes
Traffic and parking	Yes

1.3.2 ENVIRONMENTAL OVERVIEW

The table below indicated Umdoni local municipality's natural resources.

Natural Resources	
Major Natural resources	Relevance to Community
Forest	Yes
Estuary	Yes
Coastline	Yes

1.6 SERVICE DELIVERY OVERVIEW

The administrative component of Umdoni Local Municipality is headed by the Municipal Manager, who has five (5) General Managers reporting directly to him in terms of Section 56 of the Local Government: Municipal Systems Act, No. 32 of 2000.

The following provides an overview of the work performed during 2023/2024 financial year. The summaries of the performances reported below, must be read in conjunction with the audited performance report.

DIRECTORATE	SERVICES
Office of the Municipal Manager	<p>The office of the Municipal Manager over and above the sections reflected below include the Communications and Customer care, Internal Audit, Risk Management, Youth Development, Public Participation & Council Support as well as IDP/PMS. Throughout the year the communications section communicated specific and service delivery related information with the public. i.e Refuse Removal schedules, progress on service delivery projects, Sod Turnings and Mayoral Izimbizo information updates, Council meetings. Council information is also communicated through the quarterly newsletters.</p> <p>The Internal Audit unit audited financial and non-financial related reports to ensure completeness and correctness of all reported performance on a scheduled basis. All audit activities assist with readiness and preparation of the external audit as conducted by the Auditor General, The IDP was developed and approved by Council on the 24 May 2023 as the most strategic principal document and plan of the municipality for execution by all Departments. The IDP was informed by the public engagement process, which guided the application of municipal resources. The IDP/PMS Section drafted the Service Delivery Budget and Implementation Plan (SDBIP) that was approved by the Mayor within 28 days after the approval of the municipal budget.</p>

	Youth and Sport Development programs also received and provided significant support in benefit of our local communities.
Corporate Services	The Corporate Services Directorate managed all administrative processes of Council, of which included the Convening and reporting outcomes of Council and Council Committee meetings. The Directorate also hosts the Human Resources department which primarily handled all recruitment of employees during the financial year. The training and development of Councillors and municipal staff was coordinated in accordance with the municipality's Work Skills Plan (WSP) All council/municipality owned properties and legal services was also undertaken and managed by the directorate
Budget & Treasury	Our municipal finances were done in accordance with the Council approved Budget, as was approved at the end of May 2023. All municipal finances were strictly managed in accordance national regulatory prescripts and municipal approved policies. The General Recognised Accounting Practices directed the standard recording of municipality transactions as was executed.
Planning & Development	The Spatial development within the municipality boundaries, directed all spatial planning and developments for the year under review in accordance with the Council approved Spatial Development Framework. Spatial development was also to direct integration of communities both in terms of residential and business development programmes. The Town Planning department managed all building related activities and applications in accordance with set Building Relations and Spatial Planning Land Use Management Act and By-Laws. The Local Economic Development (LED) section initiated all local economic development programs and activities within the municipality. Support for existing and new local businesses were also provided to stimulate the development and expansion of local economy.
Community Services	The municipality Disaster Management plan facilitated the provision of major Fire and Rescue services to prevent any potential form of natural disaster. The Traffic and Law Enforcement services provided included regular traffic control and implementation of traffic rules and By-laws. Regular regulation of traffic, especially in the CBD of Scottburgh and at times in Umzinto ensured smoother traffic flow and the prevention and reduce of traffic related accidents. The maintenance of our municipal Parks, Public open spaces were also managed, including the management of noise natural resource pollution of which include the protection of our Lagoons, Ocean and Forestry areas. Most of these programs were undertaken in collaboration with National/Provincial

	governments and institutions like the Sharks Board, KZN Wildlife. Our local, Libraries, Halls, Cemeteries, Museums, Arts and Culture.
Technical Services	<p>The Technical services directorate focused on the promotion of a clean, healthy and safe living and work environment.</p> <p>The cleanliness of the respective towns within our municipality boundaries by way weekly refuse removal for both residential and business communities. Some past challenges were experienced with availability of refuse trucks to effect scheduled refuse removal.</p> <p>The Technical Services Directorate was responsible for the roll-out and provision of Basic Services; including Electricity, Roads services and Infrastructure projects.</p> <p>The maintenance and improvement of our Roads Infrastructure networks received significant attention though much more focus and activity are currently in progress in this area. It is rather unfortunate that the expansion of our towns is not equal the amount of revenue generated for the provision of services. Our dependence on national and provincial grants hampers our intended levels of development amidst the municipality competing with other municipalities across the country. An improved revenue collection could ensure lesser dependence on national/provincial grants.</p>

1.3.3 FINANCIAL HEALTH OVERVIEW

The employee costs continue to trend on the Treasury norm which is (25-40%) and the municipality attained a 35% employee costs which is a decrease compared to the previous financial year of 41%. This could be attributed to the strict management of staff costs.

CAPITAL HEALTH OVERVIEW

Capital expenditure has decreased significantly from the prior year attaining 89% expenditure in the 2023/2024 financial year. There were several issues affecting the spending of the budget including the low revenue collection; which led to expenditure being kept to a minimum.

INTERNAL AUDITING: GOOD GOVERNANCE & FINANCIAL HEALTH

Internal Audit must functionally report to the Audit Committee, and administratively to the Accounting Officer. Independence is achieved through the organizational status and the objectivity of Internal Audit activity.

Statutorily under the auspice of the charter of the Audit Committee serving as its terms of reference, the Internal Audit provides an independent objective assurance and consulting activity that adds value and improves the operations of the Municipality. Internal Audit helps the organization to accomplish its objectives by bringing a systematic and disciplined approach to evaluate and improve effectiveness of risk management, control and governance. The internal audit developed reviewed its charter which was approved by the audit committee. The internal audit unit further developed, a risk-based annual plan which was implemented during the year and the unit was able to complete the plan.

The systems of internal controls for the municipality were reviewed by the unit for their adequacy and effectiveness and improvements were recommended to those charged with governance.

MONITORING OF FINANCIAL GOVERNANCE: PLAN OF CORRECTIVE MEASURES

Internal Audit as part of the in-year monitoring, monitored very closely the implementation of the Action Plan of Corrective Measures stemming from the Auditor-General's audit Report 2022/2023, including matters arising from the Management Report 2022/2023.

1.3.4 ORGANIZATIONAL DEVELOPMENT OVERVIEW

Every Municipality, in terms of the Constitution and the Municipal Systems Act, Act 32 of 2000 and Municipal Staff Regulations, has to have a staff establishment reflecting the organizational design of the Municipality. The Organizational Design needs to be in line with the IDP and an updated organizational development overview for the Umdoni Municipality was conducted in 2022 to align the structure with the IDP and to provide a structure to enable the Municipality to deliver in its mandate and service delivery.

Department	Functions
Office of the Municipal Manager	<ul style="list-style-type: none"> a. IDP/PMS b. Internal Audit c. Public Participation, Special Programmes & Council Support d. Communications and Customer Care e. Legal & Estates f. Youth development
Corporate Services	<ul style="list-style-type: none"> g. Human Resources h. Information Technology i. Auxiliary, Registry & Committees j. Fleet Management
Community Services	<ul style="list-style-type: none"> k. Community Facilities l. Traffic & Policing m. Beach Management n. Libraries o. Fire & Disaster p. Parks & Gardens
Financial Services	<ul style="list-style-type: none"> q. Supply Chain Management r. Budget & Treasury s. Revenue Management t. Expenditure Management
Planning & Development	<ul style="list-style-type: none"> u. Local Economic Development v. Building Control w. Town Planning x. Environmental Management
Technical Services	<ul style="list-style-type: none"> y. Project Management z. Waste Management aa. Human Settlements bb. Roads & Stormwater

1.3.5 AUDITOR GENERAL REPORT

Umdoni Local Municipality received a qualified audit opinion for the 2023/2024 financial year. This is a regression following over 4 years of consecutive unqualified Audit Opinions.

1.6.1 AUDITED OUTCOMES

- 2015/2016 – Unqualified with other matters
- 2016/2017 – Unqualified with other matters
- 2017/2018 – Unqualified with other matters
- 2018/2019 – Unqualified with other matters
- 2019/2020 – Unqualified with other matters
- 2020/2021 – Unqualified with other matters
- 2021/2022 – Unqualified with other matters
- 2022/2023 – Unqualified with other matters
- 2023/2024 – Qualified (Regressed)

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

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Umdoni Municipality 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 statement of comparison of budget 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 Umdoni Municipality as at 30 June 2024 and 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 qualified opinion

Irregular expenditure

3. The municipality did not fully record irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was because expenditure incurred in contravention of the supply chain management (SCM) legislation was not detected and appropriately disclosed in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R16,61 million in note 50 to the financial statements as it was impractical to do so.

Context for opinion

4. 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.
5. 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.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matters

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

Restatement of corresponding figures

8. As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 30 June 2024.

Debt impairment

9. Debt impairment disclosed in note 4 to the financial statements receivables from non-exchange transactions, the municipality recognised an allowance for impairment of R106,99 million (2022-23: R87,94 million) on receivables, as the recoverability of these amounts was doubtful.

Unspent conditional grants

10. As disclosed on note 11 to the financial unspent conditional grants and receipts, the municipality disclosed unspent conditional grants of R6,94 million (2022-23: R8,64 million).

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

13. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standards of GRAP and the requirements of the MFMA and Dora; and for such internal control as the accounting officer determines is necessary to enable the

preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.
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 and infrastructure development	XX	Provision of basic services and infrastructure which includes the rehabilitation of roads, refuse removal and the construction of sports fields

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

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

22. The material findings on the reported performance information for the selected development priority are as follows:

Basic service delivery and infrastructure development

Various indicators

23. Based on the audit evidence, the actual achievements for three indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the under achievements on the targets were more than reported and the achievements against the targets were lower than reported.

Indicator	Target	Reported achievement
BSD1.4 - Number of meters of Steep Hills upgraded from gravel to concrete	40m	40m
BSD4.1 - Number of Households refuse collected at weekly	11 300	11 300
BSD4.2 - Number of time refuse collected in Businesses and CBDs	365	330

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

25. The annual performance report includes information on reported achievements against planned targets and provides measures taken to improve performance. This information should be considered in the context of the material findings on the reported performance information.
26. The table that follows provides information on the achievement of planned targets and lists the key service deliver] indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic service delivery and infrastructure development

<i>Targets achieved: 85%</i> <i>Budget spent: 81%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Date Stormwater Management System in rural roads maintained	100%	40%
Number of Households electrified in Ward 1	265	260
Number of times refuse collected in Businesses and CBDs	365	330
Number of Community Halls maintained	5	1
Number of Sports fields maintained	5	0

Material misstatements

27. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic service delivery and infrastructure development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

28. 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.

29. 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.
30. 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.
31. 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

32. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, current liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

33. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain regulations.
34. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R0,11 million (2022-23: R2,26 million) as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest on late payments
35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R6,58 million (2022-23: R44,73 million) as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure is caused by unbudgeted non-cash items.
36. Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

Procurement and contract management

37. Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

38. Awards were made to providers who were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM Regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).

Human resource management

39. The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the Municipal Systems Act.
40. Financial interests were not disclosed by the senior managers within 60 days from date of appointment, as required by Regulation on appointment and conditions of employment of senior managers 36(1)(a) on appointment and conditions of employment of senior managers.

Strategic planning and performance

41. The performance management system and related controls were inadequate in monitoring and reviewing processes of reporting in the Annual Performance Report, as required by municipal planning and performance management regulation 7(1). This is evidenced by material accuracy misstatements in reported indicators.

Consequence management

42. Sufficient appropriate audit evidence could not be obtained to determine whether unauthorised expenditure incurred by the municipality was investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
43. Sufficient appropriate audit evidence could not be obtained to determine whether irregular expenditure incurred by the municipality were investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
44. Sufficient appropriate audit evidence could not be obtained to determine whether fruitless and wasteful expenditure incurred by the municipality was investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.
45. Sufficient appropriate audit evidence could not be obtained to verify whether allegations of financial misconduct laid against officials of the municipality were not investigated, as required by section 171(4)(a) of the MFMA.

Other information in the annual report

46. 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.
47. 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.

48. 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.
49. 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

50. 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.
51. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.
52. Management did not have an effective management records system that assist in easy retrieval for audit purposes. Management did not implement proper internal controls to ensure that appropriate records are maintained to support the audit trail and enhance accurate reporting with GRAP standards and performance management framework. Furthermore, procurement and contract management practices were not always effective in ensuring compliance with relevant laws and regulations.

Other reports

53. I draw attention to the following engagement conducted by various parties. The report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
54. There are currently two investigations taking place:
- The two investigations are being investigated by the Directorate for Priority Crime Investigations (Hawks). One of which relates to procurement and contract management fraud during the 2020-21 period amounting to R6,7 million, while the other matter investigated by the Hawks relates to the theft of fuel.

Pietermaritzburg
31 January 2025



1.3.6 STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July – September 2024
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalize the 4th quarter Report for previous financial year	
4	Submit draft year 2023/2024 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August 2024
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September – October 2024
12	Municipalities receive and start to address the Auditor General's comments	January 2025
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	
14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	March 2025
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalization for next financial year. Annual Report and Oversight Reports to be used as input	March – May 2025
This Annual Report must now be tabled by the end of January 2024 and the Oversight Report must be submitted to the Council by the end of March 2025.		



GOVERNANCE STRUCTURE

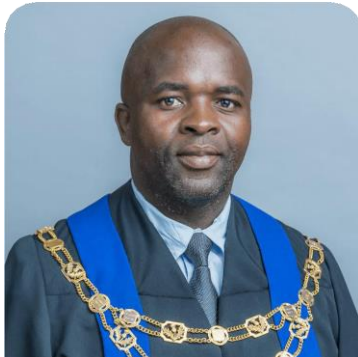
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CHAPTER 2: GOVERNANCE

2.1 COMPONENT A: POLITICAL GOVERNANCE



Cllr. MJ Cele Luthuli
Mayor



Cllr. PE Thabethe Deputy Major
EXCO Member Ward 9



Cllr. R Maharaj
EXCO Member Ward 13



Cllr. P Naidoo
EXCO Member



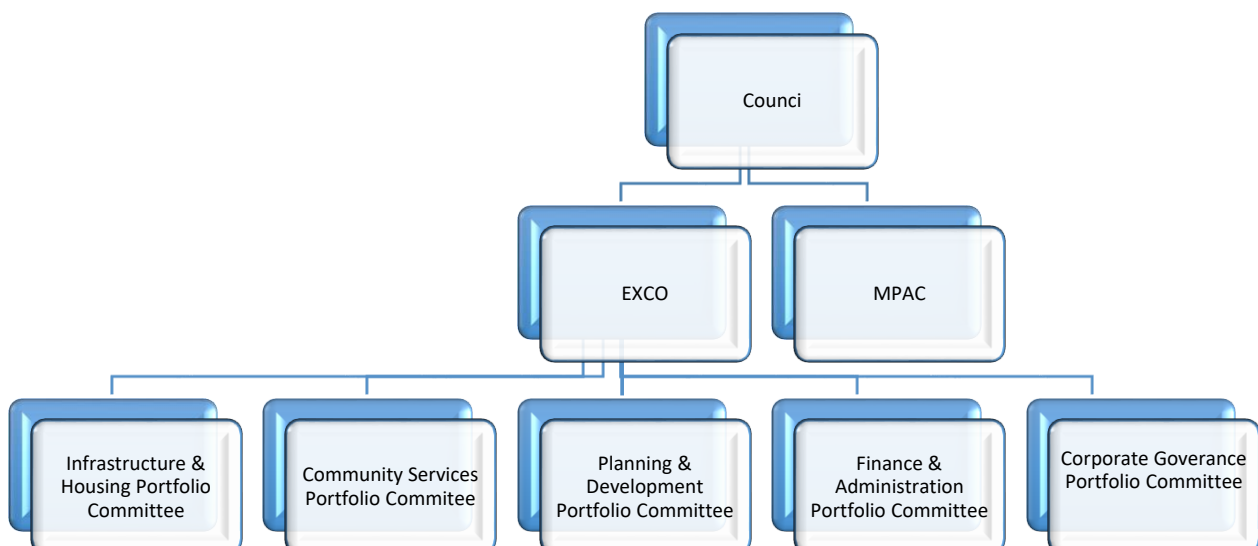
Cllr. SG Dlamini-PR
EXCO Member



Cllr. ZZ Duma-PR
EXCO Member

COUNCIL PORTFOLIO COMMITTEES

The diagram below indicates the workflow procedures within the Municipality.





Cllr. S Zulu
Ward 1



Cllr. MR Madlala
Ward 2



Cllr. ME Mbutho
Speaker Ward 3



Cllr. MA Mbanjwa
Ward 4



Cllr. MG Phungula
Ward 5



Cllr. LR Dlamini
Ward 6



Cllr. SW Mthwane
Ward 7



Cllr. SHE Mngoma
Ward 8



Cllr. A Cutten
Ward 10



Cllr. P Nombika
Ward 11



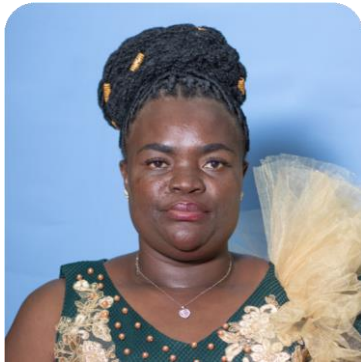
Cllr. S Sookhraj
Ward 12



Cllr. BA Cele
Ward 14



Cllr. S Singh
Ward 15



Cllr. NL Nkomo
Ward 17



Cllr. NT Ndlovu
Ward 18



Cllr. SV Khanyile
Ward 19



Cllr. KP Khumalo
PR



Cllr. MR Khan
PR



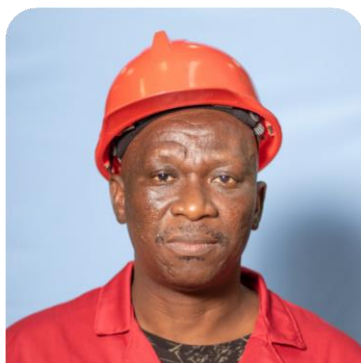
Cllr. MJ Ndlela
PR



Cllr. MJ Ngubo
PR



Cllr. MP Tenza
PR



Cllr. NC Gumede
PR



Cllr. R Bhoola
PR



Cllr. S. Mohamed
PR



Cllr. S Mzelemu



Cllr. SD Mdluli
PR



Cllr. Z Molife
PR



Cllr. ZKW. Jeza
PR

2.2 ADMINISTRATIVE GOVERNANCE



Municipal Manager:
TC Ndlela



GM: Technical Services
M Shangase



GM: Community Services
Mr. TV Khanyile



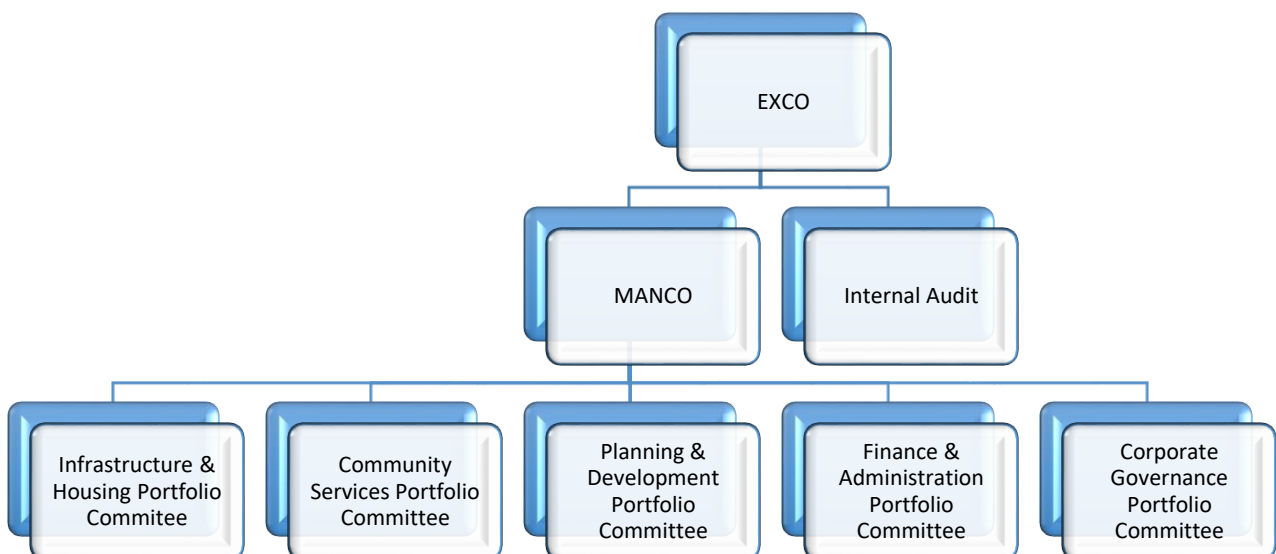
AGM: Planning &
Development
Mr R Nombela



GM Corporate
Mr. S Nyawo



GM Budget & Treasury
Mr. M Chandulal



2.3 COMPONENT B: INTERGOVERNMENTAL RELATIONS

Umdoni Local Municipality forms part of various intergovernmental relations platforms within the District and the province. However active participation in some of the platforms has been a challenge for the year under review. In the 2024/2025 financial year Umdoni will revive active participation and engagement in all relevant intergovernmental structures in order to achieve co-ordinated and integrated planning.

Umdoni Actively participates in the following forums:

Municipal Managers National Forum
The Institute of Municipal Managers
SALGA National Assembly

Provincial intergovernmental activities within the province. The Municipality Delegates Councillors and Senior Officials to the following Forums:

Premiers Coordinating Forum
SALGA Working Groups
Municipal Managers Forum
Provincial IDP Indaba
Disaster Management Forum

District intergovernmental Forums, the district Councillors and Officials attend the following forums:

District Municipal Council
District LED Forum
District IDP Forum
District Planners Forum
District DDM

RELATIONSHIP WITH MUNICIPAL ENTITIES

Umdoni Municipality has a shared services municipal entity called UGU South Coast Tourism and Investment Enterprise (SCTIE) with the rest of the local municipalities within the UGU District. This entity is being managed by the District. Reporting on the entity is done at a District level.

2.4 COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Section 152(1) (e) of the Constitution of RSA encourages Local Government to involve communities and community organizations in matters of Local Government. Section 16(1) of the Municipal Systems Act encourages municipalities to create conditions for the local community to participate in the affairs of the municipality.

PUBLIC MEETINGS

WARD	DATE	VENUE
1	19/03/2024	Mandlakapheli Sportsground
2	20/03/2024	Khakhame Sportsground
3	22/03/2024	Phindavele Sportground
4	26/03/2024	Bhadane Sportground
5	28/03/2024	Dumisa Sportground
6	09/04/2024	Breamer Primary Sportground
7	10/04/2024	Kwagwala Sportground
8	11/04/2024	Mhlangamkhulu Sportground
9	12/04/2024	Zwelisha Sportground
13	12/04/2024	Umzinto Town Hall
10, 14, 15 & 16	18/04/2024	Amandawe Community Hall Country Club Sportground
11 & 12	23/04/2024	Invrougue Sportground Ghandinager Crèche
16	25/05/2024	Gqolweni Sportground
17	30/04/2024	Amandawe Community Centre
18	02/05/2024	Okhalweni Sportground
19	03/05/2024	KwaCele Sportground

COMMUNITY MEETINGS – 1 JULY 2023 – 30 JUNE 2024

CLLR	WARD	TIME	VENUE	COMMUNITY MEETING FROM JULY 2023 – JUNE 2024											
				Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun
Cllr S.Zulu	01	10h00	All VDs	12	10	28	25	30	27	25	29	26	31	28	12
Cllr MR Madlala	02	10h00	All VD's	20	24	24	28	26	30	28	25	22	27	24	08
Cllr ME Mbutso	03	10h00	All VD's	31	18	31	28	27	30	29	26	30	28	25	09
Cllr MA Mbanjwa	04	10h00	Kenterton Community Hall	21	18	18	22	20	17	16	21	18	17	20	18
Cllr GM Phungula	05	10h00	Dumisa Community Hall	15	05	21	20	04	06	12	15	23	05	22	13
Cllr LG Dlamini	06	10h00	All VD's	16	27	10	14	23	17	18	24	17	10	11	21
Cllr WS Mtwane	07	10h00	MPCC	05	02	08	03	07	05	03	02	06	04	08	06
Cllr SHE Mngoma	08	10h00	MPCC	04	01	01	05	03	07	05	02	06	04	01	06
Cllr PE Thabethe	09	10h00	MPCC Hall	27	28	28	25	26	30	29	26	30	28	25	30
Cllr EV Baptie	10	12h00	All VDs	07	04	04	08	06	10	09	06	03	08	05	03
Cllr PN Nombika	11	10h00	All VDs	30	27	27	24	29	26	25	29	26	31	28	05
Cllr S Sookraj	12	10h00	Umzinto Town Hall	23	12	25	19	18	17	23	14	11	12	14	12
	13	13h00	Umzinto Hall	05	04	04	08	06	03	08	05	02	07	04	02
Cllr BA Cele	14	17h00	Amandawe Hall	31	28	28	25	30	27	26	30	27	25	29	13
Cllr S Singh	15	17h00	All VDs	22	25	23	25	23	24	23	26	23	23	24	12
Cllr.MJ Cele. Luthuli	16	10h00	Mahlongwa Hall	27	16	17	24	28	28	23	29	27	18	10	06
Cllr NL Nkomo	17	16h00	Amandawe Community Hall	12	15	07	17	13	14	19	11	19	21	10	11
Cllr TN Nzama	18	10h00	Amahlongwa Community Hall	15	13	16	12	19	19	11	23	25	18	19	12
Cllr SV Khanyile	19	10h00	Mahlabathini	30	27	27	24	29	26	25	29	26	31	28	05

2.5 IDP PARTICIPATION & ALIGNMENT

Community participation in the Integrated Development Planning (IDP) process is vital for creating sustainable, inclusive, and effective development strategies. IDP participation promotes:

- **Inclusivity and Representation:** Engaging the community ensures that diverse voices, especially those of marginalized groups, are heard and included in decision-making.
- **Ownership and Accountability:** When communities are involved, they feel a sense of ownership over development plans, leading to better commitment to implementation and monitoring.
- **Local Knowledge and Insight:** Communities bring unique insights about local challenges and resources, enriching the planning process with practical solutions.
- **Transparency and Trust:** Participation fosters transparency, which strengthens trust between local governments and citizens.
- **Alignment with Real Needs:** Community input ensures that the IDP reflects genuine needs and priorities, preventing a mismatch between plans and reality.

MAYORAL IZIMBIZO & IDP ROADSHOWS

Ward No.	Period	Venue
All	October/November 2023	N/A
01	19 March 2024	Mandlakapheli Sportsfield
02	20 March 2024	Khakhama Sportsfield
03	22 March 2024	Phindavele Sportsfield
04	26 March 2024	Kwa Bhadane Sportsfield
05	28 March 2024	KwaDumisa Sportsfield
06	09 March 2024	Breamar Primary Sportsfield
07	09 April 2024	KwaGwala Sportsfield
08	11 April 2024	Mhlangamkhulu Sportsfield
09	12 April 2024	Zwelisha Sportsfield
10 & 15	18 April 2024	Country Club Sportsfield
14 & 16	18 April 2024	Amandawe Community Hall
11	23 April 2024	Invrogie Sportsfield
12	23 April 2024	Gandinagah Creche
16	25 April 2024	Gqolweni Sportsfield
17	30 April 2024	Amandawe Community Centre
18	02 May 2024	Okhalweni Sportsfield
19	03 May 2024	KwaCele Sportsfield

WARD COMMITTEES

The roles and responsibilities of Ward Committees are described and applied according to Ward Committee policies and legal framework.

The Municipal Structures (Act 117 of 1998) provides for the establishment of Ward Committees. These structures are created to assist the Ward Councillors to carry out their mandate. Ward Committees are intended to deepen democracy & accountability and ensure a healthy social contract between communities and Municipal Government.

The main roles of Ward Committees are as follows:

- a) To monitor the performance of the Municipality and raise issues of concern in the local wards
- b) To increase the participation of local residents in municipal decision making, as they are a direct and unique link with the Council
- c) They are representative of the local ward and are not politically aligned.
- d) They are involved in matters such as the Integrated Development Planning process, Municipal Programmes, as all these processes impact local communities
- e) They assist in community awareness campaigns as they understand and know the needs of the communities.

ESTABLISHED AND FULLY FUNCTIONAL WARD COMMITTEES

Umdoni Municipality comprises of 19 Wards, rural and semi-rural components. The ward committees consist of 10 members that represent sectors or VDs. The Ward Councillor is the Chairperson of that particular ward. A secretary is appointed by the respective Ward/s to perform the administrative functions of the Ward Committee.

As per regulations and Guidelines for Ward Committees, all Committees are required to meet monthly (totalling 12 meetings per annum), and have constituency meetings quarterly.

FUNCTIONALITY OF WARD COMMITTEES 2023/2024 FY

Ward No.	Reporting Quarter	No of WC Meeting held	Functionality status (Fully Functional/Non Functional)
01.	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
02.	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	

03	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
04	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
05	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
06	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
07	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
08	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
09	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
10	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
11	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	

12	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
13	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
14	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
15	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
16	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
17	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
18	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	
19	July-September 2023	03	Fully Functional
	October-December 2023	03	
	January-March 2024	03	
	April-June 2024	03	

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

Enterprise Risk Management (ERM) forms a critical part of any institution's strategic management. It is the process whereby an institution both methodically and intuitively addresses the risk attached to its activities with the goal of achieving sustained benefit within each activity and across the portfolio of activities

Section 62(1)(c)(i) of the Municipal Finance Management Act 56 of 2003 (MFMA), prescribes that the accounting officer must ensure that the institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control. As such the municipality has undertaken a risk assessment review with the aim of mitigating the threats that the municipality is faced with in order to ensure that service delivery within the municipality is not compromised. During the 2023/24 financial year, the municipality reviewed the risk management policy with the auspices of the Provincial Treasury and was adopted by the council. In terms of this policy, it outlines the processes to be undertaken by the municipality in terms of identifying, measurement, responding and reporting on risks that could affect the municipality from achieving its strategic and operational objectives.

Accordingly, for this period, the municipality identified the risks that could affect its operations and actions plans to mitigate these risks were developed and monitored on an ongoing basis by both the action owners and the risk management committee.

The following is the top five risks that were identified in the municipality's risk register;

1. Failure to prevent, detect and report on irregular expenditure.
2. Failure to attract critical skills and to retain critical employees.
3. Inadequate systems of fleet management
4. Inadequate implementation of waste management solutions

Failure to respond timeously and effectively in the event of a disaster.

2.7 ANTI-FRAUD & CORRUPTION

The Municipality is committed to protecting its funds and other assets. The Municipality took a firm stance that it will not tolerate corrupt or fraudulent activities whether internal or external to the organizations, and will vigorously pursue and prosecute any parties, by all legal means available against those that engage in such practices or attempt to do so.

The Municipality's Anti-Corruption Strategy and Fraud Prevention have been developed as a result of the expressed commitment of Government to fight corruption.

The municipality adopted the following strategies to be employed in dealing with fraud and corruption;

(a) Structural Strategies

- I. Allocation of responsibilities for fraud and corruption risk management within the institution.
- II. Establishing an ethical culture within the municipality
- III. Ensuring that Senior management affirms its commitment on eradicating fraud and corruption
- IV. Assessment of fraud and corruption risks, and;
- V. Employee awareness

(b) Operational Strategies

- I. Internal controls
- II. Preventive controls which includes amongst other things, employee awareness, pre-employment screening, recruitment procedures, internal audit programmes, disclosure of interests
- III. Detection strategies which includes, Internal audit and External audit
- IV. Response strategies which includes, reporting fraud and corruption, investigating fraud and corruption

(c) **Maintenance strategies**

- I. Review the effectiveness of the anti-fraud and corruption strategy and prevention plan
- II. Review and updating the anti-fraud and corruption strategy and prevention plan.

2.8 SUPPLY CHAIN MANAGEMENT

Supply chain management (SCM) is an integral part of financial management. This function integrates the planning, procurement and provisioning processes, and seeks to introduce best practices, whilst at the same time addressing Government's preferential procurement policy objectives.

The accounting officer of a municipality must implement an efficient system of acquisition management, in terms of paragraph 11 of the Municipal Supply Chain Management Regulations, to ensure that:

- a) That goods and services are procured by the municipality in accordance with authorized processes only;
- b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the MFMA;
- c) That the threshold values for the different procurement processes are complied with;
- d) That bid documentation, evaluation and adjudication criteria and the general conditions of a contract, are in accordance with any applicable legislation; and
- e) That any Treasury guidelines on acquisition management are properly taken into account.

These are phases that distinguish the SCM processes:

Demand management which deals with the planning process, such as:

- Determination of market strategy.
- Acquisition management which deals with procurement processes, such as:
 1. Identification of preferential policy objectives which include the implementation of BBBEE scorecards as adopted in December 2011; 2023 specific goals were introduced replacing 2017 regulations of BBBEE.
 2. Compilation of tender documentation, including Conditions;
 3. Determination of evaluation criteria;
 4. Evaluation of tenders and tabling of recommendations;
 5. Compilation and signing of contract documents; and
 6. Contract administration (contract register).
 7. Logistics management, which deals with provision of services; and
 8. Disposal management, which deals with disposal of assets once their lifespan has come to an end.

Improvements made in the 2023/2024 financial year included the consolidation of the following:

- Contract register where we monitor the spending of awarded bids;
- Circulation of a checklist schedule for quotations below R200 000, amendments were made to the regulations threshold for Procurement above R30 000, for Local Municipalities to R300 000. All costs inclusive, to ensure full compliance with the requirements of the bid and legislative prescripts;

- Monitoring of the quotation register, where service provider information is updated regularly before an appointment is made;
- Registering of bids awarded to Construction Industry Development Board (CIDB);
- Reporting of awarded bid contracts and quotations to National Treasury on a live feed; above R300 000 only.
- Recording of pre-evaluation/functionality scoring for bids in order to document how the committee arrives at their scoring and the deliberations that took place;
- Recording of all site briefing meetings for us to have documentation on what was discussed and to know changes made; a site meeting register is available for every site meeting taking place .and
- Set dates were designed for BID committee meetings for members to be informed on time and also to be able to prepare for the meetings.

Challenges we continue to experience:

- Compliance to SDBIP by user departments as items are not procured according to the procurement plan;
- Committee members not attending the bid committee meetings;
- Bidders not fully completing the bid documents and attaching the necessary information;
- Late submission of requests for procurement from the user departments, which leads to the inability to conclude SCM processes on time. This results in unnecessary extension of contracts;
- Poor understanding of contract management;

Umdoni Municipality complies with the prescribed framework, Section 112 of the Municipal Finance Management Act No. 56 of 2003 (MFMA), when acquiring goods and services in a way that is fair, equitable, transparent, competitive and cost-effective.

This is achieved by the following activities:

- We advertise all our bids in public, through Notice Board and on the Municipality website for transparency; and also on E-Tenders as per Regulations,
- We do that in order to obtain value for money as there will be competitive bidding of price and/or proposal offers from various service providers;
- Bids are opened in public and offers are read in public to avoid corruption and tempering with bid prices;
- Intention to award for a successful bidder is published in order to allow objections, if any, from other service providers;
- Unsuccessful bidders are informed in writing of the bid outcome; and
- A bid register is published on the website to offer those who could not make it to the bid opening to have the result of the bid opening.

2.9 MUNICIPAL BY-LAWS

The following by-laws were adopted by Council on 30 May 2023 for the 2023/2024 Financial Year:

Credit Control and Debt Collection By-Law

Municipal Property Rates By-Law

Tariff By-Law

2.10 MUNICIPAL WEBSITE

Our website remains the main bridge of communication between the Municipality, public and stakeholders. All computers currently placed in our libraries are properly maintained in order to ensure that the information placed on the website is easily accessible to the public. We continuously strive to ensure that all information posted on the website is of public interest and also complies with legislations such as MFMA Section 75. Attached below is the Website compliance checklist for Umdoni Municipality. It articulates the information available for public scrutiny and compliance with relevant legislation.

Circular Ref:	Required Information	Does the Municipality have the required Information?		Is the Information on the Municipal Website?		Department	Responsible Person
		(Mark with x)		(Mark with x)			
		Yes	No	Yes	No		
a)	The Annual & Adjustment budget related documents					Finance: Budget Section	CFO
b)	All Budget Related Policies					Finance: Budget Section	CFO
c)	Tariffs Policy					Finance: Revenue Section	CFO
d)	Rates Policy					Finance: Revenue Section	CFO
e)	The Credit Control & Debt Collection Policy					Finance: Revenue Section	CFO
f)	Cash Management & Investment Policy					Finance	CFO
g)	Borrowing Policy					Finance	CFO
h)	Funding & Reserves Policy					Finance	CFO
i)	Long-Term Borrowing Policy					Finance	CFO
j)	Supply Chain Management Policy					Finance: SCM Unit	CFO
k)	Management & Disposal of Assets Policy					Finance: Assets Unit	CFO
l)	Infrastructure Investment & capital projects policy					Finance & Tech Services	CFO & GM TS
m)	Indigent Policy						CFO
n)	Provision of Free Basic Services Policy					Finance	CFO
o)	The Annual Report					Office of MM	Municipal Manager

Circular Ref:	Required Information	Does the Municipality have the required Information?		Is the Information on the Municipal Website?		Department	Responsible Person
		(Mark with x)		(Mark with x)			
		Yes	No	Yes	No		
p)	All Performance Agreements Required in terms of Sec75(1) of the MFMA					MM: IDP/PMS	MM
q)	All Service Delivery Agreements ESKOM Arts & Culture for Libraries Department of Transport Humberdale Landfill site					Finance & Tech Services	CFO Mr Bhengu Mrs. Shange PMU
r)	All Long Term borrowing contracts					Finance	CFO
s)	All Supply Chain Management contracts above a prescribed value					Finance	CFO
t)	All Information statement containing a list of assets over a prescribed value that have been disposed of in terms of Section 14(2) or (4) during the previous Quarter					Finance	CFO
u)	Contracts to which sub-section (1) of 33 apply, subject to Subsection (3) of that Section					Finance & Corporate Services	CFO&GM:CpS
v)	Public-Private Partnership Agreements referred to in section 120					Corporate Services Legal & Estates	GM:CpS
w)	All Quarterly reports tabled in the Council in terms of Section 52(d)					Corporate Services: Committee Section	GM:CpS
x)	Draft IDP					IDP/PMS	MM
y)	Final IDP					IDP/PMS	MM
z)	Service Delivery Budget & Implementation Plan					IDP/PMS	MM
aa)	2022/2023 Draft Annual Report					Corporate Services	GM:CpS
bb)	2023/20204 Performance Agreements					IDP/PMS	MM
cc)	List of Disposed Assets					Finance	CFO

Circular Ref:	Required Information	Does the Municipality have the required Information?		Is the Information on the Municipal Website?		Department	Responsible Person
		(Mark with x)		(Mark with x)			
		Yes	No	Yes	No		
dd)	Council Meeting Minutes					Corporate Services: Committee Section	GM:CpS
ee)	Services offered by Umdoni					All Service Delivery Departments	All HODs
ff)	Community Services					Community Services	GM:CS & IT Section
gg)	Corporate Services					Corporate Services	GM:CpS
hh)	Human Settlements					Technical Services	Manager: Housing & IT Section
ii)	Planning & Development					Planning & Development	GM:P&D & IT Section
jj)	Solid Waste Management					Technical Services	GM:TS & IT Section
kk)	Water & Sanitation					Technical Services	GM:TS & IT
ll)	Vision & Mission					IT Section	GM:CpS
mm)	About Us					IT Section	GM:CpS
nn)	Departments					IT Section	GM:CpS
oo)	Notices & Events					Public Participation & Communications	Manager:PPC
pp)	Business Opportunities - LED					Planning & Development	GM:P&D
qq)	Notice on Council Meetings – Home Page					Corporate Services	GM: CpS



SERVICE DELIVERY PERFORMANCE REPORT PART 1

3

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

3.1 WATER PROVISION

Statistics South Africa (StatsSA) 2022 Census indicates that 21 789 out of 33 087 Households in Umdoni Municipality that have access to water that is provided by a regional/local water scheme operated by a municipality. 66% of Umdoni households have access to water through UGU District Municipality while the remaining 34% of the household's waters sources are boreholes, Springs, Dams, Rivers and Rain Water Tanks.

The Umdoni Municipality is experiencing water shortage and disruption of services on a regular basis. The provision of water is the responsibility of the Ugu District Municipality although the Local Municipality is assisting in gathering of information and the development of a consolidated Infrastructure Plan to inform the Water Services Development Plan by providing information on backlogs and needs. This will assist the District to strategize the eradication of backlogs. The map below indicates access to water within the Umdoni Municipal Area.

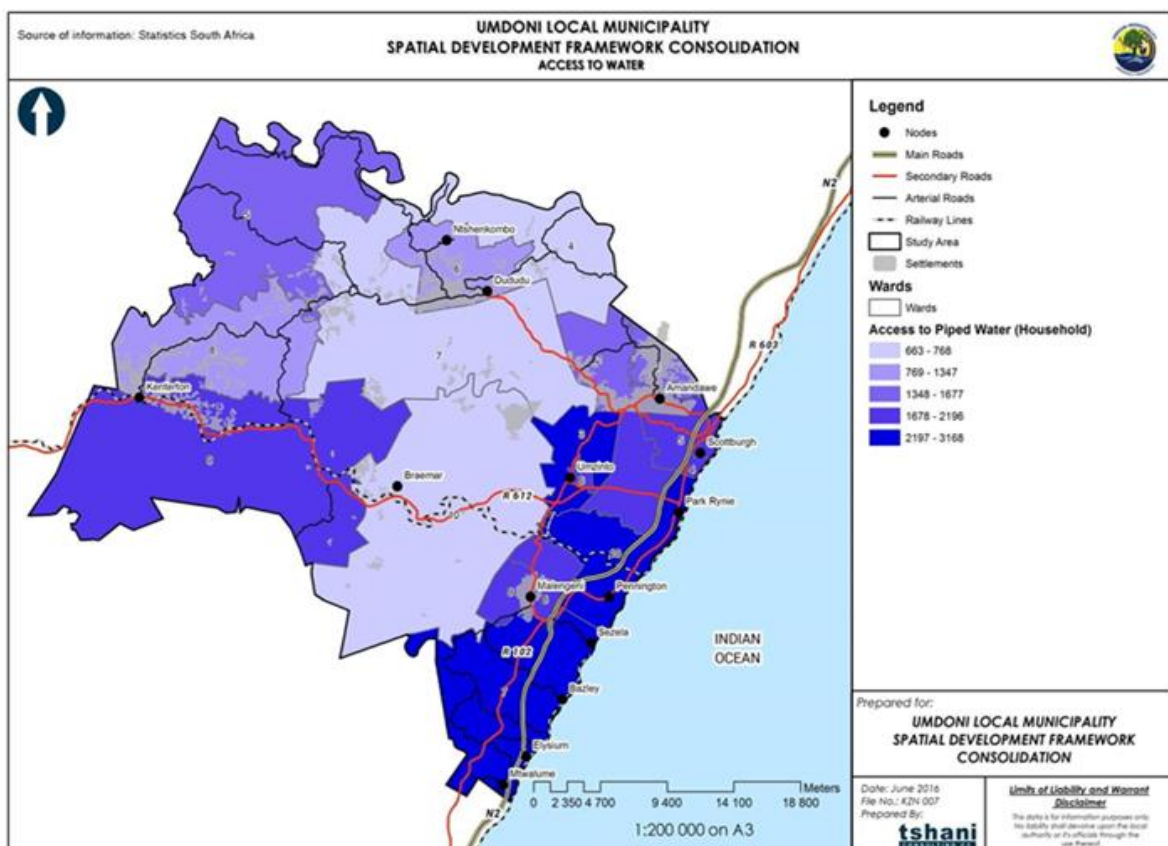


Figure: 3.1 Access to Water

3.2 WASTE WATER (SANITATION) PROVISION

The StatsSA 2022 census indicates that 19 849 Households in Umdoni use flush toilets connected to a public sewerage system while 1324 Households have flush toilets connected to a septic or conservancy tank. 3639 households use a chemical toilet whilst 4942 use Pit latrine toilets with ventilation pipes known as VIPs. 6 616 Households in Umdoni use VIPs without ventilation pipes with the remainder of the household population uses the ecological toilets. 983 Households in Umdoni which represents 3% of our household population still use the bucket system that is collected by the municipality. This shows an increase from 504 households in the 2016 StatsSA Community Survey.

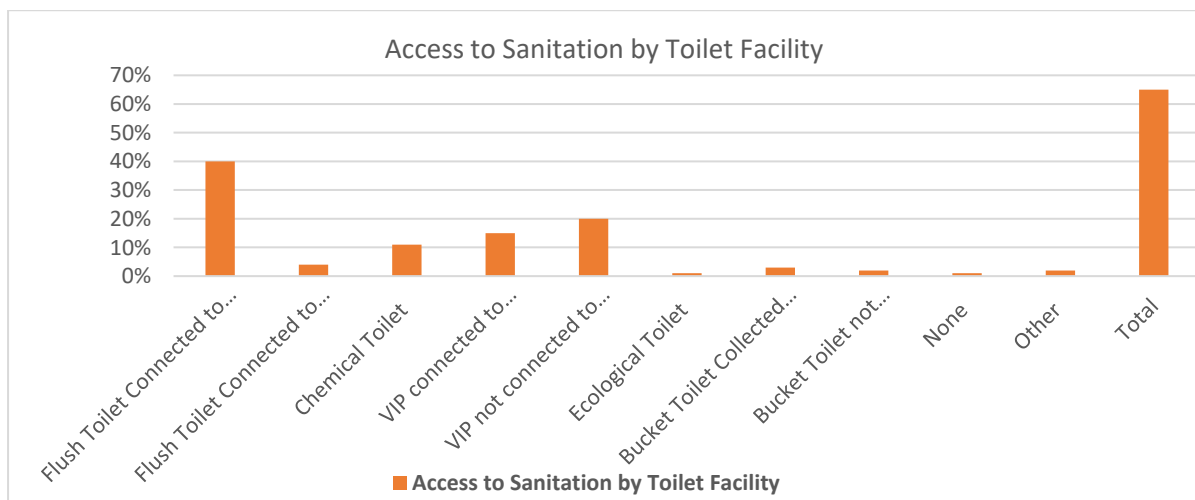


Figure 3.2.1: Access to Sanitation by Toilet Facility (StatsSA 2022)

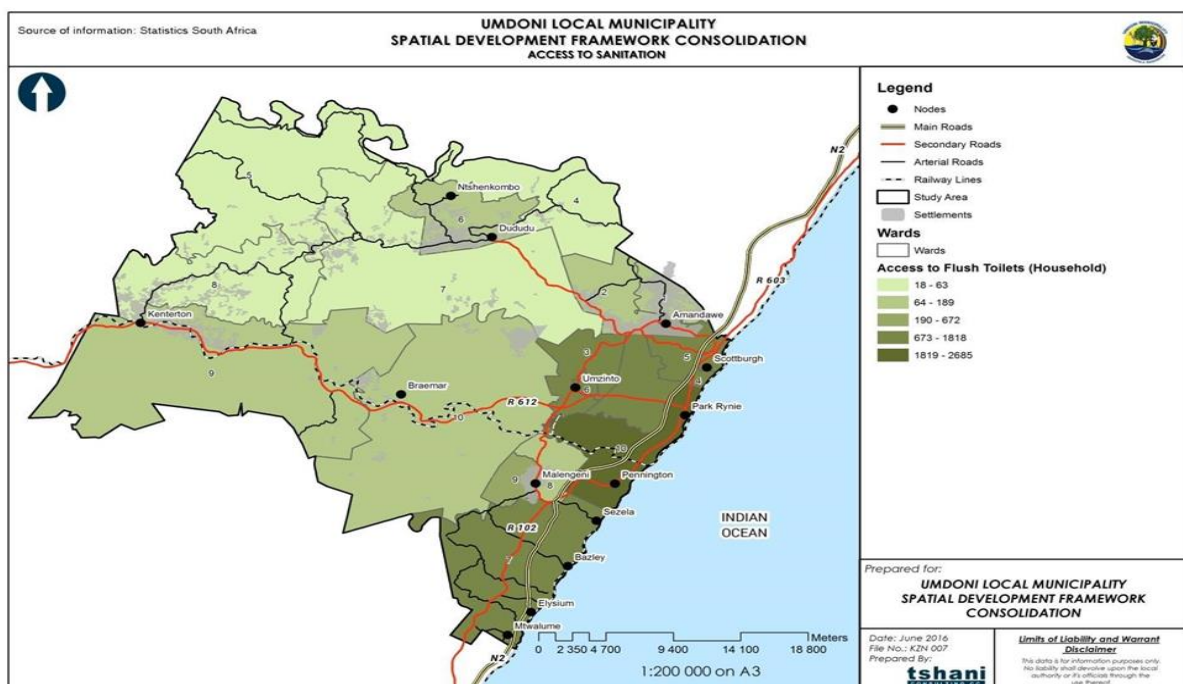


Figure 3.2.2: Map – Access to Sanitation

3.3 ELECTRICITY PROVISION

According to the StatsSA 2022 census 90% of Households in Umdoni have access to energy and connected from mains. 8% of our household population still uses candles whilst 1% uses generators and another 1% using paraffin. The statistic though does not account for the percentage of households with illegal connections within the bracket of 90% of households classified to having access to energy/electricity considering the fact that all our informal settlements are riddled with dangerous illegal connections that increase load shedding within its areas and possibility to damage to current existing infrastructure that is not adequate to cater for the growing households within each area.

The figure below indicates the percentages of households with access to energy/electricity within the jurisdiction of Umdoni.

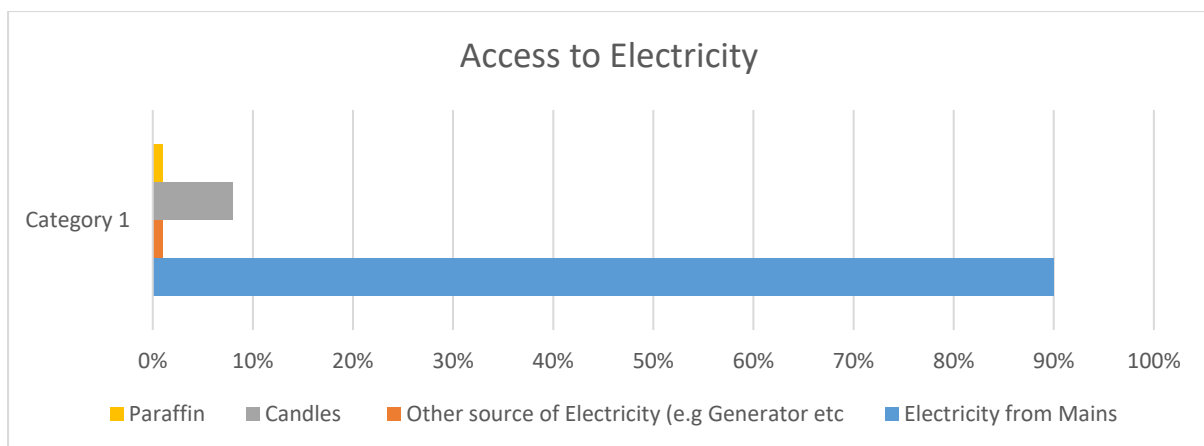


Figure 3.3 Access to Energy by source (StatsSA 2022)

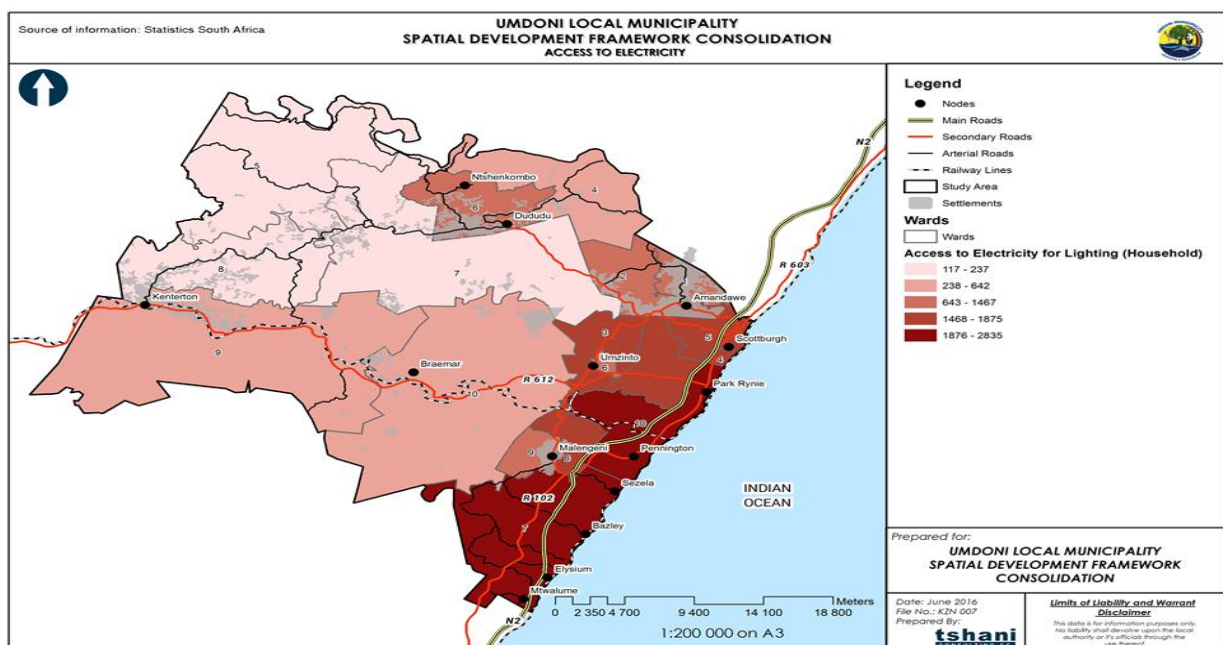


Figure 3.3.1 – Access to Electricity

ELECTRIFICATION OF WARD 11 (KISS KISS, ALEX & MBETHENI) PRE-MARKETING

In an attempt to deal with the 8% electrification, backlog the municipality was allocated R815 000 for feasibility studies and premarketing for 423 connections in Ward 11 for electrification of Kiss Kiss, Alex and Mbetheni informal settlements. BI Infrastructure were appointed as consultants and commenced in July 2023 and completed feasibility study and premarketing on 13 December 2023. ESKOM approved the preliminary designs and construction phases will commence will commence in 2024/2025 financial year.

ELECTRIFICATION OF NTSHASHENI, MTHOLI PHASE 1 (WARD 1)

Izingodla Engineering was appointed on a turnkey contract with an award value of R5 898 301.00 The project scope is the electrification of 265 households with 13 transformer zones to cater for intended connections fed through the ESKOM network. The project commenced in August 2023.

The construction work on site has been completed and the revised design package has been uploaded to the ESKOM network and is awaiting approval thereafter a memo will be submitted to book an outage. As at 30 June 2024 the expenditure was at R5 596 261.56 which is 94.88% of the total allocation.

Challenges experienced during the construction phase of the project were delays due to change/update in specification requirements by Eskom. Eskom has introduced a new compliant standard that requires surveyors to tag transformers within each project. A large-scale survey is currently happening on existing infrastructure throughout KZN and it has been issued as a compliance standard.

As a remedial action a survey was carried out on site by ESKOM and new data was uploaded on the ESKOM portal.

3.4 WASTE MANAGEMENT

According to the StatsSA 2022 census 14 555 households in Umdoni have access to the refuse removal service. This means that 44% of our total households has access to the refuse removal service. This number is quite low considering the fact that the refuse removal service is a core function for this municipality.



There is a fleet and machinery challenge that hinders the effective and efficient delivery of the refuse removal services within the municipality. Of the 79 skips the municipality has, 45 cannot be utilised due to corrosion of the floors, side panels and tipping bars. The municipality has planned for the refurbishment of the 45 skips which will extend their life span to another 5 years.

After the amalgamation with Vulamehlo in 2016 the scope of refuse removal was increased from 10 wards to 19 wards with all the wards added to the municipality being rural and not contributing to the rates revenue stream. Council needs to consider the procurement of additional skips that will be strategically placed in areas that will be identified for communal dumping so that the refuse removal service is extended to rural areas.



Interruptions in the refuse removal service were experienced during the last quarter of the financial year due to labour unrests. The municipality received a non-compliance notice from EDTEA amidst the unrest. The municipality developed a plan to eradicate the refuse removal backlog for implementation in the 2024/2025 financial year.

HUMBERDALE LANDFILL SITE

Umdoni Local Municipality established a landfill site in 2000 to cater for waste that is generated within the municipal jurisdiction. The landfill site accepts domestic, garden refuse and builders rubble. Cell 1 of the landfill site has a capacity of 244 000m³ with a life span that was to end in 2012. With effective management this lifespan was extended to July 2027.



Compliance on the landfill site is monitored in line with the permit that was issued by the Department of Water Affairs & Forestry. Due to the fact that the life span of Cell 1 will end in 2027, the municipality will ensure feasibility of operation of Cell 2 before 2027 by conducting a conditional assessment and implementing its recommendations to ensure that cell 2 is ready for operation by 2027. The municipality will also embark on the process of acquiring an updated Waste Management License by the end of 2026.

As at 30 December 2024 the internal audit report on the compliance of landfill site indicated a score of 79.10% which means that the landfill site was non-compliant with the permit. Remedial measures and recommendations were implemented to ensure compliance.

3.5 HOUSING PROVISION

Umdoni Municipality is a predominantly rural municipality with people's homes mostly built along the road and very few scattered across hilly terrain. This linear pattern makes it easier for provision of water and other Bulk infrastructure services. The residents have fairly good enough space to build or further sub-divide the land to their children and grandchildren. However, there are other residents who have homes still built on hilltops which might be difficult for the contractors to move material during construction phase and some sites are located next to bulks servitudes e.g. ESKOM power lines which poses a risk and non-compliance challenge.

UMDONI HOUSING PROJECTS ON CONSTRUCTION STAGES

MALANGENI HOUSING PROJECT

The Malangeni Rural Housing Project entails construction of 500 housing units and VIP's and installation of rainwater harvesting tanks in Ward 7, 8, 9 & 11. The project has been completed pending close-out report from the Implementing Agent.

AMAHLONGWA PHASE 1 HOUSING PROJECT

The Amahlongwa Rural Housing Project entails construction of 500 housing units and VIP's and installation of rainwater harvesting tanks in Ward 16 & 18 of Umdoni Municipality. The project has been completed and housing units handed over to beneficiaries.

AMAHLONGWA PHASE 2 HOUSING PROJECT

The Amahlongwa Rural Housing Project entails construction of 300 housing units and VIP's and installation of rainwater harvesting tanks in Ward 16 & 18 of Umdoni Municipality.

The project is on construction stage with 17 units constructed. The project is on hold due to lack of funding from the Department of Human Settlements.

AMANDAWE HOUSING PROJECT

The Amandawe Rural Housing Project entails construction of 300 housing units the VIP toilets and installation of rainwater harvesting tanks in Ward 14, 16, & 17 of Umdoni Local Municipality.

The total number of 221 units have been completed and handed over. The topography of the area is a major challenge as there are sites that are regarded as unbuildable due to inaccessibility to certain sites. The project is currently on hold due to financial constraints of the Department of Human Settlements

KWA-CELE HOUSING PROJECT

The Kwa-Cele Rural Housing Project entails construction of 300 housing units and VIP's and installation of rainwater harvesting tanks in Ward 17,18 &19 of Umdoni Municipality

The project is on construction stage with 71 units completed and handed over to beneficiaries. The project is currently on hold due to financial constraints from the Department of Human Settlements.

VULAMEHLO PHASE 2 HOUSING PROJECT (MISTAKE FARM)

The Vulamehlo Phase 2 Rural Housing Project entails construction of 500 housing units and VIP's and installation of rainwater harvesting tanks in Ward 6 of Umdoni Municipality.

The total number of 350 housing units were completed and handed over. The Tripartite Agreement for the construction of the remaining 150 units was signed by all parties however construction could not commence due to lack of funding from the Department of Human Settlement. The project is currently on hold.

VULAMEHLO WARD 5 & 7 RURAL HOUSING PROJECT

The Vulamehlo Ward 5 & 7 Rural Housing Project entails construction of 2000 housing units and VIP's and installation of rainwater harvesting tanks in Ward 1, 2,3,6 &19 of Umdoni Municipality

The total number of 1486 housing units were completed and handed over to beneficiaries. The project is currently on hold due to lack of funding from the Department of Human Settlements

IFAFA GLEBE REHABILITATION PROJECT

The Ifafa Glebe Rehabilitation Housing Project entails construction of housing units and demolition of old inhabitable structures in Ward 7, 8 & 9 of Umdoni Municipality. The project was approved on phased approach with phase 1 being construction of 300 units.

The total number of 143 housing units have been constructed. The project is currently on hold due to lack of funding from the Department of Human Settlements

HOUSING PROJECTS ON PLANNING STAGES

Project Name	Ward	Number of Units
Farm Abrahams	10	300
Umzinto Detailed Planning & Interim Services	12 & 13	1664
China Town	15	36
Amahlongwa Phase 3 Rural Project	16 & 18	1000
Dududu Phase 2 (Ward 1,2,3) Rural Projects	1,2 & 3	1500
Dududu Phase 2 (Ward 4,5 & 6)	4,5 & 6	1500

TITLE DEED RESTORATION PROJECT

The Title Deed Restoration Programme aims at ensuring home ownership by rightful beneficiaries. Umdoni Municipality is embarking on title deed programme for the following projects: -

- Ifafa Glebe – 1863 units
- Riverside Park – 312 units
- Ghandinager – 68

3.6 FREE BASIC SERVICES & INDIGENT SUPPORT

The Municipality has an Indigent Policy which sets out criteria that needs to be met in order to qualify for relief in the form of an indigent rebate for rates, Refuse and Free Basic Electricity charges. The Indigent Policy is reviewed on an annual basis in the following matters: -

- The rates reduction is 295 000.00 of value of the property
- No charges for refuse removal
- Free Basic Electricity in accordance with the annual ESKOM Tariff

The Indigent Register of the municipality is reviewed on a 3-year cycle. The current cycle ends on 30 June 2024.

Rates	Refuse Removal
Total No. of Indigents: 992	
Budget for Indigents: R2 689 456	Refuse Budget for Indigents: R736 273
Expense for Indigents: R1 744 443	Refuse expense for Indigents: R723 137
Free Basic Electricity	
Number of FBE: 1326	
Number of Conventional meters: 260	
Number of Prepaid meters: 1066	

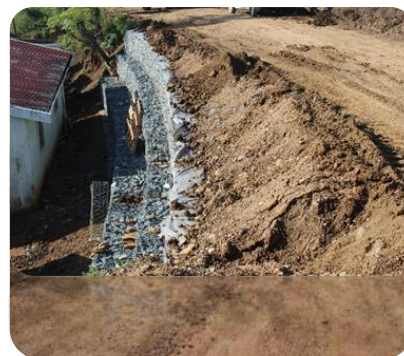
COMPONENT B: ROAD TRANSPORT

3.7 ROADS

A number of Roads have been either upgraded, resurfaced or rehabilitated within Umdoni Municipality however there are still roads that need intervention and rehabilitation as they have reached the last years of their life span within the Urban areas.

Challenges are experienced with regards to intergovernmental relations and proper communication channels when it comes to the rehabilitation of roads that fall within the jurisdiction of the Provincial Department of Transport, whereby the Municipality does not have access to plans that the Department of Transport has with regards to the rehabilitation of its roads that are within Umdoni, therefore it becomes difficult to achieve integrated planning and also provide feedback to the community.

Umdoni Municipality roads infrastructure is very old and has a history of being badly maintained. The aging roads infrastructure and requires immediate intervention through and intensive roads maintenance programme.



URBAN ROADS REHABILITATION

The municipality made a budget allocation of R9 451 227,00 for the rehabilitation of Hazelwood Road. As at 30 June 2024, 1.1 Km of Hazelwood Road was rehabilitated. The municipality also allocated a budget of R15 548 773,00 for the maintenance of pavements and the Stormwater management system as per the conditional assessment.

STEEP HILLS & STORMWATER MAINTENANCE PROGRAMME

R15 000 000 was allocated for the upgrade of steep hills in rural areas as well as maintenance of Stormwater management system. As at 30 June 2024 only 4.8% of the rural Stormwater management system was maintained. Challenges of breakdown of yellow plant were reported as reasons for variance and the provision for leasing of yellow plant to complete the programme in 2024/2025 as a planned corrective action.



REGRAVELLING OF MYEZA ROAD (WARD 14) This project has an MIG allocation of R4 044 289.87 The project entailed a re-gravelling and betterment of a 1.1km long x 5m width gravel road. The completed works include bulk earthworks, processing layer works, a finished wearing course surface, thick reinforced concrete surface on steep gradients, associated Stormwater drainage, installation of gabions, guardrails and road signs.



UPGRADING OF SMOLO ROAD FROM GRAVEL TO ASPHALT



This is a multi-year project with an MIG allocation of R 18 080 491.89

The project entailed the upgrade of 1.95km long x 5m width gravel road to asphalt surface. Works completed as at the end of financial year were bulk earthworks, processing of all layer works, laying of asphalt, installation of kerbing and channelling, gabions, road signs, guardrails and road marking.



RE-GRAVELLING OF HLONGWA ACCESS ROAD (WARD 04)

The re-gravelling of Hlongwa Access Road is a Disaster Grant funded project that has an allocation of R1 800 000. Vangisa Projects was appointed on a turnkey basis to conduct repairs on a 1.6 km long x 6m wide gravel road by processing layer works for a finished wearing course surface, construct drains and chutes for Stormwater maintenance. As at 30 June 2024 progress on construction at Hlongwa Access Road was at 65%.



VUKAPHI ACCESS ROAD (WARD 5)



The re-gravelling of Vukaphi Access Road is a Disaster Grant funded project that has an allocation of R1 900 000. Vangisa Projects was appointed on a turnkey basis to conduct repairs on a 1.3 km long x 6m wide gravel road by processing layer works for a finished wearing course surface, construct drains and chutes for Stormwater maintenance. A thick reinforced concrete pavement/surface is constructed in sections where the gradient is steep. As at 30 June 2024 progress on construction at Vukaphi Access Road was at 65%.

MPHEMBA ROAD (WARD 6)

The re-gravelling of Vukaphi Access Road is a Disaster Grant funded project that has an allocation of R1 200 000. Vangisa Projects was appointed on a turnkey basis to conduct repairs on a 0.3 km long x 5m wide gravel road by processing layer works for a finished wearing course surface, construct drains and chutes for Stormwater maintenance. A thick reinforced concrete pavement/surface is constructed in sections where the gradient is steep. As at 30 June 2024 progress on construction at Mphemba Access Road was at 54%.



SHANGE ACCESS ROAD (WARD 8)



The re-gravelling of Shange Access Road is a Disaster Grant funded project that has an allocation of R1 300 000. Vangisa Projects was appointed on a turnkey basis to conduct repairs on a 1.3 km long x 6m wide gravel road by processing layer works for a finished wearing course surface, construct drains and chutes for Stormwater maintenance. A thick reinforced concrete pavement/surface is constructed in sections where the gradient is steep. As at 30 June 2024 progress on construction at Shange Access Road was at 100%.



HAZELWOOD AREA GRAVEL ROADS (WARD 13)

The re-gravelling of Vukaphi Access Road is a Disaster Grant funded project that has an allocation of R300 000. Vangisa Projects was appointed on a turnkey basis to conduct repairs on a 0.3 km long x 5m wide gravel road by constructing a thick reinforced concrete pavement/surface is constructed in sections where the gradient is steep. As at 30 June 2024 the construction progress on the re-gravelling of Hazelwood Area gravel roads was 100% complete.



MPHEMBA ACCESS ROAD (WARD 14)

The re-gravelling of Mphemba Access Road is a Disaster Grant funded project that has an allocation of R1 300 000. Vangisa Projects was appointed on a turnkey basis to conduct repairs on a 0.4 km long x 5m wide gravel road by processing layer works for a finished wearing course surface, construct drains and chutes for Stormwater maintenance. A thick reinforced concrete pavement/surface is constructed in sections where the gradient is steep. As at 30 June 2024 the construction progress on the re-gravelling of Mphemba Access road was 100% complete.

BUSHY GROVE (WARD 15)

The rehabilitation of Bushy Grove Road is a Disaster Grant funded project that has an allocation of R1 600 000. Vangisa Projects was appointed on a turnkey basis to conduct repairs on a rehabilitation of a 0,430km x 7m width road, processing of the base layer works and laying of an asphalt layer. As at 30 June 2024 the construction progress on the rehabilitation of Bushy Grove road was 100% complete.



3.8 TRANSPORT

MOTOR VEHICLE LICENSING

The offices are situated in Scottburgh and perform registration and licensing of motor vehicles as an agency for the Department of Transport.

The following table indicates that income that was received from July 2023 to June 2024:

DATE	UMDONI(R)	DOT(R)	No of Transp.
July 2023	R 199 275.10	R 1.993.275.10	5921
August 2023	R194 616.00	R2 700 894.95	7253
September 2023	R 248.875.10	R3047 327.30	7437
October 2023	R220 552.96	R2 397 567.80	6701
November 2023	R220 552.96	R2 205 529.60	6357
December 2023	R228 360.00	R2 283 604.85	6947
January 2024	R227 126.85	R2 271 268.45	7673
February 2024	R235 196-13	R2 351 862-30	6712
March 2024	R 190 909.76	R1 909 097.60	5435
April 2024	R 196 946.47	R1.96 9464.70	5229
May 2024	R148 073.62	R1 480 736.20	4409
June 2024	R 177 682.05	R 1.776 822.95	4745
TOTAL	R 2.398 344.95	R25 827 406.50	74 819

DRIVERS LEARNERS & TESTING CENTER

This office is situated in Umzinto and offers the following services:

- 1) Renewal of drivers Licence and PrDP's
- 2) Testing of Learners Licence
- 3) Testing of driver's licence

STATISTICS – JULY 2023 TO JUNE 2024

Drivers Licence – Codes C/C1 & EC	Total
Total Booked	2602
Passed	2158
Failed + Failed to Arrive	450

Drivers Licence – Code B	Total
Total Booked	154
Passed	112
Failed + Failed to Arrive	42

Learners Licence	Total
Total Booked	1524
Passed	846
Failed + Failed to Arrive	678

TOTAL REVENUE

Type	Number	Revenue
Drivers Booking – HMT	3377	R 1013 100.00
Drivers Booking – LMT	183	R 45 750.00
Drivers issue – Including Card Application	6388	R 1063 270.00
Learners Licence Booking	1524	R 1125 570.00
Learners Licence Issue	846	R 50 760.00
PRDP	643	R 74 085.00
Instructors Permit Application	N/A	N/A
Instructors Permit Issue	N/A	N/A
TDL	4721	R 159 660.00
Duplicate Learners Licence	56	R 4480.00
RWC Application		
RWC Issue		
Total Revenue		R 3 586 760.00

COMPONENT C: PLANNING & DEVELOPMENT

3.10 PLANNING & DEVELOPMENT

This section ensures sustainable development by assessing building plans and recommending approval with due regard to legislation, quality standards and appropriateness, to provide quality hands on service to all our customers for a well-managed sustainable built environment.

Building Control is divided into two sections: -

- a) Plans Assessment
- b) Building Inspectorate

The overall purpose of the Building Control Section is to conduct inspections on major impact developments to: -

- a) Ensure compliance with the National Building Regulations and SANS10400;
- b) Ensure compliance with the Public Health and Safety Requirements
- c) Conduct appropriate enforcement action in instances of non-compliance
- d) Umdoni Town Planning Scheme
- e) National Environment Management Act
- f) Municipal By-Laws and Policies

Recommend either the approval or refusal of building plan applications in terms of the delegated authority by assessing the application in terms of the National Building Regulations and SANS10400 and provide a recommendation to the General Manager: Planning & Development

APPLICATIONS RECEIVED BY THE PLANNING AND DEVELOPMENT DEPARTMENT 1 JULY 2023 – 30 JUNE 2024

APPLICATION FOR THE RELAXATION OF BUILDING LINE, REAR/SIDE SPACE IN TERMS OF THE UMDONI SCHEME

No.	Date received	Description of property	Physical address	Type of application	Status	Vote number	Tariffs of charges (paid)
REL/ 18 / 2023	21-Jul-23	Portion 5 of Erf 496 Pennington	Flatcrown Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/ 19 / 2023	21-Jul-23	Erf 136 Bazley	Bazley No. 136	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/ 20 / 2023	28-Jul-23	Erf 698 Pennington	15 Whale Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/ 21 / 2023	01-Aug-23	Erf 916 Pennington	11 Bream Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/ 22 / 2023	03-Aug-23	Ptn 1 of Erf 450 Park Rynie	Second Avenue	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/ 23 / 2023	07-Aug-23	Erf 823 Pennington	4 Pinkie Place	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/ 24 / 2023	11-Aug-23	Erf 689 Pennington	13 Salmon Drive	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/ 25 / 2023	01-Sep-23	Erf 610 Pennington	12 Gumtree Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/ 26 / 2023	06-Oct-23	Erf 14 Mtwalume	14 Buccaneer Walk	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/27/2023	09-Oct-23	Erf 164 Scottburgh	54 David Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/28/2023	11-Oct-23	Erf 976 Pennington	31 Marlin Drive	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/29/2023	03-Nov-23	Erf 608 Pennington	3 Gumtree Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00

REL/30/2023	06-Nov-23	Erf 142 Scottburgh	15 Marion Avenue	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/31/2023	06-Dec-23	Erf 122 Scottburgh	13 Marion Avenue	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
2024							
REL/01/2024	15-Feb-24	Erf 951 Pennington	31 Barracouta Bend	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/02/2024	22-Feb-24	Erf 1474 Scottburgh	4 Wesley Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/03/2024	08-Mar-24	Erf 948 Scottburgh	9 Edgerton Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/04/2024	19-Mar-24	Erf 6 Mtwalume	Rural Road -Farms	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/05/2024	25-Mar-24	Erf 850 Pennington	8 Kingfish Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/06/2024	17-Apr-24	Ptn 3 of Erf 113 Bazley	34 Lagoon Drive	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/08/2024	18-Apr-24	Erf 555 Park Rynie	Preston Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/09/2024	03-May-24	Ptn 10 of Erf 113 Bazley	5 Lane 6	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/10/2024	10-May-24	Erf 885, 888, 889, 896, 897 Scottburgh	Scott Street; & Marine Terrace	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/11/2024	13-May-24	Erf 17 Bazley	34 Ridge Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/12/2024	31-May-24	Rem of Erf 548 Pennington	Impathle Drive	<i>Relaxation Application</i>	Pending	13709122	R1 525.00
REL/13/2024	31-May-24	Erf 358 Scottburgh	60 Ann Arbor Road	<i>Relaxation Application</i>	Pending	13709122	R1 525.00

REL/14/2024	25-Jun-24	212 Park Rynie	Caine Road	<i>Relaxation Application</i>	Pending	13709122	R1 525.00
REL/15/2024	11-Jun-24	Ptn 7 of 74 Bazley	35 Ridge Road	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
REL/16/2024	21-Jun-24	Ptn 8 (of 1) of Erf 1 Renishaw	The Farm Renishaw No. 17465	<i>Relaxation Application</i>	Complete	13709122	R1 525.00
						Total	R44 225.00

SPECIAL CONSENT APPLICATIONS IN TERMS OF UMDONI SPLUMA BY-LAWS

No.	Date received	Property description	Physical address	Type of application	Status	Vote number	Tariffs of charges (paid)
CU/ 02 / 2023	21-Jul-23	Portion 2 of 466 Park Rynie	65 Second Street	<i>Special Consent (Relaxation Application)</i>	Complete	13709121	R7 531.00
CU/ 04 / 2023	21-Sep-23	Erf 33 Umzinto	Radcliffe Lane	<i>Special Consent (Relaxation Application)</i>	Complete	13709121	R7 531.00
CU/01/2024	31-May-24	Erf 610 Scottburgh	77 Galway Street	<i>Special Consent (Relaxation Application)</i>	Pending	13709121	R7 531.00
						Total	R22 593.00

REZONING APPLICATIONS IN TERMS OF SPLUMA

There were no rezoning applications received and processed by the Municipality for the year under review.

COMBINED APPLICATIONS IN TERMS OF THE UMDONI COAST SPLUMA BY-LAWS

No.	Date received	Property description	Physical address	Type of application	Status	Vote number	Tariffs of charges (paid)
COMB/04/2023	08-Nov-23	Erf 130 & Erf 160 Park Rynie	Saville Road; & Oceanic Grove	<i>Subdivision</i>	Complete	13709113	R7 610.00
				<i>Consolidation</i>		13709113	
				<i>Relaxation</i>		13709121	
						Total:	R7 610.00

TOWNSHIP ESTABLISHMENT APPLICATION IN TERMS OF SPLUMA

Application number	Date received	Property description	Physical address	Type of application	Status	Vote number	Tariffs of charges (paid)
TE/01/2024	24-Jun-24	Ptn 5 of Farm 1841 and Farm 1849	The Farm Lot 13 No. 1841; & The Farm Lot 12 Umpambinyoni No 1849	<i>Township Establishment</i>	Complete	N/A	N/A
						Total	N/A

SCHEDULE OF APPROVED BUILDING PLANS 1 JULY 2023 – 30 JUNE 2024

No.	BA No.	ERF No.	Street Address	Date Received	Amount received	Date Referred		Date Approved	
						Yes	Date	Yes	Date
1.	40/04/23	213	Old Main Road, Park Rynie	29/03/2023	R24469,00			Yes	17/07/2023
2.	64/05/23	1369	Pennington	11/05/2023	R2389,00	Yes	19/05/2023	Yes	17/07/2023
3.	99/07/23	344	Park Rynie	26/06/2023	R7114,00			Yes	17/07/2023
4.	11/02/23	123	Pennington	10/02/2023	R4639,00			Yes	17/07/2023
5.	74/05/23	1011	Barracouta Bend, Pennington	30/05/2023	R2389,00	Yes	5/06/2023	Yes	2/08/2023
6.	33/03/23	101	Ashley Avenue, Scottburgh	17/03/2023	R2389,00	Yes	18/05/2023	Yes	2/08/2023
7.	49/04/23	1063	5 Barracouta Bend, Pennington	14/04/2023	R11969,00	Yes	17/05/2023	Yes	2/08/2023
8.	122/06/22	Rem of Erf 77	14 Hilltop Road, Bazley	28/06/2022	R2280,00	Yes	8/07/2022	Yes	2/08/2023
9.	62/05/23	848	Caroline Lane, Scottburgh	10/05/2023	R2389,00			Yes	2/08/2023
10.	98/06/23	Rem of Erf 118	Umzinto	26/06/2023	R3274,00			Yes	2/08/2023
11.	45/04/23	610	Gumtree/Ironwood, Pennington	12/04/2023	R1281,00	Yes	5/09/2023	Yes	2/08/2023
12.	192/09/22	1531	Club Marina, Ifafa	27/09/2022	R3589,00			Yes	2/08/2023
13.	28/03/23	34	Abrams Crest, Kelso	10/03/2023	R6559,00			Yes	2/08/2023
14.	203/10/22	35	Marine Drive, Park Rynie	6/10/2022	R7376,00			Yes	2/08/2023
15.	101/05/23	554	Erschine Road, Scottburgh	29/06/2023	R2824,00			Yes	2/08/2023
16.	56/05/23	Ptn 2 of Erf 300	13, Alkins Drive, Park Rynie	5/05/2023	R3300,00	Yes	31/05/2023	Yes	2/08/2023
17.	70/05/23	Ptn 1 of Erf 1606	13, Umdoni North, Pennington	24/05/2023	R3382,60	Yes	31/05/2023	Yes	2/08/2023
18.	95/06/23	Rem of Erf 156	Cabin Road, Mtwalume	26/06/2023	R7875,00	Yes	20/07/2023	Yes	2/08/2023
19.	91/06/23	7	100, Alkins Drive, Savillethorpe	21/06/2023	R4773,20	Yes	3/07/2023	Yes	2/08/2023
20.	36/03/23	15	Umzinto	20/03/2023	R8599,00	Yes	16/05/2023	Yes	2/08/2023
21.	65/05/23	10	Elysium	11/05/2023	R3574,00			Yes	2/08/2023
22.	66/05/23	381	10 Douglas Road, Pennington	12/05/2023	R1281,00	Yes	20/05/2023	Yes	2/08/2023
23.	79/06/23	795	34, Cod Crescent, Pennington	7/06/2023	R2389,00	Yes	22/06/2023	Yes	2/08/2023

24.	50/04/23	499	1 st Avenue, Park Rynie	14/04/2023	R6935,00	Yes	31/05/2023	Yes	17/08/2023
25.	107/07/23	1114	Olive Road, Scottburgh	6/07/2023	R1357,00			Yes	17/08/2023
26.	81/06/23	1218	Duncan Road, Pennington	12/06/2023	R1281,00			Yes	17/08/2023
27.	69/05/23	1337	Pennvalley Estate, Pennington	16/05/2023	R3814,00	Yes	15/06/2023	Yes	17/08/2023
28.	105/06/23	606	Malibu Drive, Umzinto	29/06/2023	R2389,00	Yes	3/07/2023	Yes	17/08/2023
29.	102/06/23	177	Hibiscus Drive, Sezela	29/06/2023	R3074,00	Yes	3/07/2023	Yes	17/08/2023
30.	242/11/22	663	42, Salmon Drive, Pennington	29/11/2022	R3319,00	Yes	14/02/2023	Yes	17/08/2023
31.	106/06/23	1188	Garrick Crescent, Pennington	29/06/2023	R2389,00			Yes	17/08/2023
32.	67/05/23	219	Gerald Avenue, Pennington	12/05/2023	R2389,00			Yes	17/08/2023
33.	82/06/23	Sub 29 (of 3) of Lot 95	Court Road, Umzinto	13/06/2023	R2389,00	Yes	22/05/2023	Yes	17/08/2023
34.	76/06/23	116	Kirkman Road, Ifafa	5/06/2023	R4140,00	Yes	12/07/2023	Yes	17/08/2023
35.	63/05/23	Ptn 1 of Erf 373	Dek Road, MTwalume	10/05/2023	R2389,00			Yes	6/09/2023
36.	42/04/23	792	Cod Crescent, Pennington	12/04/2023	R2389,00	Yes	31/05/2023	Yes	6/09/2023
37.	78/06/23	394	41 Edward Crescent, Pennington	6/06/2023	R2389,00	Yes	6/07/2023	Yes	6/09/2023
38.	100/06/23	719	9 Oyster Drive, Pennington	28/06/2023	R2389,00	Yes	24/07/2023	Yes	6/09/2023
39.	103/06/23	12	Landfall Street, Mtwalume	29/06/2023	R1281,00			Yes	6/09/2023
40.	97/06/23	26	5 Margaret Avenue, Kelso	26/06/2023	R1281,00	Yes	20/07/2023	Yes	6/09/2023
41.	89/06/23	23	Companion Way, Mtwalume	14/06/2023	R3304,00	Yes	3/07/2023	Yes	6/09/2023
42.	110/07/23	Rem of Erf 1289	Bermuda Way, Scottburgh	18/07/2023	R2532,00	Yes	1/08/2023	Yes	6/09/2023
43.	73/05/23	154	22 Oceanic Grove, Park Rynie	30/05/2023	R2389,00	Yes	6/07/2023	Yes	6/09/2023
44.	09/02/23	1430	18 Richmond Crescent, Scottburgh	8/02/2203	R11479,00	Yes	21/02/2023	Yes	6/09/2023
45.	46/04/23	445	Ann Arbor Avenue, Scottburgh	12/04/2023	R2734,00			Yes	6/09/2023
46.	129/08/23	79	9 Mary Osborne Road, Abrams Crest, Kelso	31/08/2023	R4772,00	Yes	12/09/2023	Yes	6/09/2023
47.	111/07/23	345	Magnolia Crescent, Sezela	24/07/2023	R3353,00	Yes	28/08/2023	Yes	10/10/2023
48.	112/07/23	1266	Flamingo Drive, Umzinto	24/07/2023	R4205,00			Yes	10/10/2023
49.	131/08/23	137	23 Sydney Abrams, Kelso	31/08/2023	R5060,00	Yes	13/09/2023	Yes	13/10/2023
50.	134/09/23	916	11 Bream Road, Pennington	4/09/2023	R2596,00	Yes	13/09/2023	Yes	13/10/2023
51.	87/06/23	1314	Douglas Road, Pennington	13/06/2023	R2554,00	Yes	26/06/2023	Yes	13/10/2023
52.	124/08/23	643	20 Phil Abrams, Boulevard, Kelso	22/08/2023	R7977,00	Yes	1/09/2023	Yes	13/10/2023

53.	139/09/23	Sub 1 of Erf 1617	Umdoni Point, Pennington	12/09/2023	R2532,00	Yes	20/09/2023	Yes	16/10/2023
54.	115/07/23	1262	R102 Old Main Road, Pennington	26/07/2023	R2532,00	Yes	8/08/2023	Yes	16/10/2023
55.	121/08/23	109	Smith Avenue, Shayamoya	4/08/2023	R2532,00	Yes	15/08/2023	Yes	16/10/2023
56.	150/10/23	Sec 45 – Sub 149	Newtonwolds, Koelwaters	2/10/2023	R2532,00			Yes	16/10/2023
57.	128/08/23	165	Davod Road, Scottburgh	29/08/2023	R6137,00	Yes	13/09/2023	Yes	16/10/2023
58.	132/09/23	217	11 Gerald Avenue, Pennington	4/08/2023	R2322,00	Yes	13/09/2023	Yes	16/10/2023
59.	135/09/23	1617 – Unit 23	Umdoni Point, Pennington	5/09/2023	R2532,00	Yes	13/09/2023	Yes	16/10/2023
60.	158/08/22	Rem of Erf 148	Mast Road, Mtwalume	3/08/2022	R4624,00			Yes	16/10/2023
61.	148/10/23	Sub 191 (of 1)	Mount Albert 2074, Pennington	2/10/2023	R2532,00	Yes	9/10/2023	Yes	19/10/2023
62.	144/09/23	1617 –Unit 266	Umdoni Point, Pennington	22/09/2023	R4996,00			Yes	19/10/2023
63.	126/08/23	15	2 Ken, Scott Link, Scottburgh	28/08/2023	R8868,00	Yes	5/09/2023	Yes	23/10/2023
64.	116/07/23	1317	Flamingo Road, Umzinto	28/07/2023	R965,00	Yes	15/08/2023	Yes	23/10/2023
65.	43/04/23	695	Salmon Drive, Pennington	12/04/2023	R3289,00	Yes	16/05/2023	Yes	23/10/2023
66.	120/08/23	37	8 Elizabeth Avenue, Pennington	4/08/2023	R2532,00	Yes	8/09/2023	Yes	1/11/2023
67.	165/10/23	Ward 18	Amahlongwa	23/10/2023	R2532,00			Yes	1/11/2023
68.	159/10/23	293	R102, Ifafa Mission	19/10/2023	R2532,00			Yes	1/11/2023
69.	96/06/23	732	Galway Street, Scottburgh	26/06/2023	R2389,00	Yes	3/07/2023	Yes	1/11/2023
70.	204/10/22	10	Cowry Drive, Elysium	12/10/2022	R3574,00			Yes	1/11/2023
71.	152/10/23	608	3 Gumtree Street, Pennington	4/10/2023	R3508,00	Yes	17/10/2023	Yes	7/12/2023
72.	90/06/23	378	Temple Road, Umzinto	14/06/2023	R5914,00			Yes	7/12/2023
73.	114/07/23	1 of Erf 97	97 Court Road, Umzinto	24/07/2023	R5652,00			Yes	6/03/2024
74.	16/02/24	210	Umdoni South Road, Pennington	23/02/2024	R3684,00	Yes	5/03/2024	Yes	23/04/2024
75.	145/09/23	1262	Old Main Road, Pennington	22/09/2023	R1357,00			Yes	23/01/2024
76.	117/07/23	284	6 Marian Avenue, Pennington	28/07/2023	R2352,00	Yes	15/08/2023	Yes	23/01/2024
77.	133/09/23	537	9 Figtree Lane, Pennington	4/09/2023	R2564,00			Yes	23/01/2024
78.	104/06/23	97	13 Phil Abrams, Kelso	29/06/2023	R8760,00			Yes	23/01/2024
79.	167/10/23	Rem of Ptn 2 of Erf 393	4 th Street, Park Rynie	26/10/2023	R2994,40			Yes	23/01/2024
80.	187/11/23	Unit 227, 1617	Umdoni Point, Pennington	17/11/2023	R4548,00	Yes	5/12/2023	Yes	23/01/2024
81.	151/10/23	1082	Nightingale Avenue, Umzinto	3/10/2023	R4168,84			Yes	23/01/2024
82.	220/11/22	Ptn 1 of Erf 121	Ridge Road, Bazley	19/10/2022	R1281,00	Yes	22/11/2022	Yes	23/01/2024
83.	166/10/23	Ptn 1 of Erf 23	56 Ridge Road, Bazley	24/10/2023	R1357,00	Yes	3/11/2023	Yes	23/01/2024

84.	113/07/23	575	Umzinto	24/07/2023	R2532,00	Yes	8/08/2023	Yes	23/01/2024
85.	137/09/23	385	4 th Street, Park Rynie	11/09/2023	R4211,00	Yes	14/09/2023	Yes	23/01/2024
86.	153/10/23	P5tn 9 – Sec 107	Farm Newtonwolds, Longbeach	4/10/2023	R1357,00	Yes	25/10/2023	Yes	23/01/2024
87.	77/06/23	63	16 Coral Road, Elysium	5/06/2023	R911,00	Yes	6/07/2023	Yes	23/01/2024
88.	141/09/23	Ptn 5 of Erf 496	10 Flatcrown, Pennington	13/09/2023	R12665,00	Yes	10/10/2023	Yes	23/01/2024
89.	199/12/23	Unit 124, 1617	Umdoni Point , Pennington	4/12/2023	R8676,00			Yes	24/01/2024
90.	200/12/23	Unit 226, 1617	Umdoni Point, Pennignton	4/12/2023	R5476,00			Yes	24/01/2024
91.	178/11/23	10 of Erf 244	Payne Road, Park Rynie	13/11/2023	R10772,00	Yes	24/11/2023	Yes	2/02/2024
92.	177/11/23	862	114, Scott Street, Scottburgh	10/11/2023	R5140,00	Yes	21/11/2023	Yes	6/02/2024
93.	146/09/23	Unit 221, 1617	Umdoni Point, Pennington	28/09/2023	R5700,00	Yes	9/10/2023	Yes	6/02/2024
94.	7/02/23	Ptn 8/1/1	Renishaw Hills, Renishaw	6/02/2023	R1281,00	Yes	16/02/2023	Yes	6/02/2024
95.	185/11/23	336	17 Babara Avenue, Scottburgh	17/11/2023	R965,00			Yes	6/02/2024
96.	143/09/23	424	32 Adrienne Avenue, Scottburgh	21/09/2023	R2532,00			Yes	6/02/2024
97.	147/09/23	24	1 Margaret Scott, Kelso	28/09/2023	R9545,00			Yes	6/02/2024
98.	163/10/23	113	Sezela	19/10/2023	R2532,00			Yes	6/02/2024
99.	109/07/23	32	Ridge Road, Bazley	14/07/2023	R965,00	Yes	1/08/2023	Yes	6/02/2024
100.	149/10/23	925	5 Barracuda Bend, Pennington	2/10/2023	R2532,00	Yes	11/10/2023	Yes	6/02/2024
101.	157/10/23	444	Lily Road, Umzinto	19/10/2023	R3497,00	Yes	9/11/2023	Yes	6/02/2024
102.	171/10/23	1196	10 Cod Crescent, Pennington	31/10/2023	R2532,00	Yes	23/11/2023	Yes	6/02/2024
103.	160/10/23	610	Ironwood Road, Pennington	19/1/2023	R2532,00			Yes	6/02/2024
104.	161/10/23	1518	1 Arbuthnot Street, Scottburgh	19/10/2023	R1357,00	Yes	25/10/2023	Yes	6/02/2024
105.	172/10/23	Farm 17573	Sezela	31/10/2023	R965,00			Yes	6/02/2024
106.	176/11/23	186	Bahama Avenue, Scottburgh	10/11/2023	R4276,00			Yes	8/02/2024
107.	183/11/23	Rem of Erf 691	74 Galway Street, Scottburgh	15/11/2023	R4100,00			Yes	8/02/2024
108.	140/09/23	Ptn 7 of Erf 496	Fiddlewood road, Pennington	13/09/2023	R1470,00			Yes	6/03/2024
109.	170/10/23	124	Dek Road, Mtwalume	30/10/2023	R6388,00			Yes	6/03/2024
110.	180/11/23	142	15 Marienne Avenue, Scottburgh	14/11/2023	R3652,00			Yes	6/03/2024
111.	9/02/24	732	10 Oyster Drive, Pennignton	15/02/2024	R1357,00			Yes	6/03/2024
112.	186/11/23	1062	3 Barracuda Bend, Pennington	17/11/2023	R2532,00			Yes	6/03/2024
113.	205/12/23	Ptn 1 of Erf 373	Dek Street, Mtwalume	11/12/2023	R1357,00	Yes	29/01/2024	Yes	6/03/2024
114.	230/11/22	1056	10 Garrick Crescent, Pennington	15/11/2022	R2389,00			Yes	6/03/2024
115.	175/11/23	482	4 Syringa Road, Pennington	9/11/2023	R1357,00			Yes	6/03/2024
116.	195/12/23	388	25 Edward crescent, Pennington	1/12/2023	2532,00			Yes	6/03/2024

117.	57/05/23	701	9 Whale Road, Pennington	5/05/2023	R5192,00			Yes	6/03/2024
118.	114/07/23	1 of Erf 97	9 Court Road, Umzinto	24/07/2023	R5662,00			Yes	6/03/2024
119.	2/01/24	72	Nkwanyana Street, Shayamoya	26/01/2024	R965,00			Yes	6/03/2024
120.	211/12/23	680	Cnr of Cane Road & Gardner Street, Park Rynie	18/12/2023	R14484,00			Yes	20/03/2024
121.	204/12/23	236	Ntabeni Street, Shayamoya	11/12/2023	R3524,00			Yes	18/04/2024
122.	22/03/24	Rem of Erf 43	96 Marine Drive, Bazley	4/03/2024	R965,00			Yes	18/04/2024
123.	194/11/23	37	Leuchars Drive, Ifafa	27/11/2023	R965,00			Yes	18/04/2024
124.	179/11/23	225	20 Marion Avenue, Scottburgh	14/11/2023	R2532,00			Yes	18/04/2024
125.	122/08/23	Sec 141	Sec 141 Hadedda Road, Mtwalume	14/08/2023	R5076,00			Yes	18/04/2024
126.	15/02/24	Rem of 17449	Dududu	23/02/2024	R2532,00			Yes	18/04/2024
127.	173/11/23	Sec 92	49 Pompano Road, Longbeach	1/11/2023	R2532,00			Yes	18/04/2024
128.	174/11/23	17	Elizabeth Avenue, Pennington	1/11/2023	R1357,00			Yes	18/04/2024
129.	10/02/24	122	13 Marion Avenue, Scottburgh	19/02/2024	R2532,00			Yes	18/04/2024
130.	36/04/24	643	24 Phil Abrams Crest, Kelso	5/04/2024	R965,00			Yes	23/04/2024
131.	16/02/24	210	Umdoni south Road, Pennington	23/02/2024	R3684,00			Yes	23/04/2024
132.	25/06/24	479	Raymond Avenue, Scottburgh	7/03/2024	R2532,00			Yes	23/04/2024
133.	236/11/22	165	Saint Andre Street, Umzinto	24/11/2022	R23460,00			Yes	23/04/2024
134.	197/12/23	Ptn 3 of 1182	17 Beefwood Road, Pennington	2/12/2023	R3508,00	Yes	29/01/2024	Yes	23/04/2024
135.	164/10/23	187	24 Margaret Avenue, Scottburgh	20/10/2023	R1357,00			Yes	23/04/2024
136.	5/01/23	Sub 3 of 2147	Don Knight Avenue, Pennington	23/01/2023	R7699,00			Yes	23/04/2024
137.	3/01/24	Ptn 219 (of 48)	R102, Scottburgh	26/01/2024	R5524,00			Yes	23/04/2024
138.	21/03/24	179	76 Marine Drive, Park Rynie	1/03/2024	R1357,00			Yes	23/04/2024
139.	208/12/23	1020	Barracuda Bend, Pennington	11/12/2023	R911,00	Yes	23/01/2024	Yes	23/04/2024
140.	94/06/23	39	Fouche Road, Mtwalume	26/06/2023	R6034,00			Yes	23/04/2024
141.	196/12/23	1308	6 Oyster Drive, Pennington	2/12/2023	R2596,00			Yes	23/04/2024
142.	27/03/23	Ptn 1 of Erf 490	29 Beefwood Road, Pennington	10/03/2023	R4954,00			Yes	23/04/2024
143.	23/03/24	Rem of Erf 635	Botha Palace, Pennington	6/03/2024	R2532,00			Yes	23/04/2024
144.	206/12/23	Ptn 219 (of 48)	R 102, Scottburgh	11/12/2023	R965,00			Yes	23/04/2024
145.	7/02/24	Unit 105, 1617	Umdoni Point, Pennington	1/02/2024	R965,00			Yes	30/04/2024
146.	6/02/24	Unit 115 - 1617	Umdoni Point, Pennington	1/02/2024	R965,00			Yes	30/04/2024
147.	89/06/23	23	Champion Way, Mtwalume	14/06/2023	R3304,00			Yes	30/04/2024
150.	210/12/23	43	20 Sydney Abrams Drive, Kelso	14/12/2023	R965,00			Yes	30/05/2024

151.	43/04/24	850	8 Kingfish Road, Pennington	17/04/2024	R2708,00			Yes	30/05/2024
152.	136/09/23	1454	13 Wesley Road, Scottburgh	8/09/2023	R2681,44			Yes	4/06/2024
153.	154/10/23	Unit 4 of 744	Williamson & Adam Street, Scottburgh	9/10/2023	R2884,00			Yes	4/06/2024
154.	227/09/21	1179	Stork Road, Ghandinagar	17/09/2021	R3078,84			Yes	20/06/2024
155.	40/04/24	715	17 Oyster Drive, Pennington	17/04/2024	R2532,00			Yes	20/06/2024
156.	28/03/24	951	31 Barracuda Bend, Pennington	25/03/2024	R3497,00			Yes	20/06/2024
157.	48/04/24	Ptn 219 (of 48)	R 102, Scottburgh	29/04/2024	R965,00			Yes	20/06/2024
158.	41/04/24	501	1 Raymond Avenue, Scottburgh	17/04/2024	R965,00			Yes	20/06/2024
159.	47/04/24	Sub 14 of Erf 96	Venus Crescent, Umzinto	29/04/2024	R4532,00			Yes	20/06/2024
160.	18/02/24	Rem of erf 1102	Oive Street, Scottburgh	27/02/204	R2908,00			Yes	20/06/2024
161.	12/02/24	1389	Pennvalley Road, Pennington	19/02/2024	R2532,00			Yes	20/06/2024
162.	215/12/23	39	Junonia Road, Elysium	20/12/2023	R2932,00			Yes	20/06/2024
163.	169/10/23	Ptn 8/1/1	Renishaw Hills, Renishaw	30/10/2023	R1357,00			Yes	20/06/2024
164.	189/11/23	Ptn 8/1/1	Renishaw Hills, Renishaw	22/11/2023	R2532,00			Yes	20/06/2024
165.	4/02/24	Ptn 8/1/1	Renishaw Hills, Renishaw	1/02/2024	R1357,00			Yes	20/06/2024
166.	5/02/24	Ptn 8/1/1	Renishaw Hills, Renishaw	1/02/2024	R1357,00			Yes	20/06/2024
167.	190/11/23	Ptn 8/1/1	Renishaw Hills, Renishaw	22/11/2023	R1357,00			Yes	20/06/2024
168.	212/12/23	Ptn 8/1/1	Renishaw Hills, Renishaw	20/12/2023	R1357,00	Yes	28/01/2024	Yes	20/06/2024
169.	86/06/23	Ptn 8/1/1	Renishaw Hills, Renishaw	13/06/2023	R21934,00			Yes	20/06/2024
170.	156/10/23	Ptn 8/1/1	Renishaw Hills, Renishaw	11/10/2023	R1077,16			Yes	20/06/2024
171.	118/07/23	Ptn 8/1/1	Renishaw Hills, Renishaw	31/07/2023	R22114,00			Yes	20/06/2024
172.	47/04/24	Sub 14 of Erf 96	Venus Crescent, Umzinto	29/04/2024	R4532,00			Yes	26/06/2024

3.11 LOCAL ECONOMIC DEVELOPMENT

Umdoni Local Municipality IDP identifies Local Economic Development as one of the municipality's strategic goals, as well as sustainable community investment programmes. It emphasizes the integration of support to local economy from various agencies such as the UGU South Coast Tourism & Investment Enterprise



VISION

To promote a **diversified, integrated** and **sustainable** local economy ensuring **job creation, economic viability** and ultimately ensuring a **better quality of life** for all its citizens

STRATEGIC OBJECTIVES

Expanding, rejuvenating and diversifying the tourism sector

Facilitating growth and expansion of the manufacturing sector

**Enhancing and diversifying the agricultural sector*

providing support to the SMMEs

Expanding the skills base

Developing sustainable LED institutional structures

** Facilitating targeted spatial interventions.*

THE COMPARATIVE ADVANTAGES IDENTIFIED FOR UMDONI LM ARE:

- The tourism sector provides comparative advantage.
- Strategic location of Umdoni Local Municipality needs to be exploited and other comparative advantages to achieve economic development. Umdoni Local Municipality is located along the N2 and forms part of the South Coast Ribbon Development
- The environmental assets of Umdoni are clearly the main attraction of the area and provide a strong comparative advantage. These assets include the beaches and sea which provide recreational activities such as surf and rock fishing, deep-sea fishing, tidal pools, surfing and scuba diving.
- Carvelo indicates that the mining, manufacturing and business services sectors have a comparative advantage in their respective sectors. This indicates that these sectors are out performing their respective sectors at district level and thus, play a major role in the development and growth of the local and district economies.

TOURISM

Tourism is not an economic sector on its own, but forms part of other sectors, especially the trade, transport and finance sectors. However, due to its importance as an income and employment generator, it is believed that this sector should be discussed separately from the other sectors.

Tourism includes travel for a variety of reasons, amongst others leisure and recreation, business, education, health and healing, religious pilgrimages, sport, visiting friends and relatives, meetings and conferences.

The tourism sector is increasingly being recognised as an industry which has the economic potential to contribute to the reduction of poverty in developing countries and in remote rural areas, particularly as a result of its labour intensive nature, as well as the fact that many of the natural and heritage attractions are located in these rural areas, giving them a comparative advantage. There are a number of reasons why tourism is especially suitable for economic development in the least developed countries, and by extension rural areas, and include:



- Tourism is consumed at the point of production, which means that the tourist has to go to the destination, opening up opportunities for local businesses and ensuring local benefits
- Tourism is a more diversified industry than many others, allowing linkages with and support for other economic activities
- Tourism is labour intensive and supports a wide range of skills
- It creates opportunities for small and micro entrepreneurs
- Apart from the material benefits, tourism also provides the poor with cultural pride, creating greater awareness of the natural environment and its economic value
- The infrastructure required by tourism can also benefit poor communities.

Various tourism activities include:

- ✚ Coastal Hotels
- ✚ Caravan and Camping Parks/resorts (including water slides, large tidal pool, excellent surf, mini golf)
- ✚ Bed and Breakfasts
- ✚ Guest Houses
- ✚ Tour Operators
- ✚ Self-Catering establishments
- ✚ Holiday apartment and Cottage lets
- ✚ Tourism Events (Scottburgh Spring Festival and Sani2C mountain bike race)
- ✚ Restaurants
- ✚ Coastal Economy
- ✚ Fishing and Diving charters (rock fishing, deep sea fishing charters, scuba diving)
- ✚ Beach amenities



Current tourism products and services in Umdoni offer a variety of activities right throughout the year, although statistics from the KZN Tourism Master Plan had indicated that international tourists visit the province with high peaks during South African summer's, whereas local tourist had preferred to visit the South Coast during the June and July winter months. Therefore, there are still various areas of potential that can be developed to further develop tourist attractions surrounding the natural features that can be exploited to further create potential growth, and increased visitors throughout the year.

2023/2024 LED PROGRAMMES

MUNICIPAL EMPLOYMENT INITIATIVE

The Umdoni Municipality, collaborated & partnered with KZN Department of Economic Development, Tourism & Environmental Affairs to implement a Municipal Employment Initiative (MEI) whereby the municipality has to identify, evaluate, fund and support small enterprises in their area of jurisdiction through a fair and transparent process to create job opportunities and stimulate local economic development and within the formal sectors that will target vulnerable groups in rural and township areas. The MEI programme has supported 40 businesses from all ward of Umdoni in the 2023/2024 financial year. The programme targets/supports all sectors (i.e. Manufacturing, Agriculture) with working implements to improve growth and productivity in the business.



COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.12 LIBRARIES & COMMUNITY FACILITIES

Umdoni Municipality has nine (8) operational **public libraries** the Scottburgh, Ifafa, Sezela, Pennington, Park Rynie, libraries are situated along the coast and the Malangeni, Shayamoya and Umzinto are situated further inland. They are places where individuals gather to explore, interact, and imagine. Our Libraries add value to our communities and serve as cultural centres for our diverse patrons. The libraries are there assisting in educational and recreation of the surrounding individuals and communities. They are essential components of our community. The Umdoni libraries provide resources and services in a variety of media to meet the needs of individuals and groups for education, information and personal development including recreation and leisure. The libraries are funded by the provincial Department of Arts and Culture; the funds are categorised into two grant and that aim to support the activities per library. The libraries are using the library system called BROCADE also known as SLIMS. The library system is used to circulate, generate the monthly statistics, membership statistics, enrolling new and renewal of patrons and an OPAC that helps to search and find information.

LIBRARY BOOK EXCHANGES

Book exchanges are done quarterly to DSAC South Coast depot by the libraries. The purpose for book exchange is to develop the collection to meet the users' needs for each library as all the library stock received and purchase by the department. The librarians are able to recommend which books the depot should buy for the libraries.

Date	Library	Venue	Purpose
31 July 2023	Scottburgh	South Coast Depot	Collection development
27 November 2023	Scottburgh	South Coast Depot	Collection development
28 November 2023	Park Rynie & Sezela	South Coast Depot	Collection development
29 November 2023	Malangeni & Pennington	South Coast Depot	Collection development
30 November 2023	Umzinto, Ifafa & Shayamoya	South Coast Depot	Collection development
05 February 2024	Scottburgh	South Coast Depot	Collection development

Table 3.12: Book Exchanges

TRAININGS

SLIMS user group trainings are facilitated by the DSAC in order to refresh and to share the news developments in the systems used by the librarians.

Date	Attendees	Venue	Purpose
21 September 2023	Librarians	Pietermaritzburg	Systems updates
27-29 September 2023	Librarians	Pietermaritzburg	Systems updates
04-05 December 2023	Librarians	Pietermaritzburg	Systems updates

FORUM/WORKSHOPS

The Cyber workshop programs was held on the 24-26 October 2023 at Amanzimtoti Civic Centre, the cyber cadet, librarians and the chief librarian attended the workshop.

The Community Services Manager and Senior/Chief Librarians meeting was held on 30 October – 01 November 2023 at Durban Arts Gallery, the General Manager Community Services and the Chief Librarian attended the workshop. The issues of concern were libraries business plan, grant funding, infrastructure programs etc.

The KwaZulu Natal Senior/Chief librarians held a consultative workshop in Durban Coastal Hotel on the 25-26 March 2024 to share experiences, problems & possible solutions that could help in managing libraries

LIBRARY OUTREACH PROGRAMMES

SCOTTBURGH LIBRARY HOLIDAY PROGRAMME



Scottburgh library held an in-house holiday programme with the Busy Bee Day Care & Pre- Primary School on the 17 July 2023. The story telling and story reading was conducted in The main purpose was to promote the culture of reading at the early childhood.

NOVEMBER-DECEMBER HOLIDAY PROGRAMME

The holiday programme was introduced by the Chief Librarian, the purpose is to keep libraries alive during school holidays, children were introduced to creative arts. The libraries that partake in the activities were Pennington, Sezela and Ifafa, the programme had to run for half a day.



CRIME AWARENESS PROGRAMME

The Ifafa Beach library hosted and convened a Crime awareness programme for children and extended an invitation to Hibberdene police staff members to give awareness to the youth of Ifafa Beach about drug abuse, bullying and violence at school and the consequences of choices and actions.



UMZINTO LIBRARY HOLIDAY PROGRAMME

Umzinto library had a holiday programme with the surrounding children to keep them away from playing around the street, using the library material the library has.

These activities are aimed at providing a variety of fun learning and reading experiences to children.

They also promote library services and provide a safe environment for fun activities.



The Scottburgh library is running a computer lessons for pupils after school, giving them the basics of using a computer.

The grade 6 and 7 from Enkanyezini Primary School visited the Scottburgh library on the 11 August 2023 for project assistance and researching on different topics given by the educators as part of their curriculum.



An in-house literacy awareness was conducted in Scottburgh library, educators and learners visited libraries to gain more information in library environment some learners enrolled to be the members of the library.



The Sezela library in collaboration with the Sezela Primary they launched the quality of learning and teaching campaign on the 23 May 2023.

LITERACY MONTH

The schools around Umdoni Municipality, Amahlongwa Junior Primary School, Vusisizwe Senior Primary School, and Bongumbhele Senior Primary School celebrated literature month. Students were

given opportunity to read interesting stories. The purpose of the programmes was to promote reading and instil the love of reading. Umdoni libraries had been invited, librarians given a chance to promote the culture of reading to the learners.



SEZELA LIBRARY OUTREACH – LITERACY AWARENESS

Sezela library had a reading programme for literacy week to initiate and promote reading at the school. We also encouraged teachers and students to utilise our library. The children were reading stories in English and IsiZulu and was excellent at it. There were kids who haven't been to the library before so we decided to take the library to the school. The library staff gave them a talk on the importance of reading and also did a display of different types of books, e-books and bookflix. The children were excited and keen to join the library.



READ ALOUD OUTREACH

Read Aloud day- on the 7th of February 2024, Scottburgh Library paid Tshekombo Primary School. Pupils were doing presentation and reading aloud in front of an audience. Scottburgh Library was given an opportunity to do a presentation, and the presentation was based on importance of reading.



Sezela library: International mother tongue language day was

celebrated on the 21/02/2024. Children was encouraged to read in their mother tongue. They were keen to hear story in other languages. They were fascinated by the diverse culture in languages. Stories were read in isiXhosa, isiZulu, Afrikaans and English. The librarian gave the kids little insight into the tamil language.



LIBRARY WEEK CELEBRATION HELD AT SCOTTBURGH LIBRARY

An annual South African Library Week (SALW) was celebrated from the 18-24 March 2024, the 2024 theme was “**Libraries foster social cohesion**”. The theme underscores the crucial role libraries play in uniting communities as they serve as hubs where people from diverse backgrounds can come together to exchange ideas, and to learn and engage in cultural and intellectual activities. By providing access to information, technology, resources and programmes, libraries broaden horizons, connect individuals, and foster a shared sense of purpose and identity. They also provide safe spaces for marginalised communities to address social and development issues, share experiences and thus promote social cohesion.



UMDONI LIBRARIES READING COMPETITION 2024

The focus of the reading and spelling competition was to improve the reading abilities to the children. The improvement in learner achievement was an important aim for children should be motivated to make reading a lifestyle choice. The libraries were divided in clusters for the level 1, the winners from level one proceeded to level 2 within the local municipality.

The Umzinto library in partnership with Shayamoya library hosted a reading competition for grade 4 learners in the neighbouring schools on the 10 May 2024 at Shayamoya library. The competition required learners to read either in English or IsiZulu. Below are some pictures of the competition, the learners and winners.

Scottburgh library hosted reading competition on the 24th of May 2024. A reading-based game designed for grade 4 pupils. 5 Schools were invited, namely: Shonkweni Primary School; Mmoyeni J. P. School; Amahlongwa J. P. School; Amandanwe J. P. School; and Tshekombo Primary School. Each school had 4 pupils, 2 competing in isiZulu and 2 competing in English. Winners are as follow:



NO.	NAME	SURNAME	SCHOOL
1	Simthandile	Duma	Mmoyeni J. P. School
2	Mbalenhle	Zuke	Mmoyeni J. P. School
3	Melokuhle	Mhlakaza	Amahlongwa J. P. School
4	Okuhle	Zondi	Mmoyeni J. P. School
5	Ayanda	Cele	Amandawe J. P. Schhol
6	Lubanzi	Ngubane	Amandawe J. P. Schhol

On the 04 June 2024 libraries held a reading competition at Malangeni Library. Four schools participated for reading and spelling competition: The four schools participated were Khuphuka Primary School, Sezela Primary School, Umhlangamkhulu Primary School and Ifafa Primary School. The reading and spelling competition was both in Isizulu and English.

COMMUNITY FACILITIES

The table below list all the Community Halls under the jurisdiction of Umdoni and their current status with regards to infrastructure:

List Of Halls	Electricity	Water	Ablution	Security	Fencing
Community Halls					
Amahlongwa Hall	Yes	Yes	Yes	Yes	Yes
Amandawe Hall	Yes	No	Yes	Yes	Yes
Mqiniseni Hall	No	Tank	Yes	No	Yes
Mahlathini Hall	Yes	Tank	No	No	Yes
Malangeni Hall	Yes	No	Yes	Yes	Yes
Shayamoya Hall	Yes	UGU	Yes	Yes	Yes
Dududu Hall	No	No	Yes	Yes	Yes
Mjunundu Hall	No	Tank	Yes	No	No
Umzinto Dinning Hall	Yes	UGU	Yes	Yes	Yes
Ghandinagar Hall	Yes	UGU	Yes	Yes	Yes
Khakhama Hall	No	No	Yes	No	No
Ophondweni Hall	Yes	Tank	Yes	No	Yes
Two-Stick Hall	No	Tank	Yes	No	No
Buhlebezwe Hall	No	Tank	Yes	No	Yes
Mzimlilo Hall	No	Tank	Yes	No	Yes
Mntshingwane Hall	No	No	No	No	No
Dumisa Hall	Renovations in Progress				
Kenterton Hall	Yes	Tank	No	No	Yes
Dumayo Hall	Yes	Tank	Yes	No	Yes
Kwa Cele Hall	Yes	Tank	Yes	Yes	Yes
Bhadane Hall	Yes	Tank	Yes	No	Yes
Isinqawe Hall	Yes	Tank	Yes	No	Yes
Mistake Farm Hall	Burnt during unrest 2021				
Bhudubhudu Hall	No	Tank	Yes	No	No
Bhewula	Yes	Tank	Yes	No	Yes
Mahlabathini Hall		Tank	Yes	No	No
Masakhane Hall	No	No	No	No	Yes
Mayfield hall	Yes	Tank	Yes	No	Yes
Nkampula Hall	YES	Tank	Yes	Yes	No
Mahlafuna Hall	Yes	Tank	Yes	No	NO
Mafathini Hall	Yes	Tank	Yes	No	Yes
Mphambanyoni Hall	No	Tank	Yes	No	Yes
Mysieland	Yes	Tank	Yes	No	Yes
Pat Cele	No	Tank	Yes	No	Yes
Mbungulu	Yes	Tank	Yes	No	Yes
Dlangezwe	Yes	Tank	Yes	No	Yes
Mayfield (New)	Yes	Tank	Yes	No	Yes
Mashanela Hall	Not officially handedover				
Mandlalathi Hall	No	Tank	Yes		

List Of Halls	Electricity	Water	Ablution	Security	Fencing
Town Halls					
Umzinto Hall	Yes	UGU	Yes	Yes	Yes
Scottburgh Town Hall	Yes	UGU	Yes	Yes	Yes

The table below indicates the number of income hires for the 2023/2024 financial year for our community halls.

Number	Name of Hall	Ward	Number of Income Hires
1.	Scottburgh Town Hall	15	0
2.	Umzinto Town Hall	13	28
3.	Umzinto Dining Hall	13	51
4.	Ghandinagar Hall	12	31
5.	Malangeni Hall	9	0
6.	Amandawe Hall	14	9
7.	Amahlongwa Hall	18	9
8.	Shayamoya Hall	11	2
9.	Kwa-Cele Hall	19	9
10.	Bhewula Hall	3	0
11.	Mqiniseni Hall	1	0
12.	Mahlabathini Hall	19	0
13.	Mahlathini Hall	19	0
14.	Dumisa Hall	5	1
15.	Masakhane Hall	5	0
16.	Bhudubhudu Hall	1	0
17.	Dumayo Hall	1	2
18.	Vulamehlo Hall	19	0
19.	Isinqawe Hall	4	0
20.	Mtshingwane Hall	1	0
21.	Kenterton Hall	4	1
22.	Mistake Farm Hall	6	0
23.	Bhadane Hall	4	0
24.	Bhuhlebezwe Hall	2	0

Number	Name of Hall	Ward	Number of Income Hires
25.	Khakhama Hall	1	0
26.	Mzimlilo Hall	1	0
27.	Two Stick Hall	4	0
28.	Ophondweni Hall	2	0
29.	Mjunundu Hall	19	0
30.	Mayfield Hall	5	0
31.	Nkampula Hall	3	0
32.	Mahlafuna Hall	5	1
33.	Mafithini Hall	9	0
34.	Mysieland Hall	6	1
35.	Mbungulu Hall	6	0
36.	Pat Cele Hall	2	0
37.	Dlangezwa Hall	18	0
38.	Mayfield (new)	5	0
39.	Mphambanyoni Hall	5	0
40.	Mandlalathi Hall	2	0

3.13 CEMETERIES

Umdoni has 4 cemeteries in its area of jurisdiction namely; Scottburgh, Park Rynie, Shayamoya and Humberdale Cemeteries. The table below indicates the number of burials for the 2023/2024 financial year as well as the number of grave sites available per cemetery.

Number of Burials	49 (18) Indigent
Cemeteries	Number of Gravesites Available
Scottburgh	Nil
Park Rynie	Nil
Shayamoya	Nil
Humberdale	+360

Table: Cemeteries

3.14 CHILDCARE, AGED CARE, SPECIAL PROGRAMMES

Childcare, aged care, and special programs are crucial for the well-being of individuals and society as a whole.

Umdoni is dedicated to supporting the elderly and has allocated funding toward the implementation of initiatives aimed at enhancing their well-being. During the year under review, Umdoni successfully implemented key programs, including the Golden Games in August 2023 and the distribution of Christmas food parcels to the elderly in December 2023.



People living with disabilities are an essential part of our community, and we are committed to fostering an inclusive environment that values their contributions. To this end, we focus on developing programs aimed at raising awareness about disabilities and providing skills development opportunities to empower and support individuals with disabilities.

In September 2023, we conducted disability training sessions, followed by a disability campaign in October 2023, aimed at raising awareness and promoting inclusivity. To further foster inclusion, we hosted a disability sports day in December 2023, celebrating the talents and abilities of individuals with disabilities.

In October 2023, Umdoni hosted a disability talent show, providing a platform for individuals with disabilities to showcase their talents and celebrate their unique abilities in an inclusive and supportive environment.



During Heritage Month, Umdoni supported 300 young girls in attending the Umkhosi Womhlanga Reed Dance. This cultural event, a proud tradition of the Zulu culture, plays a vital role in teaching young girls values of self-respect and the importance of preserving their bodies as they prepare for their future roles in society.



The Umdoni Youth Council made a meaningful donation of traditional attire to Ushuni WaseMzini, an all-youth traditional dance group from the Amandawe area. This gesture underscores the municipality's unwavering commitment to youth development. Recognizing the importance of preserving cultural heritage and empowering young people, it was imperative for us to respond positively to their request and honor our dedication to fostering opportunities for the youth.

YOUTH DEVELOPMENT PROGRAMMES

TRAINING & DEVELOPMENT

Umdoni is deeply committed to community development, with a strong focus on initiatives aimed at empowering the youth. Through targeted programs, the organization strives to equip young individuals with valuable skills, creating pathways to meaningful opportunities within the workforce.



Fifty-four young individuals embraced the hope of a brighter future after being given the opportunity by the municipality to enrol in the Umdoni Security Training Programme, which they successfully completed. In recognition of their achievement, the Mayor presented certificates of completion to the group.

This initiative stemmed from the municipality identifying a critical gap and making a decision to support unemployed youth who are not currently enrolled in institutions of higher learning. Acknowledging the triple threat of unemployment in South Africa and the psychological challenges faced by today's youth due to stress and peer pressure, the municipality aimed to provide a meaningful intervention.

As part of the programme, Wildfire Protection Services conducted a workshop focusing on establishing a security company, covering legal obligations, qualification requirements, and grading standards. Umdoni Municipality remains steadfast in its mission to uplift the underprivileged by creating a conducive environment for job creation and economic growth, working tirelessly to make the municipality a better place for all.

The Umdoni Youth Council, in collaboration with the Ward 1 Youth Forum and various stakeholders, hosted a Dynamic Skills Training and Awareness Programme. This initiative aimed to equip young men and women with essential skills and knowledge for their personal and professional growth. The programme provided guidance and support across a range of life aspects, including health and safety, economic opportunities, and civic participation.

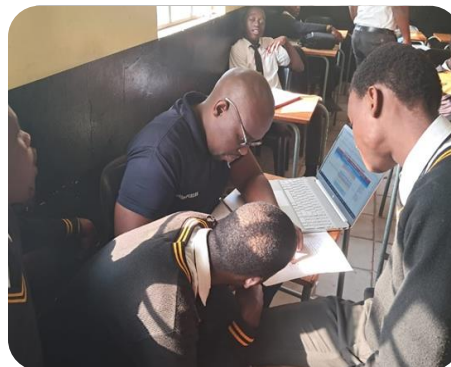
The holistic approach to youth empowerment was highly impactful, instilling a renewed sense of hope and offering actionable steps towards achieving their aspirations. This success was made possible through the combined efforts of key stakeholders, including Umdoni Municipality, Government Communication and Information System (GCIS), the National Youth Development Agency (NYDA), the Department of Economic Development, Tourism, and Environmental Affairs (EDTEA), Dududu Clinic, the South African Police Service (SAPS), Ugu Disaster Management, the Department of Social Development (DSD), Lifeline, the Independent Electoral Commission (IEC), and Laqhakaza Iphara. These collaborative efforts underscored the importance of community support in advancing youth development and fostering a brighter future for the next generation.

The youth of Umdoni were encouraged to actively engage with the available programmes and opportunities, as these serve as vital steppingstones towards their development.



NFSAS & CAO APPLICATION DRIVE

The Umdoni Youth Council initiated a dedicated campaign to support Grade 12/Matric learners aspiring to further their education by assisting with CAO and NSFAS funding applications. As part of this initiative, the Youth Council visited several schools across Umdoni, providing guidance and support to learners until the application deadline.



COMPONENT E: ENVIRONMENTAL PROTECTION

By viewing the natural environment as natural capital which is there to support socio-economic growth one can begin to realize the important role that it plays in providing the foundation for both the social and the economic aspects of society.

Natural Capital is valued according to the extent, to which it can underpin and support economic activities and societal livelihoods, but it is also finite with thresholds that need to be respected, only then does sustainability become a reality.

It is unfortunate and apparent that the above view has not held within the municipality consequently opportunity costs have been and are significant: e.g. the siltation of the EJ Smith dam to such an extent that it can no longer meet the demand for water in Umdoni. The financial loss of this strategic piece of

infrastructure is compounded by the fact that water now has to be brought in from the north via a pipeline at an increased cost to all communities residing within Umdoni.

The coastal assets from the estuaries, dunes, sandy beaches and rocky shores are significant attractions and the tourism income they attract has significant multiplier effects throughout the whole local economy.

It is clear then, that any development that will, impact negatively on tourism will have a devastating effect on the local economy (Coetzee, undated). The beaches and sea are clearly the main attractions, with Scottburgh being the leading Centre. Tidal pools, surf and rock fishing, surfing, deep-sea fishing and scuba diving are all associated activities. However, the estuarine study done for the SEA reveals that in general the relative 'health' of Umdoni estuaries is fair to highly degraded, suggesting a particularly bleak future for these systems and a potentially high negative impact on our other coastal assets.

The riverine systems in Umdoni were assessed and found to be in a very poor state and thus highly vulnerable. This has and will continue to have a negative impact on those rural communities within Umdoni that rely on a natural river for their well-being. Maintaining any remaining natural systems along the main stem rivers is considered critical for ensuring continued delivery of ecosystem services and connectivity required for biodiversity persistence. River corridors must be developed along north south and east-west axes. A shortcoming within the planning domain is the high level of transformation directly adjacent to stem rivers, highlighting the importance of catchment management. All wetlands (including estuaries) are essential for maintaining hydrological services, including flow regulation, water purification and preventing sedimentation. Accordingly, a persistence target of 100% of all wetlands will be adopted, including a 30m buffer on each wetland to ensure sustained wetland functioning. The 100% wetland target is based on wetland functioning to ensure the delivery of ecosystem services goods and services, rather than biodiversity targets.

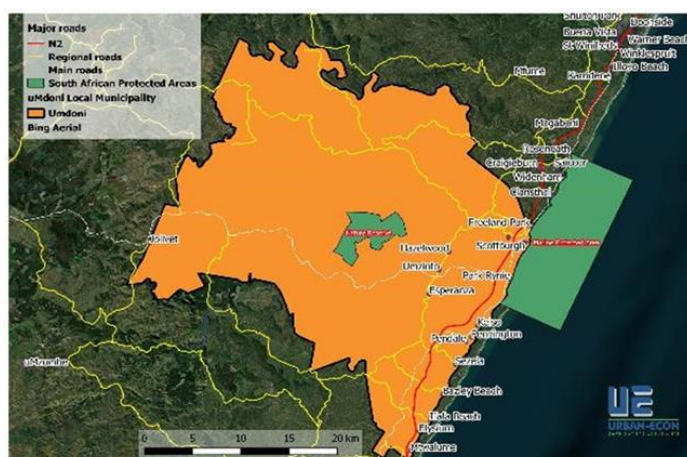
However, it is possible that the poor environmental situation that currently exists can, in some instances, be turned around. This is particularly relevant when considered within the context of the role and value of the natural capital and where government job creation projects such as Working for Water and the Extended. Public Works Programme invests in environmental rehabilitation projects.

The level of transformation and/or degradation has no doubt elevated the status of the untransformed areas, which remain. The implications of this are that all untransformed land within the boundaries of the UM are of conservation importance and all future development applications will need to be scrutinised very carefully and subjected to rigorous environmental impact assessment and management

to ensure that the important biodiversity features are not impacted on. Where development plans are unable to avoid and mitigate impacts on site, they should not be considered.

A non-negotiable will have to be that the investment must bring about an enhancement of the remaining untransformed natural capital and vital rehabilitation of sensitive eco-systems that are already compromised.

ENVIRONMENTALLY SENSITIVE AREAS



Umdoni Municipality has 2 major environmentally sensitive areas, mainly the marine protected area and the Vernon Crooks Nature reserve. These are key areas where interventions are required to maintain the integrity of these spaces and ensure their protection.

Map 2: Environmentally Sensitive areas

3.15 POLLUTION CONTROL

Pollution control in Umdoni is a critical responsibility to ensure environmental sustainability and public health. Umdoni implements pollution control with these various strategies:

1. **Waste Management:** Establishing proper waste collection and recycling programs to reduce landfill waste and prevent illegal dumping.
2. **Water Quality Protection:** Monitoring and controlling industrial discharges into water bodies, promoting wastewater treatment, and preventing stormwater pollution.
3. **Air Quality Management:** Regulating emissions from industries and vehicles, promoting the use of cleaner energy sources, and monitoring air quality regularly.
4. **Public Awareness Campaigns:** Educating residents about the importance of reducing pollution through initiatives like tree planting, reducing plastic use, and proper waste disposal.
5. **Enforcement of Laws and Policies:** Enforcing municipal by-laws related to pollution control, such as penalties for littering or unauthorized dumping.
6. **Sustainable Urban Planning:** Incorporating green spaces, efficient public transportation, and environmentally friendly infrastructure in city planning.
7. **Collaboration with Stakeholders:** Working with community groups, businesses, and government agencies to implement pollution control measures.

3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (E.G. COASTAL PROTECTION)

CRITICAL BIODIVERSITY AREAS

The natural environment forms one of the most important resources of the municipality, providing the basis for Agriculture and Tourism development as well as a functioning Ecosystem and attractive Landscape. Ecological resources are irreplaceable and should thus be one of the major structuring elements guiding the development of the Municipality.

Owing to the importance of preserving areas of Biodiversity significance, It is proposed that a Municipal Open Space System be instituted as part of managing land use. This will have to be instituted through a process of thorough investigation of areas worth protecting, and subsequently, be formalised.

Critical Biodiversity Area 1 “Mandatory”

The CBA 1 Mandatory areas are based on the irreplaceability analysis. Identified as having an Irreplaceability value of 1, these planning units represent the only localities for which the conservation targets for one or more of the biodiversity features contained within can be achieved i.e. there are no alternative sites available. The distribution of the biodiversity features is not always applicable to the entire extent of the PU (Planning Unit), but is more often than not confined to a specific niche habitat e.g. a forest or wetland reflected as a portion of the PU in question. In such cases, development could be considered within the PU if special mitigation measures are put in place to safeguard this feature(s) and if the nature of the development is commiserating with the conservation objectives. This is site and case dependent.

Critical Biodiversity Area 2 “Mandatory”

CBA2 indicate the presence of one (or more) features with a very high irreplaceability score. In practical terms, this means that there are alternate sites within which the targets can be met, but there aren't many. This site was chosen because it represents the most optimal area for choice in the systematic planning process, meeting both the target goals for the features concerned, as well as a number of other guiding criteria such as high agricultural potential area avoidance, falls within a macro-ecological corridor etc. Whilst the targets could be met elsewhere, the revised reserve design would more often than not be slightly more 'land-hungry' in an effort to meet its conservation objectives.

Critical Biodiversity Area 3 “Optimal”

CBA3 indicate the presence of one (or more) features with a low irreplaceability score. Derived in the same way as outlined for CBA2 described above, the determination vision of these PU's is driven primarily by the guiding layers. The areas not highlighted in MINSET ARE NOT OPEN for wholesale development. Important species are still located within them and should be accounted for in the EIA process. They are not highlighted as the MINSET highlights the 'choice' areas from a biodiversity point of view only. Should one or more of the CBA2 and CBA3 sites be utilised for development, it is obvious that the target for whatever feature(s) where located within that PU will no longer be met. Ideally, MINSET would have to be re-run to calculate the next optimal solution, the new PUs being 'extracted' from the currently blank/undefined areas.

Biodiversity Area

The areas not highlighted in MINSET ARE NOT OPEN for wholesale development. Important species are still located within them and should be accounted for in the EIA process. They are not highlighted as the MINSET highlights the 'choice' areas from a biodiversity point of view only. Should one or more of the CBA2 and CBA3 sites be utilised for development, it is obvious that the target for whatever feature(s) where located within that PU will no longer be met. Ideally, MINSET would have to be re-run to calculate the next optimal solution, the new PUs being 'extracted' from the currently blank/undefined areas.

Sites for Conservation

The sites, which have been identified for conservation, include: -

- Gwala Gwala
- • Leylands Bush
- • Makomati Dam
- • Mkondweni
- • Mzinto Lagoon Nature Reserve
- • Nkomba Birds Sanctuary
- • Quakweni
- • T C Robertson Memorial Sanctuary
- • Vernon Crookes Nature Reserve
- • Midlands Corridor
- • Admiralty Corridor
- • Dune Corridor
- • Aliwal Shoal Marine Protected Area

COMPONENT F: HEALTH

3.17 CLINICS

Component F which encompasses Clinics (Personal Health), Ambulance Services (emergency) and Health inspection (Food and Food outlets) are as noted from afore section under “Component B (Ref 1.2)” and further from “Appendix D” as annexed hereto is indeed municipal and local government functions. They however are not entirely that of a LOCAL municipality but rather of a function of a DISTRICT and in certain instances that of a “SHARED SERVICE” between Local and District Municipalities and with OR between other organs of government namely provincial. The classification hereunder alludes to the accountability of the three identified functions:

Function	
Clinics	KZN Provincial Department of Health
Ambulance Services	KZN Provincial Department of Health & KZN Emergency and Rescue Services
Health Inspection	UGU District Municipality

COMPONENT G: SECURITY & SAFETY

3.18 POLICING

The mission of the Umdoni Traffic and Policing section is to reduce the incidences and severity of all related incidents through efficient and effective coordinated deployment of personnel with intensified, stringent law enforcement including the following:

- Visibility – regular patrols, staff deployed at static points
- Road Blocks/VCPs – conducted in areas which are prone to accidents, robberies, housebreaking, reckless and negligent driving
- 22 schools within Umdoni and the erstwhile Vulamehlo Municipality have scholar patrols attendees that are funded by Department of Transport but administrated by Umdoni Municipality since August 2017
- MOU for Bobbies on the Beat to enhance safety and security during the festive season

FESTIVE SEASON

During the festive period, planning meetings were held in collaboration with relevant Law Enforcement Agencies to evaluate challenges experienced in previous years and to implement solutions and proactive measures. To manage crowd capacity and vehicular traffic at beaches, SAPS Reservists enforced access control points and road closures on strategic public holidays.

Traffic and Policing staff were strategically deployed across 11 beaches, focusing on key responsibilities such as beach patrols, road closures, crowd management, traffic control, and law enforcement. As several beaches, including Scottburgh Beach, Park Rynie Campsite, Preston Beach, Rocky Bay, and Pennington Beach, reached full capacity, stop-and-search operations were conducted to ensure safety and compliance.

3.19 FIRE

The purpose of the Fire Section within a municipality is to ensure the safety and protection of lives, property, and the environment. Its responsibilities typically include:

Fire Prevention: Conducting inspections, issuing permits, and raising awareness to prevent fire hazards and ensure compliance with fire safety regulations.

Fire Suppression: Responding promptly to fire incidents to extinguish fires and minimize damage.

Emergency Response: Handling other emergencies such as vehicle accidents, hazardous material incidents, and natural disasters like floods.

Public Education: Providing fire safety education and training to residents, schools, and businesses to reduce the risk of fires.

Rescue Operations: Assisting in rescue efforts, including saving individuals trapped in buildings, vehicles, or other hazardous situations.

Disaster Management Support: Collaborating with other municipal departments and agencies during large-scale disasters to ensure a coordinated response.



The table below indicates the number of businesses that were inspected for compliance with fire safety laws and regulations for the year under review.

Date of Inspection	Area	Type of Inspection
17/08/2023	Pennington	Business inspection
17/08/2023	Amandawe	Business inspection
30/08/2023	Amandawe	Business inspection
30/08/2023	Umzinto	Business Inspection
30/08/2023	Scottburgh Dream Cafe	Business Inspection
02/10/2023	Pennington- Gwala-Gwala Restaurant	Business Inspection
02/10/2023	Park rynie hounq Quan	Routine inspection
02/10/2023	Breamer –Shezi tarven	Business inspection
22/01/2024	Esperanza	Site inspection
22/01/2024	Scottburgh	Site inspection
22/01/2024	Scottburgh	Site inspection
30/01/2024	Park rynie _ SPAR	Business Inspection
30/01/2024	Park Rynie -KFC	Business license inspection
02/02/2024	Dududu- Ceders	Site Inspection
08/03/2024	Umzinto Sasol Garage	Business Inspection
08/03/2024	Umzinto Anchor Village	Business Inspection
11/03/2024	Scottburgh Clinic	Public Safety inspection
11/03/2024	Pennington Clinic	Public Safety inspection
11/03/2024	Umzinto Clinic	Public Safety inspection
11/03/2024	Dlangezwa Clinic	Public Safety inspection
11/03/2024	Dududu Clinic	Public Safety inspection
12/03/2024	Philani Clinic	Public Safety inspection
12/03/2024	Mgangeni Clinic	Public Safety inspection
12/03/2024	Gateway clinic	Public Safety inspection
18/03/2024	Amandawe MST Tavern	Business Inspection
18/03/2024	Amandawe Mabalengwe Tavern	Business Inspection
18/03/2024	Kenterton Check Save	Business Inspection
18/03/2024	Umzinto Morning Dew Traiding	Business Inspection
27/03/2024	Umzinto Jwayelani	Business Inspection
27/03/2024	Dududu Sideways tavern	Business Inspection
11/04/2024	Park Rynie -Halfway	Site inspection
11/04/2024	Kenterton- Check Save Supermarket	Business inspection
19/04/2024	Amandawe- Malibongwe Tavern	Business inspection

3.20 DISASTER

Risk assessment remains an ongoing priority in disaster management and was conducted across all wards.

During the 2023/2024 financial year, the municipality attended to 95 incidents and 102 complaints. Additionally, 32 plans were reviewed, and 31 business inspections were conducted. Over 123 households affected by disasters were assessed, and the necessary relief stock was distributed based on the assessment outcomes.

In April 2024, Umdoni Municipality experienced severe flooding. Comprehensive assessments were undertaken, and it was identified that six areas had been partially washed away as follows:

Name of the road or bridge	Impact
Old main road Umzinto (different parts of main road)	Washed away
Beniva Bridge	Washed away
Somkhanda bridge	Washed away

DISASTER RESPONSE AND RECOVERY

LOCAL MUNICIPALITY UMDONI	TYPE OF INCIDENT (NUMBER)		HOUSEHOLDS AFFECTED	HOUSES COMPLETELY DESTROYED	HOUSES PARTIALLY DAMAGED	PEOPLE AFFECTED	FATALITIES	INJURIES	RELIEF ISSUED						
									BLANKETS	TENTS	PLASTIC SHEETING	SPONGE	FOOD PARCEL	WENDY HOUSE	LIGHTNING CONDUCTOR
	Structural Fire	21	19	10	11	54	0	0	15	0	0	12	0	0	0
	Motor Vehicle Accident (MVA)	16	32	0	0	32	0	23	0	0	0	0	0	0	0
	Fallen tree	18	0	0	0	0	0	0	0	0	0	0	0	0	0
	Electrical box	3	2	0	0	0	0	0	0	0	0	0	0	0	0
	Gale Force Storm	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Humanitarian services	7	0	0	0	0	0	0	0	0	0	0	0	0	0
	Bush Fire	13	0	0	0	0	0	0	0	0	0	0	0	0	0
	Flood incident	57	57	10	47	132	0	0	18	0	41	0	0	0	0
TOTAL		135	110	20	58	218	0	23	33	0	41	12	0	0	0

COMPONENT H: SPORT AND RECREATION

3.21. CONSTRUCTION OF KWAMPONDO SPORTFIELD (WARD 1)



The construction of KwaMpondo Sportfield is grant funded through the Municipal Infrastructure Grant (MIG) at R 11 438 100.96. The scope of works entailed the construction of the change room, ablution facility, bulk earthworks, layer works for both soccer pitch and combi-court, grassing for the soccer field, embankment seating for both the soccer field and combi court, installation of handrails, retaining wall and fencing.



As at 30 June 2025 the project was at 100% completion. There were challenges experienced during the construction of the project that caused delays in progress due to extreme weather conditions as the combi court developed foundation settlement and cracks after heavy rains. A Geo-tech investigation was carried out and a site instruction was issued for repair works. The repairs have been completed.



3.22. Community Facilities

CONSTRUCTION OF MANDLALATHI COMMUNITY HALL (WARD 2)

The construction of Mandlalathi Community Hall was MIG funded at R10 546 309 and as at June 2024, the scope of works that has been completed entailed the construction of the slab flooring for the main hall, main hall brickwork to roof level, ring beam for the main hall, brickwork for guardhouse to roof level and roof sheeting for the guard house, main hall and ablution block.



The following is in progress: The installation of boundary fence, ceilings, doors and windows.
Challenges:

1. Delays in the progression of works due to inclement weather.
2. Slow progress on site due to the contractor not paying labour on time and constant change of site personnel from the contractor.
3. The dispute in land issues (site establishment/camp) by the landowner caused major delays in programme of works.
4. There was no access to site for +-4 weeks as the causeway bridges collapsed that provide access site.

Remedial Action:

1. The contractor submitted an acceleration plan that will cater for the seasonal weather changes, i.e. increased rainfall.
2. Contractor to ensure financial capacity is available for the project and maintain the same personnel throughout the project (Site Foremen and contracts manager).
3. Land issue has been resolved, and in future ward Cllrs to ensure that written agreements are reached with landowners prior to the commencement of works.
4. The department of transport has repaired the damaged infrastructure.



CONSTRUCTION OF MGANGENI COMMUNITY HALL (WARD 4)

Mgange Community Hall was MIG funded with R 11 554 220.10 as at 30 June 2024 the scope of works that has been completed entailed the brickwork to roof level for the guardhouse and fencing.



The following is in progress: retaining wall installation, brickwork for main hall and construction of a septic tank.

Challenges:

1. Delays in the progression of the works on site have been evident due to social issues (i.e. disputes in labour rates) and rain delays.
2. Postponement of PSC meetings.
3. The work stoppages by the community members demanding subcontracting also caused major delays in the programme of works.
4. Slow progress on site due to the contractor not paying labour on time and constant change of site personnel from the contractor.

Remedial action:

1. Engagement by Umdoni political leadership and local traditional authority to address the issues of subcontracting, stoppages on site and outstanding payments.
2. Contractor to ensure financial capacity is available for the project and maintain the same personnel throughout the project (Site Foremen and Contracts Manager).



COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

The Corporate Services Department derives its mandate from Councils key development objective i.e. Institutional Development, Co-Operative Governance and IDP. It therefore means it is largely an internal focused department with the primary aim of employee recruitment and development and enhanced and efficient administrative systems.

The strategic challenges for the Municipality is to find better ways in delivering services to the Umdoni community by efficiently and effectively utilizing existing resources, structure and mechanisms to address the needs of the community in a holistic and integrated manner. It is therefore the departments responsibility to ensure that the organization is being aligned to advance on the key objectives of the municipality by addressing human resource related issues and to amplify technological applications within the Municipality.

3.23 FINANCIAL SERVICES

The Financial Services Department manages the corporate financial affairs of the municipality to ensure that the best possible services are provided with the available funds.

The department is responsible for drawing up the annual municipal budget and for implementing and maintaining a system that generates accurate information about the municipality's financial position for internal and external role players, enabling them to make informed decisions.

The following main focus areas exist within Financial Services Department:

- a) Revenue Management
- b) Budget & Compliance
- c) Expenditure
- d) Supply Chain Management
- e) Asset Management

3.23 HUMAN RESOURCE SERVICES

As part of the Corporate Services portfolio, the primary focus of the Human Resources Department is to ensure the delivery of efficient and effective services to both internal and external stakeholders. The department is committed to upholding principles of fairness, openness, and transparency while fostering a professional office environment where confidentiality is preserved at all times.

The past year has presented significant challenges for the municipality, particularly within the Human Resources section. Key positions, including the Human Resources Manager and roles reporting to the manager, such as the Skills Development Officer, remain vacant. This has had a notable impact on critical areas such as compliance, the implementation of the human resource strategy, and the execution of skills development programmes. These vacancies have hindered the department's ability to enhance capacity and ensure the efficient and effective delivery of municipal services.

3.24 INFORMATION COMMUNICATION TECHNOLOGY

During the year under review, the municipality conducted a comprehensive ICT infrastructure assessment to evaluate the current ICT environment and conditions. The assessment provided strategic recommendations for upgrading the municipality's ICT infrastructure. Implemented recommendations included the redesign of the municipal website, the installation of a fiber network, and the renewal of the Microsoft license, all aimed at enhancing efficiency and service delivery

COMPONENT K: ORGANIZATIONAL PERFORMANCE SCORECARD

The Umdoni PMS Framework was adopted in July 2021. Organizational performance forms an integral part of the implementation of the Integrated Development Plan (IDP) operational plans that are monitored and progress is reported annually against the targets set out as well as challenges experienced during the 2023/2024 Financial Year.

Municipal Systems Act (MSA) of 2000, Section 38(a) mandates municipalities to establish performance management systems, and the Planning and Performance Management Regulations of 2001, describes the municipality's Performance Management System (PMS) as consisting of a framework that articulates and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed as well as to determine the roles of different stakeholders.

The performance management system is a tool that measures the implementation of an organisation's strategy. It also provides a mechanism to measure whether targets meet the strategic objectives that are set by municipalities and employees. In Umdoni municipality the PMS implementation and management process is carried out at phases namely:

- **Phase 1: Planning**

Umdoni Municipality embarked on the first phase of an organisational performance management system and the key output of this process was the development of the Integrated Development Plan (IDP) that was adopted by Council in May 2023.

- **Phase 2: Implementation**

The actual implementation of the IDP over a single financial year is given effect through the Service Delivery Budget Implementation Plan (SDBIP), performance contracts of the Municipal Manager and other S57 Managers. 2023/2024 SDBIP was approved by the Mayor in June 2023 and Performance Agreements were concluded in July 2023.

- **Phase 3: Monitoring**

Monitoring continuously tracks performance against what was planned by collecting and analysing data on the indicators established for monitoring and evaluation purposes. It provides continuous information on whether progress is being made toward achieving results (outputs, outcomes, and goals) through record keeping and regular reporting systems.

Umdoni municipality achieved this process through compilation of Managers Quarterly Performance Reports at Departmental Level, compilation of Consolidated Quarterly, Half Yearly and Annual Performance Report at Municipal Level and submission of these reports to Manco, Internal Audit for assessment, Council & Portfolio Committees so that political leadership can play their oversight role in performance management

- **Phase 4: Evaluation**

Evaluation is a periodic, in-depth analysis of programme performance. It relies on data generated through monitoring activities such as Quarterly performance reviews and Performance Evaluations. Umdoni Municipality has appointed a Performance Evaluation Committee through a Council resolution that includes:

- The Chairperson of the Audit Committee
- A Municipal Manager from another Municipality
- The Municipal Manager (Umdoni Municipality)
- And a member of the Executive Committee
- Mayor (Assessment of Municipal Manager)
- Ward Committee Member (Assessment of Municipal Manager)

1. ANNUAL ORGANIZATIONAL PERFORMANCE INFORMATION

Performance Monitoring underpins the Municipality's Integrated Development Plan in terms of reviewing progress regularly in achieving the priorities and delivering value for money services. Early investigation into variances enables remedial action taken where appropriate.

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2023/2024 financial year. These priority measures constitute the Organisational Performance Scorecard / Top Layer of the SDBIP on basic service delivery targets) for 2023/2024 financial year.

The annual performance reporting on the 2023/2024 financial year has been completed and reflected in the Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan in a table format (aligned to the previously prescribed format by KwaZulu Natal Department of Corporate Governance and Traditional Affairs).

Analysis of Reported Achievements – Comparison with Previous Financial Years

As of 30 June 2024, **81,1%** of organizational performance targets have been met. This reflects an increase in organizational performance compared with 2022/2023 financial year when **70%** of planned performance targets were met. Areas where challenges were experienced and areas of improvement identified will be highlighted under the analysis of each Key Performance Area and further in the performance analysis of each user department based on the performance of each user Department.

Table 1 below illustrates the percentage of performance for the 2023/2024 financial year in comparison to the three previous financial years.

	2023/2024	2022/2023	2021/2022	2020/2021
Targets Met	81,1%	70%	68,65%	58,62%
Targets Not Met	18,8%	32,35%	31,35%	41,37%

Table 1: Organizational Performance comparison to previous FY

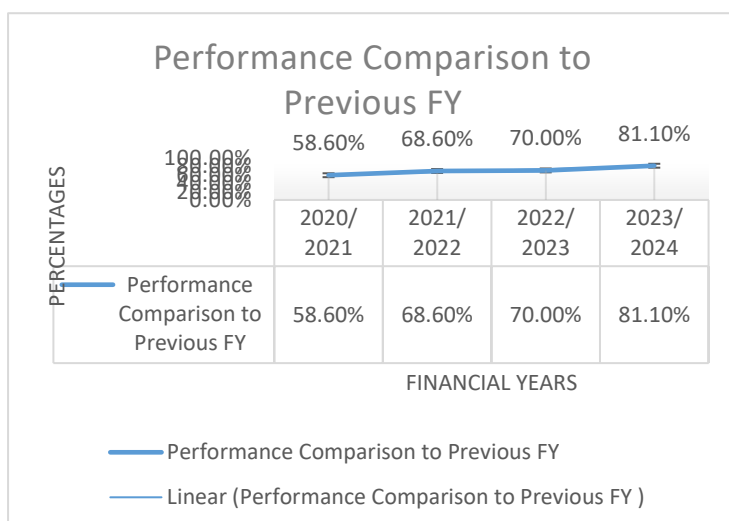


Figure 1: Performance for the past 4 financial years

The linear graph above indicates the overall performance in percentages for 2023/2024 in comparison with the previous financial years. It can be noted that administrative and political stability play a huge role in organizational performance and that has a direct effect on service delivery.

Taking into consideration performance of previous financial years such as 2020/2021, 2021/2022 and 2022/2023, it can be noted that there has been a steady rise in overall

performance percentage on years where the Municipality had appointed an Accounting Officer on a fixed term basis compared to years whereby there was no administrative stability. There has been a slight increase in performance during the year in question with overall performance sitting at 81,1% compared to 70% in the 2022/2023 financial year. This indicates a steady increase in performance of 11, 1%.

Performance Analysis per National Key Performance Area

4.1. KPA 1: Municipal Transformation & Institutional Development

The strategic objectives under this Key Performance Area are:

- To improve HR Policy Framework that is in line with the IDP and legislation and to ensure alignment of Organizational skills with the Organogram.
- To ensure an effective and Efficient Performance Management Culture within the municipality that enhances accountability. Time management and achievement of Service Delivery Targets
- To establish an efficient and effective ICT environment and infrastructure systems that will optimise business efficiency and productivity in line with IDP service delivery strategies
- To ensure effective and efficient administrative processes that enable delivery of services to our communities
- To ensure effective and efficient management of Municipal Fleet that is in line with service delivery objectives of the municipality
- To ensure effective and Efficient administrative processes that enable service delivery to our communities

Table 4.1 below illustrates the performance of the municipality under the Municipal Transformation and Institutional Development KPA.

NATIONAL KPA	TOTAL KPI's	TARGETS MET	TARGETS NOT MET	TOTAL TARGETS MET %
Municipal Transformation & Institutional Development	6	5	1	83%

Table 4.1: Performance of Municipal Transformation KPA

Figure 4.1: Performance comparison for Municipal Transformation KPA

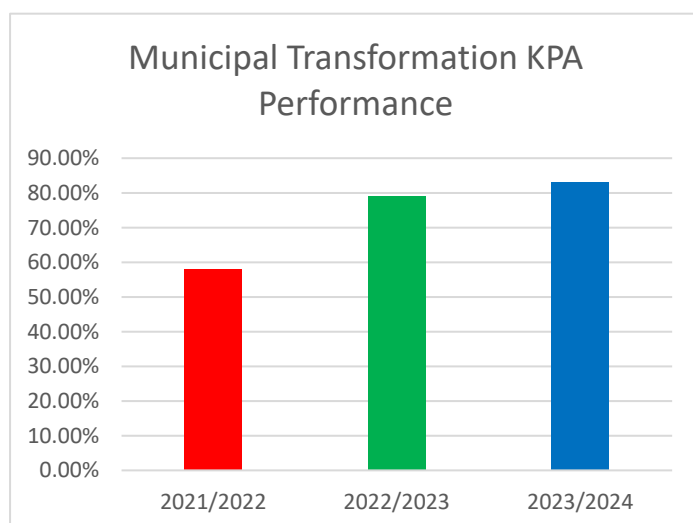


Figure 4.1 above illustrates the performance of the institution under the KPA Municipal Transformation and Institutional Development. It is encouraging to take note of the increase to 83% from 79% in performance under this KPA in the previous financial year.

At a glance the challenges with this KPA are on a soft target that is the Training of Employees due to the non-functioning of the Human Resource Development Committee and the Local Labour Forum. Whilst the non-achievement of this target did not have a major impact with regards

to the overall performance of this KPA, its impact on organizational development and performance as a whole is substantial. Management needs to rebuild their relationship with Labour and revive the Local Labour Forum that will also feed to the functionality of the Human Resource Development Committee.

There are Staff Regulations that required implementation with effect from July 2021, implementation of these regulations will pose a challenge for the municipality if Staff/municipal employees are not capacitated as Performance Management is not only meant to punish poor performance but also to reward and capacitate our employees. Capacitation of employees cannot be achieved if there is no relationship between Labour and Management as well as functional structures that play an impactful role in the training/capacitation of employees.

Whilst an ICT Assessment was conducted and implementation of its recommendations were met, ICT still poses a challenge within the institution. The Municipal Website was redesigned however there is no designated official that uploads legislated information and documents on the municipal as a result the municipality will be found non-compliant on a number of matters when comes to our Municipal Website.

4.2. KPA 2: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT

One of the core functions of the municipality is to ensure provision, upgrading, and maintenance of infrastructure and services that enhances economic development. To ensure that Umdoni communities have access to energy sources by 2022 and beyond as well as ensuring that the Housing Backlog is eliminated.

Table 4.2 below indicates the performance of the Basic Service Delivery KPA

NATIONAL KPA	TOTAL KPI's	TARGETS MET	TARGETS NOT MET	TOTAL TARGETS MET %
Basic Service Delivery & Infrastructure Development	34	29	5	85%

Table 4.2: Performance of Basic Service Delivery KPA

Figure 4.2: Performance comparison for Basic Service Delivery KPA

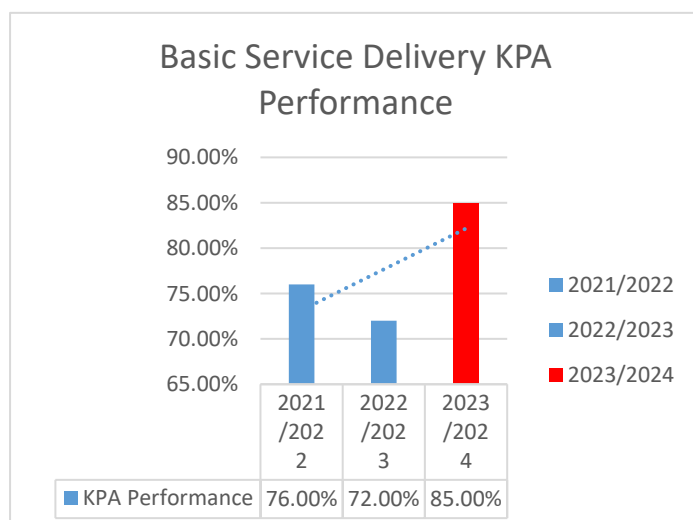


Figure 4.2 above shows an increase in performance for Basic Service delivery KPA in year 2023/24 compared to 2022/2023 FY. this KPA achieved an overall performance percentage of 85% compared to 72% performance in the previous FY. This could be attributed to the stability within the Technical Services Department after the appointment of General Manager Technical Services in November 2023.

A number of reasons for variances has been noted for targets that have not been achieved under this KPA such as a

breakdown for plant machinery that was anticipated to be utilized for the Stormwater system maintenance programme. A total number of 265 households were targeted to be electrified and whilst the municipality has done their part, the PMU Section is waiting for ESKOM to issue out a date for the energising of these households. The Department is encouraged to have engagements with ESKOM so that energising Households can be fast tracked and the municipality can be a step closer to achieving their strategic objective of ensuring that Umdoni Communities have access to Energy by 2022 and beyond.

The fractured relationship between Labour and Management that was noted under the Municipal Transformation and Organizational development KPA also has direct impact on the Service Delivery KPA, and as a result of that fractured relationship Refuse Removal was not collected as anticipated during the financial year in question. Management needs to take a closer look at these matters that eventually hinder the realization of our constitutional mandate which is service delivery.

4.3. KPA 3: LOCAL ECONOMIC DEVELOPMENT

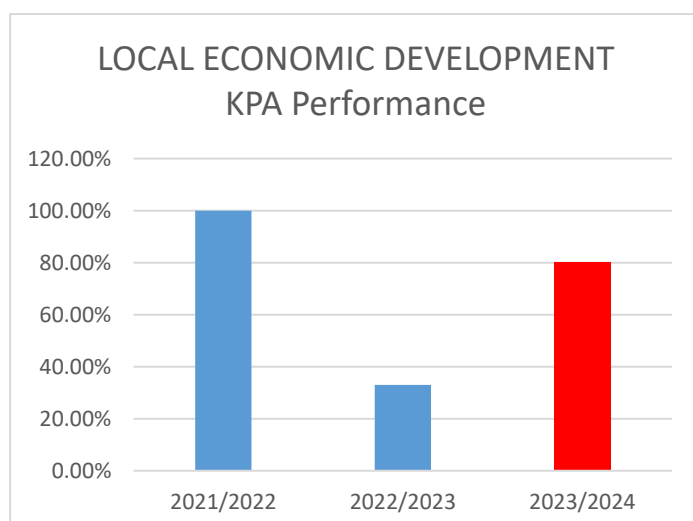
Strategic objectives of this KPA are to promote economic development in order to reduce poverty, inequality and unemployment whilst uplifting and providing support to SMMEs and Co-Operatives.

Table 4.3 below indicates the Performance of the Local Economic Development KPA.

NATIONAL KPA	TOTAL KPI's	TARGETS MET	TARGETS NOT MET	TOTAL TARGETS MET %
Local Economic Development	10	8	2	80%

Table 4.3: Performance of LED KPA

Figure 4.3: Performance comparison for LED KPA



Overall performance of the institution in the Local Economic Development KPA has seen an increase in achievement of set performance targets from a 33% in 2022/2023 financial year to 80% in 2023/2024.

Whilst the strides to enhance economic development within the area are noted, however it is difficult to measure if performance targets set under this KPA have an impact in the levels of unemployment, poverty & inequality within the Umdoni Local Municipality. However, the municipality did create 150

employment opportunities through the EPWP Grant albeit the employment being on a contractual basis. It is important to note that employment opportunities created in the previous financial year are higher than the year in question despite the municipality allocating internal funding on EPWP Programme and also the Grant funding having not decreased from the previous financial year. Management is advised to strengthen reporting mechanisms under the EPWP Grant implementation to increase the municipalities chances to be allocated a higher Grant in future financial years. A status quo analysis and challenges under EPWP need to be identified so that remedial action plan can be developed and implemented. Revenue Collection is not only a function of the Finance Department but all user Department have a role to play in creating new revenue sources and increasing our revenue through grant allocations.

Moving forward the municipality needs to consider targets for this KPA that will link with strategies in place to uplift the youth of Umdoni as well as linking our SMMEs and Co-Operatives with our procurement processes through an incubation programme that will allow the upliftment of local suppliers, co-operatives, SMMEs and contractors so that we are able to measure and see the impact of our Local Economic Development office has in realizing our municipal vision. These type of programmes would also lessen interference by local business forum on projects on the ground and blockading of municipal offices.

The municipality also needs to look into providing support that will ensure that small businesses meet all the criteria for funding not only from the municipality but from other stakeholders such as NYDA, DTI etc. so that they can flourish and in turn reduce the poverty & unemployment rate of the municipality.

4.4. KPA 4: GOOD GOVERNANCE & PUBLIC PARTICIPATION

The strategic objectives of this KPA is to ensure effective and efficient internal and external communication. To promote human rights and social upliftment of vulnerable groups. To ensure the effective oversight of Performance Audit Committee and Audit Committee.

RF

Table 4.4 below indicates the performance of the Good Governance and Public Participation KPA.

NATIONAL KPA	TOTAL KPI's	TARGETS MET	TARGETS NOT MET	TOTAL TARGETS MET %
Good Governance & Public Participation	17	14	3	82,3%

Table 4.4: Performance of Good Governance KPA

Figure 4.4: Performance comparison for Good Governance KPA

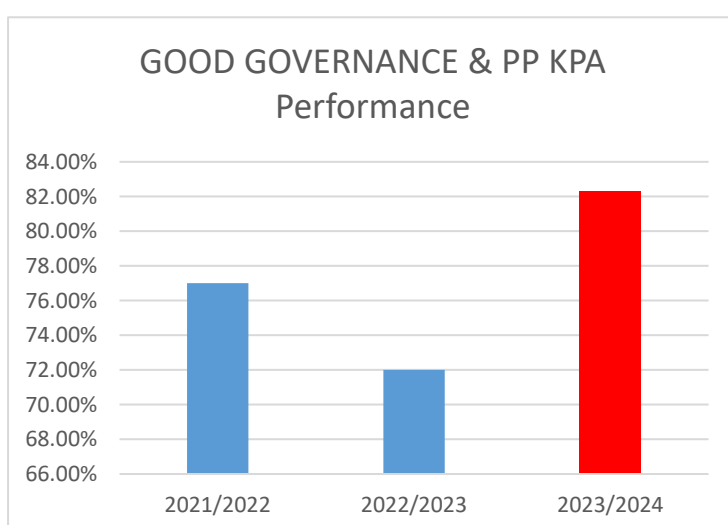


Figure 4.4 above indicates that there has been an improvement in the achievement of performance targets in 2023/2024 financial year in comparison to overall performance of 72% in 2022/2023. Targets not achieved within this Performance Area are due to the reprioritization of financial resources redirected to other priorities such as Youth Development, Elderly and Vulnerable Groups programmes.

Under the communications unit a need for the establishment/appointment of

communications champions within user departments would eliminate the non-submission of information by user departments during the IDP/Budget Roadshows as well as the publishing of internal and external newsletters. The need to train relevant officials on the upload of legislated information on the municipal website would eradicate the non-compliance mentioned under the challenges within ICT. There is also a need for an electronic complaints management system that would allow our customers the ability to receive responses timeously whilst being able to track at what level their complaints are being attended and progress.

4.5. KPA 5: FINANCIAL VIABILITY & MANAGEMENT

The strategic objective of this KPA is to ensure that the municipality is financially sustainable and practices sound financial principles.

Table 4.5 below indicates the performance of Financial Viability & Management KPA.

NATIONAL KPA	TOTAL KPI's	TARGETS MET	TARGETS NOT MET	TOTAL TARGETS MET %
Financial Viability and Management	13	12	1	92,3% %

Figure 4.5: Performance comparison for Financial Management KPA

Figure 4.5: Performance comparison for Financial Management KPA

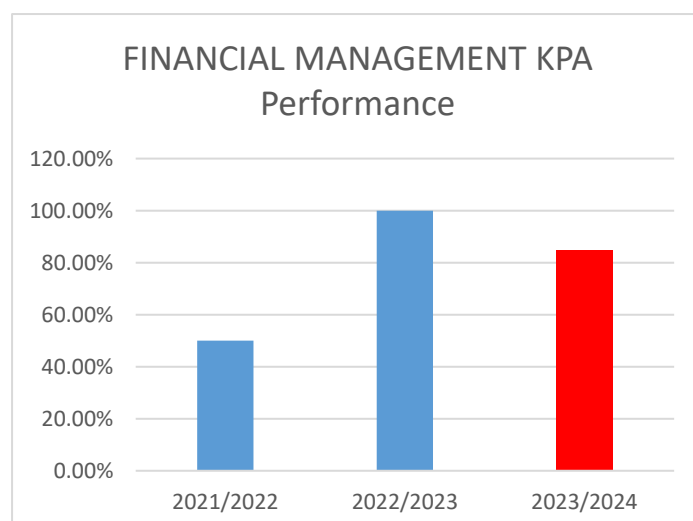


Figure 4.5 illustrates a decline in achievement of set performance targets from 2022/2023 financial year with a percentage of 100% to 92,3% in 2023/2024. However, there are challenges of loss of revenue that can be noted within this KPA especially with the utilization of Scottburgh Town Hall as temporary accommodation for community members. The development of Revenue Enhancement Strategy however is not reliant on the Finance department only, user departments play a major role in a revenue enhancement strategy whilst finance can only play a

facilitation and co-ordination role.

Another non-achievement that can be noted within this KPA is the non-payment of creditors within 30 days of receipt of invoice. Management needs to develop and implement a strategy to ensure compliance with regards to the payment of creditors within a prescribed period of time.

4.6. KPA 6: CROSS CUTTING INTERVENTIONS

To facilitate an integrated approach towards planning for urban and rural communities. To Monitor and manage proposed buildings and buildings under construction

The table below indicates the performance of the Cross Cutting KPA.

NATIONAL KPA	TOTAL KPI's	TARGETS MET	TARGETS NOT MET	TOTAL TARGETS MET %
Cross Cutting Interventions	4	2	2	50%

Table 4.6: Performance of Cross Cutting KPA

Figure 4.6: Performance comparison for Cross Cutting KPA

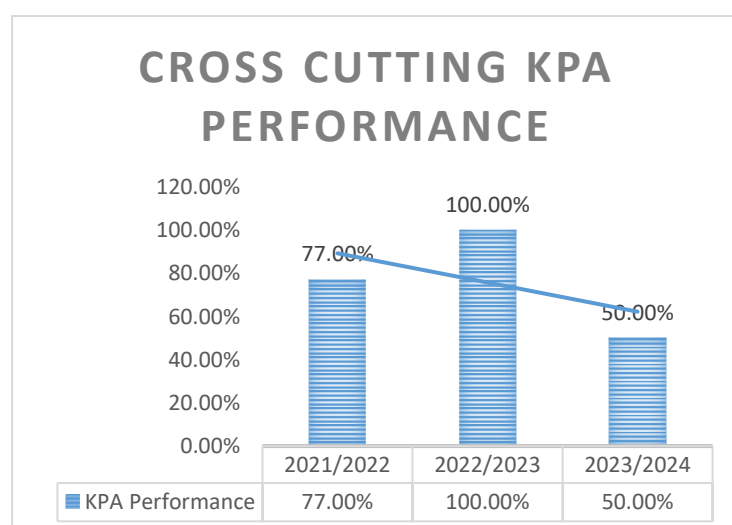


Figure 4.6 above illustrates a decline in performance and achievement of performance targets within the Cross cutting KPA. With a performance rate of 100% in the 2022/2023 compared to 50% in the 2022/2023 financial year. This could be attributed to the instability within the Planning & Development Department due to the employment contract of the GM having come to an end in November 2023.

Reason for variance that caused the poor performance under this KPA are

the non-review of our Municipal SDF that is not SPLUMA Compliant. Our non-complaint SDF not

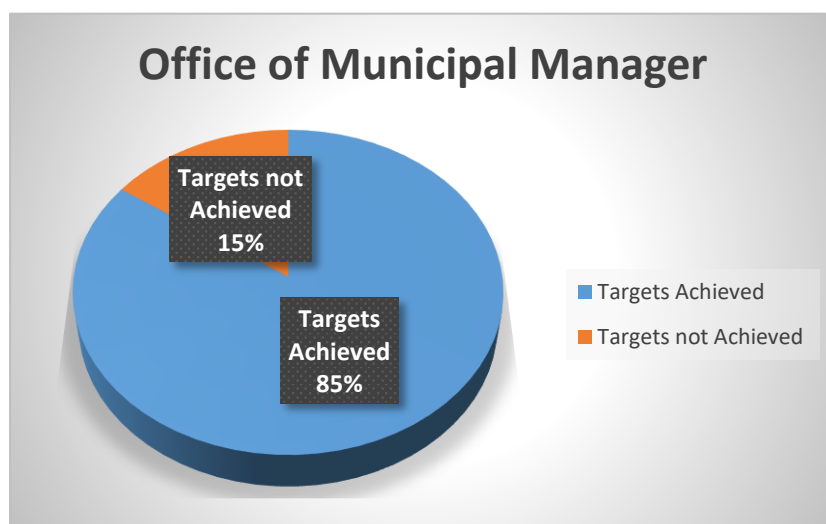
only has impact on this KPA but also on the Local Economic Development and Service Delivery KPA. Without a compliant SDF our IDP credibility scoring is affected, the municipality is unable to develop a Capital Investment Framework that would provide confidence and attraction of potential investors to our municipal area which would in turn improve our revenue base.

Management during the adjustment budget period needs to consider lobbying for funding with our Council for the review of our SDF so that it can be adopted with the IDP.

5. ANNUAL DEPARTMENTAL PERFORMANCE INFORMATION

5.1. Office of the Municipal Manager

No of Targets	Targets Achieved	Targets not Achieved
13	11	2



The performance of the Office of the Municipal Manager for the year under review can be seen on the diagram above. OMM achieved 84, 6% of planned targets.

There are still capacity challenges within the Internal Audit and IDP/PMS Sections with only Manager positions being filled in these sections whilst positions of Officers are vacant. This causes non-compliance with legislated

timeframes and non-implementation of all planned audit projects

. Such vacancies are not only prevalent in the Office of the Municipal Manager but in some other user departments as well. This shows a gap between planning and the development of the organogram. To fill this gap there is a need for a work study that will determine skills that already exist, skills that are in shortfall therefore dictating the review of our organogram, skills development plan as well as the prioritization of vacancies to be filled that would improve service delivery.

OMM Performance Highlights

- Conducted 4 mayoral radio slots
- Published 2 External Newsletters
- Conducted 3 Media Briefings
- Conducted 18 IDP/Budget Roadshows
- Conducted Golden Games
- Conducted Disability Trainings
- Training of Youth
- Conducted Gender Based Violence Awareness Programmes
- 300 Young Women attended Umkhosi Womhlanga
- Hosted Disability Talent Show

- Implementation of Operation Sukuma Sakhe Programmes

Performance Challenges

- Employee and community protests caused challenges in the implementation of other special programmes that were planned for the end of the financial year.

5.2. Corporate Services

No of Targets	Targets Achieved	Targets not Achieved
6	5	1



Illustrated on the above chart is the performance of the Corporate Services department for the financial year 2023/2024. Corporate services had a total of 6 targets with 5 achieved and only 1 not achieved. This department provides a support function for other user departments within the municipality. There are capacity challenges within user departments with number of vacancies on the

organogram not filled and that is due to the non-finalization of job descriptions. That affects the provision of services to communities in an effective manner.

Non functionality of the fleet management committee may see car accidents not reported timeously with our insurances and might cripple the unit regarding the availability of vehicles to conduct service delivery tasks for employees. Some measures to mitigate risks within the Fleet Management section can be noted such as the installation of tracking services in the vehicles that would enable the municipality to monitor not only fuel consumption but the abuse of municipal assets.

At a glance the challenges with this KPA are on a soft target that is the Training of Employees due to the non-functioning of the Human Resource Development Committee and the Local Labour Forum. Whilst the non-achievement of this target did not have a major impact with regards to the overall performance of this KPA, its impact on organizational development and performance as a whole is substantial. Management needs to rebuild their relationship with Labour and revive the Local Labour Forum that will also feed to the functionality of the Human Resource Development Committee.

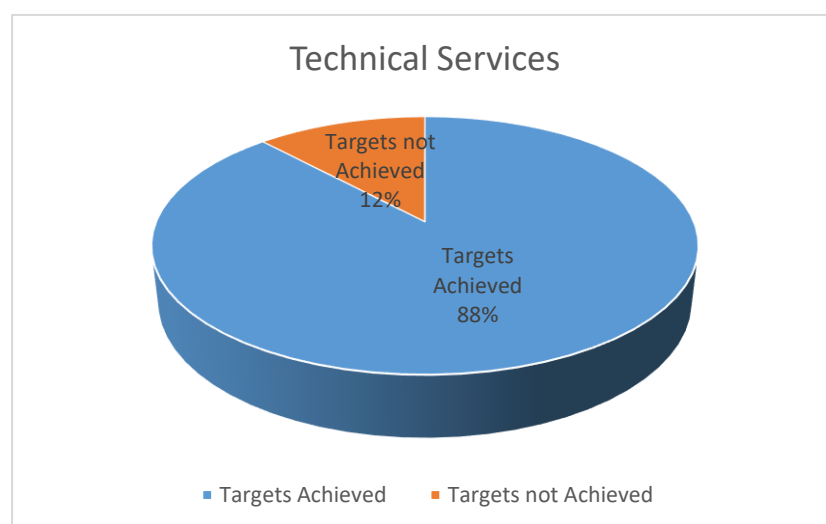
There are Staff Regulations that required implementation with effect from July 2021, implementation of these regulations will pose a challenge for the municipality if Staff/municipal employees are not capacitated as Performance Management is not only meant to punish poor performance but also to reward and capacitate our employees. Capacitation of employees cannot be achieved if there is no relationship between Labour and Management as well as functional structures that play an impactful role in the training/capacitation of employees

Performance Highlights

- ICT Assessment
- Re-Designing of Municipal Website
- Procurement of 8 Fleet Vehicles
- Conducted Medical Check-Ups
- Health & Safety Assessments
- [Performance Challenges](#)
- Training of Employees

5.3. Technical Services

No of Targets	Targets Achieved	Targets not Achieved
25	22	3



The diagram and the table below indicate the performance of Umdoni service delivery department Technical Services for the 2023/2024 Financial year. It can be noted above that technical services had 25 performance indicators for the year under review and 88% of the planned targets were achieved whilst 12% of the planned targets were not achieved. Highlighted below are performance highlights

and challenges experienced by this department on the year under review.

Performance Highlights

- Appointment of GM Technical Services
- Rehabilitate 100% of 1.1 Kms of Hazelwood Road
- Maintained pavements and Stormwater Management Systems as per conditional assessment by 30 June 2024
- maintained 40% of Stormwater Management System
- Upgraded 40m of Steep Hills from Gravel to Concrete
- Re-gravel 100% of Myeza Road
- Upgrade 100% of Smolo Road from Gravel to Asphalt
- Develop and complete designs for the electrification of Households in Ward 11
- 260 Households Electrified
- Constructed and Completed 100% of KwaMpondondo Sportfield
- Constructed 70% of Mandlalathi Community Hall
- Constructed 80% of Mgangeni Community Hall
- Re-gravelled 65% of Hlongwa Access Road
- Re-gravelled 65% of Vukaphi Access Road
- Re-gravelled 54% of Mphemba Access Road

- Re-gravelled 100% of Shange Access Road
- Regravelled 100% of Hazelwood area (gravel road)
- Re-gravelled 100% of Mphemba Access Road
- Rehabilitated 100% of Bushy Grove Road

Performance Challenges

- Non maintenance of Stormwater Management System due to machinery breakdown
- Poor Refuse Collection due to employee and community protests

5.4. Community Services

No of Targets	Targets Achieved	Targets not Achieved
13	10	3

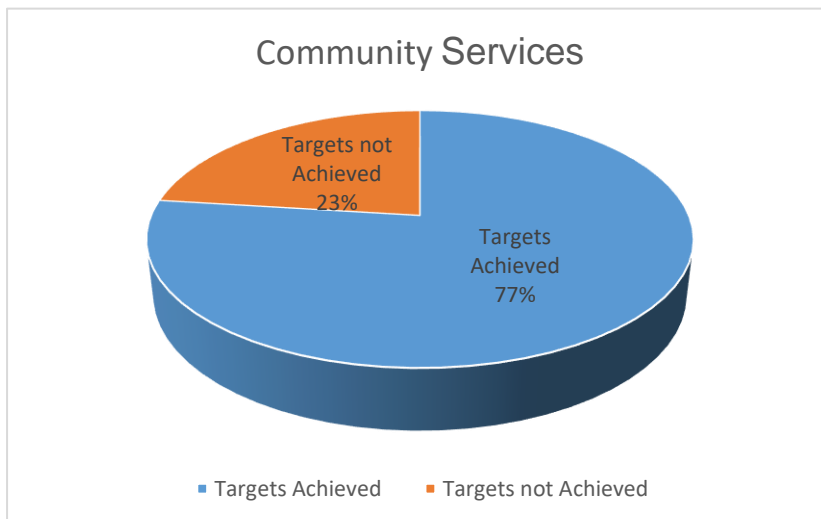


Diagram and table above illustrates the performance of community services for the 2023/2024 financial year. It can be noted above that community services had 13 performance indicators and 10 were achieved by 30 June 2024 whilst 3 remained non-achieved. Listed below are the performance highlights and challenges experienced by community services for the year under review.

Performance Highlights

- Beach Clean-Up Campaigns
- Maintenance of 1 Community Hall
- Maintenance of Tidal Pools
- X9 Water Testing conducted
- Maintenance of Pool Pumps
- Maintenance of Verges
- Conducted Tree Felling and Maintenance of Municipal Sites
- Maintained 1 Library

Performance Challenges

- Targeted number of community halls, Sportfields and libraries to be maintained not achieved due to BOQs being completed in May 2024 by the PMU Section.

5.5 Planning & Development

No of Targets	Targets Achieved	Targets not Achieved
14	10	4



The diagram and the table above illustrate the performance of Planning & Development Department for the financial year 2023/2024. It can be noted that for the year under review Planning & Development had 14 targets and 10 targets were achieved whilst 4 were not achieved as planned. Below is the performance highlight and challenges experienced by planning & Development for the year under review.

Performance Highlights

- Clear 13000m² of privately owned vacant sites of bushes & weeds
- Transfer of 100% of the TC Robertson's Nature Reserve monthly grant

Performance Challenges

- Review of SDF
- Approval of Development Applications within 90 Days

5. Improving Performance

- Revival of Human Resource Development Committee and LLF
- Monthly reporting of SDBIP Implementation to Manco & Council Portfolio Committees;
- Coaching & Mentoring Programme for Middle Managers to improve performance;
- Training and sourcing of additional capacity where skills and capacity shortages are identified, service delivery departments prioritized for skills development and filling of vacant positions;
- Development of departmental operational plans to guide performance in each department;
- Development of departmental procurement plans that are aligned to the budget and SDBIP to ensure that procurement processes for programmes commence timeously.



**ORGANISATIONAL
DEVELOPMENT
PERFORMANCE**

4

CHAPTER 4: ORGANIZATIONAL PERFORMANCE REPORT PART II

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

4.1 EMPLOYEE TOTAL, TURNOVERS AND VACANCIES

The Corporate and Human Resources Department of Umdoni Municipality is comprised of several specialized units, including Human Resources, Organizational Development, Labour Relations, Human Resource Development, Employee Assistance Programme (EAP) and Wellness, as well as Occupational Health and Safety.

The Human Resources Section plays a pivotal role in the municipality, overseeing key functions such as recruitment and selection, labour relations management, payroll and leave administration, staff administration, grading and remuneration, sick leave management, employee wellness initiatives, and rewards and recognition systems. Additional responsibilities include the implementation of performance management systems, talent management and succession planning, scarce skills retention initiatives, policy development and administration, and organizational development.

The table below indicates the number of employees in Umdoni municipality for the year under review.

DEPARTMENT	NUMBER OF EMPLOYEES
Municipal Manager's Office	29
Corporate Services	33
Planning & Development	18
Community Services	177
Financial Services	25
Technical Services	104
Total	386

Table 4.1.1: Employees

TURNOVER RATE

The year under review recorded the highest staff turnover rate compared to previous financial years. A total of three appointments were made, while 20 contract terminations and resignations were recorded during this period.

The table below indicates the municipality's turnover rate for the year under review.

Details	Total App As At Beginning Of Financial Year	Termination During Financial Year	Turnover Rate
Year 0 Fy2023/2024	3	20	201.39

Table 4.2: Turnover rate

COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2 POLICIES

The Municipality operates under a comprehensive set of policies, which are made accessible to staff and thoroughly workshopped following their approval or adoption by the Municipal Council. However, during the 2023/2024 financial year, Umdoni Municipality encountered several challenges in the development, review, and adoption of these policies.

- Acting Allowance Policy
- Bereavement Policy for Employees
- Employees Wellness Policy
- Internship and Learnership Policy
- Leave Policy
- Night Shift Standby Allowance Policy
- Bursary Policy for Employees
- OHS Policy
- Overtime Policy
- Placement Policy
- Recruitment and Selection Policy
- Skill Development Policy for Employees and Councilors
- Subsistence and Travel Policy
- Transfer Policy
- Housing Allowance Policy
- Attendance of Seminars, external Meeting, Workshop Policy
- Communicable Diseases Policy
- Dress Code Policy
- Employment of Section 56 57 Managers
- Exit Management Policy
- Mentoring
- Municipality Protective Clothing Policy
- Remuneration Policy
- Secondment of Employee Policy
- Sexual Harassment Policy
- Smoking Policy
- Substance Abuse Policy
- Succession Planning Policy
- Work Place Gender Based Violence and Femicide Policy
- Working from Home Policy

- Bylaw Prevention of Public Nuisances
- Confidentiality Policy
- Affirmative Action and Employment Equity Policy
- Employee Assistance & Wellness Policy
- EPWP Policy
- Gift Policy
- Private Work Policy
- Umdoni Incentive Policy
- Dress code

4.3 INJURIES, SICKNESS & SUSPENSIONS

During the year under review, three employees sustained injuries while on duty, resulting in a total of 86 sick leave days utilized.

During the year under review, 10 employees faced formal charges, 2 employees were suspended, and 1 case remains ongoing.

4.4 PERFORMANCE REWARDS

Performance rewards were not awarded to any senior manager during the year under review. This decision aligns with a resolution taken at Cabinet Lekgotla, stipulating that municipalities with irregular expenditure are not eligible to grant performance rewards to senior management. As Umdoni Municipality incurred irregular expenditure during the year under review, no performance rewards were issued.

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT & TRAINING

Efficient and effective service delivery remains a top priority for the municipality, supported by well-established capacity development programmes and systems. These include the annual Workplace Skills Plan (WSP), Learnerships, Assisted Education Programme, and staff bursaries.

For the 2023/2024 financial year, the Workplace Skills Plan facilitated the training and development of over 31 staff members, successfully meeting the municipality's training objectives. Details of the training provided to staff are outlined in the table below

Details	Type of Training Intervention	Categories of Employees trained	Number trained
Year – 0 2023/2024	Skills programme (Evidence Based Policy Making and Implementation, Avoiding Irregular, Unauthorised Fruitless and Wasteful Expenditure)	Middle Management	4
	Skills programme (Code 14 drivers license)	Semi-Skilled	10
	Skills programme (Citizen Centred Service Delivery Mechanical Trade Test, Evidence Based Policy Making and Implementation, Evidence Based Policy Making and Implementation, Avoiding Irregular, Unauthorised Fruitless and Wasteful Expenditure)	Clerical & Admin	17
	Short Courses (Municipal Staff Regulations, Basic Payroll Training)		



**FINANCIAL
PERFORMANCE**

5

CHAPTER 5: FINANCIAL PERFORMANCE

COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

5.1 STATEMENTS OF FINANCIAL PERFORMANCE

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	11,151,173	10,575,025
Sale of goods and rendering of services	18	2,863,285	3,325,960
Rental of facilities and equipment	19	7,620,355	7,175,758
Interest received - Investments	20	14,607,648	13,513,478
Interest received - Receivables		1,876,589	1,528,041
Agency services	21	2,589,398	2,087,410
Operational revenue	22	533,412	1,352,423
Remeasurements relating to employee benefits	23	1,721,917	1,902,144
Proceeds from Insurance fund (Allocations in kind)	24	-	258,368
Construction contract revenue		708,696	-
Total revenue from exchange transactions		43,672,473	41,718,607
Revenue from non-exchange transactions			
Donation of Land Received	55	3,669,740	-
Fines, Penalties and Forfeits	28	1,198,393	1,301,542
Government grants & subsidies	27	234,571,100	224,836,212
Licences and Permits	26	2,952,602	6,863,600
Property rates	25	120,535,255	110,977,036
Property rates - Penalties and Interest	25	12,152,008	9,504,253
Total revenue from non-exchange transactions		375,079,098	353,482,643
Total revenue		418,751,571	395,201,250
Expenditure			
Employee related costs	29	(150,697,668)	(145,634,138)
Remuneration of councillors	30	(16,330,032)	(15,270,667)
Contracted services	31	(107,539,542)	(122,880,165)
Operational expenditure	35	(52,823,339)	(52,195,027)
Depreciation and amortisation	36	(41,485,136)	(34,778,700)
Reversal/(Impairment of cash and non-cash generating assets)	37	(4,572,741)	42,863,734
Finance costs	38	(927,123)	(588,219)
Lease rentals on operating lease	39	(2,433,948)	(1,650,418)
Debt impairment	40	(24,747,085)	(18,433,565)
Transfers and subsidies	41	(3,021,456)	(649,927)
Inventory Consumed	32	(7,056,403)	(4,711,953)
Bad debts written off	33	-	(9,056,500)
Loss on disposal of assets	34	(1,901,383)	(3,857,282)
Total expenditure		(413,535,856)	(366,842,827)
Surplus for the year		5,215,715	28,358,423

5.2 GRANTS

For the year ended 30 June 2024.

SUMMARY OF UNSPENT GRANTS							
DETAILS		2023/24				LIABILITY AS AT 30 JUNE 2024	PERCENTAGE SPENT
		OPENING BALANCE '01 JULY 2023	ALLOCATION	RECEIVED	BALANCE TO BE RECEIVED	GRANT REALISED / SPENT	
CONDITIONAL GRANT		8 642 416,00	67 300 000,00	64 503 000,00	5 297 000,00	66 210 065,21	6 935 350,79
MIG	-	-	37 635 000,00	37 635 000,00	-	37 635 000,00	-
EPWP	-	-	1 601 000,00	1 601 000,00	-	1 601 000,00	-
LIBRARIES GRANT	-	-	10 014 000,00	8 417 000,00	1 597 000,00	8 417 000,00	-
FMC	-	-	1 950 000,00	1 950 000,00	-	1 950 000,00	-
DISASTER MANAGEMENT GRANT	4 985 525,00	-	-	-	-	4 985 525,00	-
EDTEA GRANT (UMZIN TO BUS RANK)	2 000 000,00	2 000 000,00	2 000 000,00	-	-	1 908 061,25	2 091 938,75
SMALL REHABILITATION GRANT	3 893,00	3 700 000,00	-	-	3 700 000,00	-	3 893,00
TITLE DEEDS RESTORATION GRANT	852 998,00	-	-	-	-	265 440,00	587 558,00
MUNICIPAL EMPLOYMENT INITIATIVE	-	1 000 000,00	1 000 000,00	-	-	968 853,20	31 146,80
CLEANEST AWARD	800 000,00	-	-	-	-	800 000,00	-
BEACH INFRASTRUCTURE GRANT	-	-	2 500 000,00	-	-	2 178 584,93	321 415,07
MUNICIPAL DISASTER RELIEF GRANT	-	9 400 000,00	9 400 000,00	-	-	5 500 600,83	3 899 399,17
UNCONDITIONAL GRANT	-	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00
Equitable share	-	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00
TOTAL UNSPENT GRANTS		8 642 416	240 912 000	238 115 000	178 909 000	238 822 065	6 935 351

5.3 ASSET MANAGEMENT

The municipality has established an Asset Management Committee whose primary role is to guide and drive changes while providing oversight for the implementation of asset management processes. During the year under review, the committee held meetings to evaluate the state of asset management within the municipality, identify shortcomings, and propose solutions and corrective measures. To enhance accountability, asset verifications were conducted more frequently throughout the year. Annual asset verifications also continue to be carried out to ensure the municipal asset register remains up-to-date.

5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

Ratio	Formula	Calculation	Percentage
Liquidity Ratio	$\frac{\text{Current Assets}}{\text{Current Liabilities}}$	$\frac{244\,924\,351,00}{71\,507\,280,00}$	343%
Solvency Ratio	$\frac{\text{Net Profit} + \text{Depreciation}}{\text{Total Liabilities}}$	$\frac{58\,039\,054,00}{118\,737\,520,00}$	49%
Financial Leverage Ratio	$\frac{\text{Debt}}{\text{Equity}}$	$\frac{0}{790\,413\,336,00}$	0%
Percentage of employee costs against total expense	$\frac{(\text{Employee Costs} - \text{Contribution to postretirement medical aid and long service})}{\text{Total Expenditure}}$	$\frac{145\,794\,663,40}{413\,535\,856,00}$	35%

Ratio	Formula	Calculation	Percentage
Spending against capital budget	$\frac{\text{Expenditure}}{\text{Capital Budget}}$	$\frac{51\,002\,883,59}{57\,591\,212,00}$	89%
Own revenue compared to total revenue	$\frac{\text{Own Revenue}}{\text{Total Revenue}}$	$\frac{184\,180\,471,00}{418\,751\,571,00}$	44%

LIQUIDITY RATIO

The liquidity ratio reflects the financial resources employed during the operating cycle and serves as an indicator of the municipality's ability to meet its short-term obligations. While the ideal liquidity ratio is 2:1, the municipality has achieved an impressive ratio of 3.43:1, demonstrating its capacity to settle short-term debts effectively.

It is important to note that a significant portion of the municipality's cash flow is derived from investments rather than the primary bank account. As a service delivery organization, Umdoni Municipality strategically allocates excess cash to initiatives aimed at poverty alleviation and improving the quality of life for its constituents.

SOLVENCY RATIO

The solvency ratio evaluates the municipality's ability to meet its long-term debt obligations and serves as an indicator of financial stability. With an ideal benchmark of 20% or higher, the municipality's solvency ratio of 49% reflects a financially sound and well-positioned organization.

FINANCIAL LEVERAGE RATIO

The financial leverage ratio measures the extent to which the municipality depends on debt financing. Umdoni Municipality's ratio of 0% indicates minimal reliance on debt funding, thereby avoiding exposure to associated credit risks.

PERCENTAGE OF EMPLOYEE COSTS AGAINST TOTAL EXPENSE

This value aligns with the Treasury's recommended norm of 25-40%, with the municipality attaining 35%. In recognition of this, stringent measures for managing and controlling staff costs have been implemented, and further reductions are anticipated in the coming years. It is also important to note the reduction from the previous financial year, where the 2022/2023 financial year recorded a ratio of 41%. This represents a positive step towards achieving greater efficiency.

SPENDING AGAINST CAPITAL BUDGET

Capital expenditure experienced a significant decrease compared to the prior year, achieving an expenditure rate of 89% in the 2023/2024 financial year. Several challenges impacted budget spending, including low revenue collection, which necessitated maintaining expenditure at a minimum.

OWN REVENUE COMPARED TO TOTAL REVENUE

This demonstrates that the municipality generates 44% of its total revenue from its own sources, while the remaining balance is derived from government grants and subsidies.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

5.5 CAPITAL EXPENDITURE

Business Key	Project	Amended Budget	Actual Balance e
20240310025417	Laptops, Computers and Printers	R 50 000,00	R 43 500,00
20230719003800	Laptops, Computers and Printers	R -	R -
20240310025337	Machinery and Equipment	R 43 478,00	R -
20210802065113	Air Conditioners	R -	R 41 000,00
Municipal Manager		R 93 478,00	R 84 500,00

20210802065140	Furniture and Office Equipment	R	30 435,00	R	-
20200311041285	Laptops	R	-	R	-
Internal Audit		R	30 435,00	R	-
20240310025334	Machinery and Equipment	R	4 435,00	R	-
20210317000827	Computer Equipment	R	-	R	107 067,00
YOUTH DEVELOPMENT		R	4 435,00	R	107 067,00
20240310025154	Computer Licensing	R	-	R	3 640,00
20210802065159	Furniture and Office Equipment	R	304 348,00	R	-
20230228051517	Laptops, Computers and Printers	R	52 174,00	R	59 250,00
20210802065221	Laptops, Computers and Printers	R	69 565,00	R	-
20241001112146	Stormwater Cleaning	R	-	R	6 243 181,13
GENERAL ADMINISTRATION		R	426 087,00	R	6 306 071,13
20230719003808	Laptops and Printers	R	-	R	-
20230719003809	Laptops and Printers	R	-	R	-
Legal And Estates				R	-
20240310025322	Installation of water tanks	R	286 957,00	R	-
20230719003760	Installation of Fire Suppression System	R	173 913,00	R	-
20220719996053	Machinery and Equipment	R	13 913,00	R	-
20230719003763	Purchase of Tractor	R	574 816,00	R	572 295,23
20240425032950	Computer Equipment	R	775 966,00	R	-
20210802065128	Furniture and Office Equipment	R	313 043,00	R	184 900,00
20220719996070	Purchase of Portable Recording System	R	104 348,00	R	94 744,00
20201009061290	Laptops, Computers and Printers	R	-	R	-
20240607145952	Office equipment	R	-	R	172 173,92
20230719003725	Purchase of Fleet	R	5 246 521,00	R	5 153 118,15
20210317000842	Laptops, Computers and Printers	R	66 248,00	R	-
20190723112004	Computer Equipment	R	-	R	70 610,00
20230719003812	Upgrade Network Infrastructure(Stores)	R	-	R	-
20201009061398	Relocation of the water line - campsite	R	-	R	270 000,00
20220719996086	Hardware Upgrade(Server)	R	-	R	-
20220719996079	UPS for Server	R	173 913,00	R	-
20220719996082	Upgrade of DR Site	R	260 870,00	R	-
General Management		R	7 990 508,00	R	6 517 841,30

20240310025331	Machinery and Equipment	R	21 739,00	R	20 650,00
	Community Facilities	R	21 739,00	R	20 650,00
20210317000772	Machinery and Equipment	R	182 609,00	R	169 330,00
	PARKS AND GARDENS	R	182 609,00	R	169 330,00
20210802064899	Purchase of Skips	R	-	R	49 130,00
	Beaches	R	-	R	49 130,00
20210802065143	Furniture and Office Equipment	R	-	R	150 500,00
	General Administration	R	-	R	150 500,00
20240310026062	Mandlalathi Hall	R	1 488 475,00	R	1 488 467,71
20210802065767	Langa Road - Regravelling - Ward 11	R	-	-R	6 243 181,13
20230719004540	Construction Of Nsongeni Tar Road (Wa	R	1 303 112,00	R	1 303 110,65
20230719004555	Refurbishment Of Dumisa Community H	R	887 642,00	R	887 642,00
20230228051530	Building Renovations: Beach Pavilion	R	-	R	-
20230719004549	Renewal of Hazel Road	R	8 218 458,00	R	5 037 069,80
20230719004543	Construction Of Mafithini Tar Road (Wa	R	1 287 529,00	R	1 287 528,07
20230719004552	Construction of Smolo Road	R	11 469 109,00	R	11 469 109,00
20210802065839	Myeza Road	R	414 804,00	R	414 803,40
20210802065812	KwaMpondo Sportsground	R	7 823 727,00	R	7 823 726,99
20240310026055	Mgangezi Hall	R	2 638 098,00	R	2 638 098,00
20210802065875	Mgangezi Hall	R	4 803 131,00	R	4 803 130,00
20210802065852	Oswanini Hall	R	-	R	-
20230719004535	Upgrading of Umzinto Storm Water	R	-	R	-
20210802065842	Mandlalathi Hall	R	3 464 358,00	R	3 464 359,19
20230719004507	Renewal of Fencing	R	869 565,00	R	869 112,00
	Roads And Stormwater	R	44 668 008,00	R	35 242 975,68
20240310025319	Purchase of Skips	R	695 652,00	R	-
20210802064891	Purchase of Skips	R	-	R	695 634,78
	Refuse disposal	R	695 652,00	R	695 634,78
20230719004546	Renewal of Umzinto Informal Trading Ir	R	3 478 261,00	R	1 659 183,70
20210317000811	Office equipment	R	-	R	-
	General Management	R	3 478 261,00	R	1 659 183,70
	TOTAL	R	57 591 212,00	R	51 002 883,59

5.6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

VOTE NUMBER	VOTE DESCRIPTION	30 JUNE 2024
		ACTUAL EXPENDITURE
20230719004552	Construction of Smolo Road	R11 469 109,00
20210802065812	KwaMpondo Sportsground	R7 823 726,99
20241001112146	Umzinto Stormwater	R6 243 181,13
20230719003725	Purchase of Fleet	R5 153 118,15
20230719004549	Renewal of Hazel Road	R5 037 069,80

5.7 SERVICE DELIVERY BACKLOGS

Service delivery backlogs are predominantly experienced in areas where the services fall under the core responsibilities of other state departments or the district municipality. The municipality has received numerous complaints, particularly regarding water and electricity services, with rural areas being the most affected. Additionally, during the last quarter of the year under review, the municipality experienced a backlog in refuse removal services due to labour unrest.

COMPONENT C: CASHFLOW MANAGEMENT & INVESTMENTS

5.8 CASHFLOW

The Municipality maintained a positive cash flow for the year under review, as detailed in the Cash Flow Statement. Net cash and cash equivalents at year-end increased by 2.14% compared to the previous financial year, achieving 78.12% of the budgeted net cash increase. The budget for the 2021/2022 to 2023/2024 financial years emphasized cash availability, with the aim of ensuring a gradual increase in cash balances over the coming years.

Standard Bank of SA Limited, Scottburgh Branch - Account No. 05 279 168 8

	2024	2023
Bank statement balance at end of year	14 993 585.00	17 696 113.00

5.9 BORROWINGS & INVESTMENTS

No borrowings were incurred for the year under review.

The table below indicates investments for the year under review.

Investments for the year (incl. call accounts) are as follows:		
	2024	2023
Standard Bank Of SA Ltd	47 194 547.00	46 774 714.00
Absa	22 716 955.00	21 149 771.00
Nedbank	38 243 041.00	54 047 040.00
First National Bank	23 250 604.00	21 517 722.00
	131 405 147.00	143 489 247.00
Total interest earned on investments	14 607 648.00	13 513 478.00

5.10 PUBLIC AND PRIVATE PARTNERSHIPS

The Municipality had no long term contracts or Public Private Partnerships, for the year under review

COMPONENT D: OTHER FINANCIAL MATTERS

5.11 SUPPLY CHAIN MANAGEMENT

Supply chain management (SCM) is an integral part of financial management. This function integrates the planning, procurement and provisioning processes, and seeks to introduce best practices, whilst at the same time addressing Government's preferential procurement policy objectives.

The accounting officer of a municipality must implement an efficient system of acquisition management, in terms of paragraph 11 of the Municipal Supply Chain Management Regulations, to ensure that:

- a) That goods and services are procured by the municipality in accordance with authorized processes only;
- b) That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the MFMA;
- c) That the threshold values for the different procurement processes are complied with;
- d) That bid documentation, evaluation and adjudication criteria and the general conditions of a contract, are in accordance with any applicable legislation; and
- e) That any Treasury guidelines on acquisition management are properly taken into account.

These are phases that distinguish the SCM processes:

Demand management which deals with the planning process, such as:

- Determination of market strategy.
 - Acquisition management which deals with procurement processes, such as:
9. Identification of preferential policy objectives which include the implementation of BBBEE scorecards as adopted in December 2011; 2023 specific goals were introduced replacing 2017 regulations of BBBEE.
 10. Compilation of tender documentation, including Conditions;
 11. Determination of evaluation criteria;
 12. Evaluation of tenders and tabling of recommendations;
 13. Compilation and signing of contract documents; and
 14. Contract administration (contract register).
 15. Logistics management, which deals with provision of services; and
 16. Disposal management, which deals with disposal of assets once their lifespan has come to an end.

Improvements made in the 2023/2024 financial year included the consolidation of the following:

- Contract register where we monitor the spending of awarded bids;
- Circulation of a checklist schedule for quotations below R200 000, amendments were made to the regulations threshold for Procurement above R30 000, for Local Municipalities to R300 000. All costs inclusive, to ensure full compliance with the requirements of the bid and legislative prescripts;
- Monitoring of the quotation register, where service provider information is updated regularly before an appointment is made;
- Registering of bids awarded to Construction Industry Development Board (CIDB);
- Reporting of awarded bid contracts and quotations to National Treasury on a live feed; above R300 000 only.
- Recording of pre-evaluation/functionality scoring for bids in order to document how the committee arrives at their scoring and the deliberations that took place;
- Recording of all site briefing meetings for us to have documentation on what was discussed and to know changes made; a site meeting register is available for every site meeting taking place .and
- Set dates were designed for BID committee meetings for members to be informed on time and also to be able to prepare for the meetings.

Challenges we continue to experience:

- Compliance to SDBIP by user departments as items are not procured according to the procurement plan;
- Committee members not attending the bid committee meetings;
- Bidders not fully completing the bid documents and attaching the necessary information;
- Late submission of requests for procurement from the user departments, which leads to the inability to conclude SCM processes on time. This results in unnecessary extension of contracts;
- Poor understanding of contract management;

Umdoni Municipality complies with the prescribed framework, Section 112 of the Municipal Finance Management Act No. 56 of 2003 (MFMA), when acquiring goods and services in a way that is fair, equitable, transparent, competitive and cost-effective.

This is achieved by the following activities:

- We advertise all our bids in public, through Notice Board and on the Municipality website for transparency; and also on E-Tenders as per Regulations,
- We do that in order to obtain value for money as there will be competitive bidding of price and/or proposal offers from various service providers;
- Bids are opened in public and offers are read in public to avoid corruption and tempering with bid prices;
- Intention to award for a successful bidder is published in order to allow objections, if any, from other service providers;
- Unsuccessful bidders are informed in writing of the bid outcome; and
- A bid register is published on the website to offer those who could not make it to the bid opening to have the result of the bid opening.

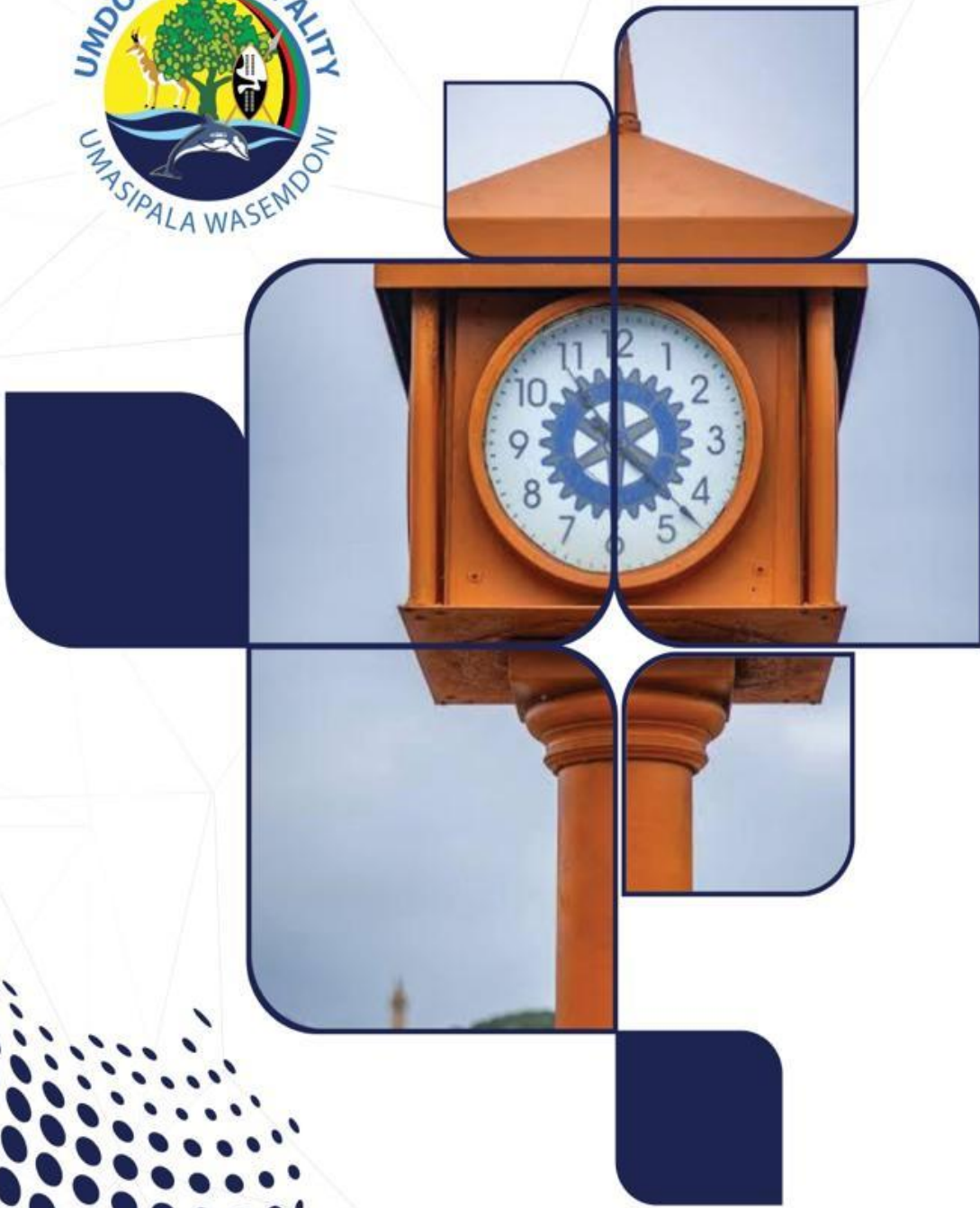
5.12 GRAP COMPLIANCE

The financial statements have been prepared in accordance with the effective Standards of Generally Recognised Accounting Practices (GRAP), as approved by the Minister of Finance, including any interpretations, guidelines and directives issued by the Accounting Standards Board and the Municipal Finance Management Act, 2003 (Act No. 56 of 2003).

The following GRAP standards have been issued but are not yet effective and have not been adopted by the municipality:

- GRAP 20 Related Party Disclosures
- GRAP 32 Service Concession Arrangements: Grantor
- GRAP 34 Separate Financial Statements
- GRAP 35 Consolidated Financial Statements
- GRAP 36 Investments in Associates and Joint Ventures
- GRAP 37 Joint Arrangements
- GRAP 38 Disclosure of Interests in Other Entities
- GRAP 108 Statutory Receivables
- GRAP 109 Accounting by Principals and Agents
- GRAP 110 Living and Non-living Resources

None of these standards and interpretations are anticipated to have a material impact on the municipality's financial statements. Management has considered all of the foregoing GRAP standards issued but not yet effective and effective and anticipates that the adoption of these standards will not have a significant impact on the financial position, financial performance or cash flows of the municipality.



AUDITOR GENERAL AUDIT FINDINGS

6

CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS

COMPONENT A: AUDITOR GENERAL OPINION OF FINANCIAL STATEMENTS YEAR 1(2022/2023)

Opinion

1. I have audited the financial statements of the Umdoni Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umdoni Municipality as at 30 June 2022, and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2021 (Act No. 9 of 2021) (Dora).

Basis for opinion

3. conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion. Emphasis of matters
6. I draw attention to the matters below. My opinion is not modified in respect of these matters

Emphasis of matters

Restatement of corresponding figures

7. As disclosed in note 50 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of an error in the financial statements of the municipality at, and for the year ended 30 June 2022.

Debt impairment

8. As disclosed in note 4 receivables from exchange transactions to the financial statements, the municipality recognised an allowance for impairment of R24,72 million (2020-21: R1 9,71 million) on receivables, as the recoverability of these amounts was doubtful.
9. As disclosed in note 5 receivables from non-exchange transactions to the financial statements, the municipality recognised an allowance for impairment of R71, 13 million (2020-21: R77,91 million) on receivables, as the recoverability of these amounts was doubtful.

Other matter

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

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

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

Report on the audit of the annual performance report

Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
17. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the Basic service delivery

and infrastructure development priority presented in the municipality's annual performance report for the year ended 30 June 2022.

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not identify any material findings on the usefulness and reliability of the reported performance information for this development priority.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

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

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

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

Financial statements

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

Expenditure Management

27. Reasonable steps were not taken to ensure that the municipality implements and maintains an effective system of expenditure control, including procedures for the approval, authorisation, withdrawal and payment of funds, as required by section 65(2)(a) of the ME-MA.
28. Reasonable steps were not taken to prevent irregular expenditure of R31 ,62 million as disclosed in note 45 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with SCM regulations.
29. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to RI 03 262, as disclosed in note 44 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest being charged on overdue accounts.

Procurement and Contract Management

30. The preference point system was not applied on some of the procurement of goods and services above R30 000 as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
31. Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for security services.

Other information

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information 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 in this auditor's report.
33. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.
34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected 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 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

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
37. There was inadequate oversight and monitoring over compliance with laws and regulations and financial reporting. Management did not implement reconciliation and review controls to prepare regular, accurate and complete financial and performance reports. Furthermore, management did not adhere to policies and procedures to prevent non-compliance with laws and regulations.

Other reports

38. I draw attention to the following engagements conducted by various parties which had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
39. There is currently one investigation relating to procurement and contract management fraud during the 2020-21 period which is currently being investigated by the Directorate for Priority Crime Investigations (HAWKs).

Pietermaritzburg
30 November 2022



COMPONENT B: AUDITOR GENERALS OPINION YEAR 2023/2024

Report on the audit of the financial statements

Qualified opinion

I have audited the financial statements of the Umdoni Municipality 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 statement of comparison of budget actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Umdoni Municipality as at 30 June 2024 and 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 qualified opinion

Irregular expenditure

The municipality did not fully record irregular expenditure in the notes to the financial statements, as required by section 125(2)(d) of the MFMA. This was because expenditure incurred in contravention of the supply chain management (SCM) legislation was not detected and appropriately disclosed in the financial statements. Consequently, I was unable to determine the full extent of the understatement of irregular expenditure, stated at R16,61 million in note 50 to the financial statements as it was impractical to do so.

Context for opinion

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.

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.

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

Emphasis of matters

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

Restatement of corresponding figures

As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2023 were restated as a result of errors in the financial statements of the entity at, and for the year ended, 30 June 2024.

Debt impairment

Debt impairment disclosed in note 4 to the financial statements receivables from non-exchange transactions, the municipality recognised an allowance for impairment of R106,99 million (2022-23: R87,94 million) on receivables, as the recoverability of these amounts was doubtful.

Unspent conditional grants

As disclosed on note 11 to the financial unspent conditional grants and receipts, the municipality disclosed unspent conditional grants of R6,94 million (2022-23: R8,64 million).

Other matters

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

Unaudited disclosure notes

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

Responsibilities of the accounting officer for the financial statements

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

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

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.

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

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.

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 and infrastructure development	XX	Provision of basic services and infrastructure which includes the rehabilitation of roads, refuse removal and the construction of sports fields

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.

I performed procedures to test whether:

the indicators used for planning and reporting on performance can be linked directly to the municipality's mandate and the achievement of its planned objectives

the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements

the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated

the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents

the reported performance information is presented in the annual performance report in the prescribed manner

there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance

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

The material findings on the reported performance information for the selected development priority are as follows:

Basic service delivery and infrastructure development

Various indicators

Based on the audit evidence, the actual achievements for three indicators did not agree to what was reported. I could not determine the actual achievements, but I estimated them to be materially less. Consequently, the targets were not achieved, the under achievements on the targets were more than reported and the achievements against the targets were lower than reported.

Indicator	Target	Reported achievement
BSD1.4 - Number of meters of Steep Hills upgraded from gravel to concrete	40m	40m
BSD4.1 - Number of Households refuse collected at weekly	11 300	11 300
BSD4.2 - Number of time refuse collected in Businesses and CBDs	365	330

Other matters

I draw attention to the matters below.

Achievement of planned targets

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

The table that follows provides information on the achievement of planned targets and lists the key service deliver] indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets / measures taken to improve performance are included in the annual performance report on pages xx to xx.

Basic service delivery and infrastructure development

<i>Targets achieved: 85%</i> <i>Budget spent: 81%</i>		
Key service delivery indicator not achieved	Planned target	Reported achievement
Date Stormwater Management System in rural roads maintained	100%	40%
Number of Households electrified in Ward 1	265	260
Number of times refuse collected in Businesses and CBDs	365	330
Number of Community Halls maintained	5	1
Number of Sports fields maintained	5	0

Material misstatements

I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for Basic service delivery and infrastructure development. Management did not correct all of the misstatements and I reported material findings in this regard.

Report on compliance with legislation

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.

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.

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.

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

The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current assets, current liabilities, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, but the uncorrected material misstatements resulted in the financial statements receiving a qualified audit opinion.

Expenditure management

Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The full extent of the irregular expenditure could not be quantified as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain regulations.

Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R0,11 million (2022-23: R2,26 million) as disclosed in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest on late payments

Reasonable steps were not taken to prevent unauthorised expenditure amounting to R6,58 million (2022-23: R44,73 million) as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure is caused by unbudgeted non-cash items.

Money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

Procurement and contract management

Deviations were approved by the accounting officer even though it was not impractical to invite competitive bids, in contravention of SCM Regulation 36(1).

Awards were made to providers who were in the service of other state institutions, in contravention of MFMA 112(1)(j) and SCM Regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM Regulation 38(1).

Human resource management

The senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the Municipal Systems Act.

Financial interests were not disclosed by the senior managers within 60 days from date of appointment, as required by Regulation on appointment and conditions of employment of senior managers 36(1)(a) on appointment and conditions of employment of senior managers.

Strategic planning and performance

The performance management system and related controls were inadequate in monitoring and reviewing processes of reporting in the Annual Performance Report, as required by municipal planning and performance management regulation 7(1). This is evidenced by material accuracy misstatements in reported indicators.

Consequence management

Sufficient appropriate audit evidence could not be obtained to determine whether unauthorised expenditure incurred by the municipality was investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

Sufficient appropriate audit evidence could not be obtained to determine whether irregular expenditure incurred by the municipality were investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Sufficient appropriate audit evidence could not be obtained to determine whether fruitless and wasteful expenditure incurred by the municipality was investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Sufficient appropriate audit evidence could not be obtained to verify whether allegations of financial misconduct laid against officials of the municipality were not investigated, as required by section 171(4)(a) of the MFMA.

Other information in the annual report

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.

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.

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.

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

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 basis for the qualified opinion and the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

Management did not have an effective management records system that assist in easy retrieval for audit purposes. Management did not implement proper internal controls to ensure that appropriate records are maintained to support the audit trail and enhance accurate reporting with GRAP standards and performance management framework. Furthermore, procurement and contract management practices were not always effective in ensuring compliance with relevant laws and regulations.

Other reports

I draw attention to the following engagement conducted by various parties. The report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

There are currently two investigations taking place:

- The two investigations are being investigated by the Directorate for Priority Crime Investigations (Hawks). One of which relates to procurement and contract management fraud during the 2020-21 period amounting to R6,7 million, while the other matter investigated by the Hawks relates to the theft of fuel.

Pietermaritzburg
31 January 2025



AUDITOR - GENERAL
SOUTH AFRICA



UMDONI MUNICIPALITY

APPENDIX



APPENDIX A: COUNCILLORS, COMMITTEE ALLOCATION & ATTENDANCE

14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37		
ANC	ANC	ANC	ANC	ANC	DA	DA	DA	DA	DA	DA	IFP	IFP	IFP	IFP	IFP	AM4C	AL JAMAH	ABC	EFF	EFF	EFF	EFF	EFF	INKOSI	INKOSI
TN NZAMAH	SV KHANYILE	ST KHATHI	ZKW JEZA	RS MAHARA	AT CUTTEN	S SOOKHRA	S SINGH	TM MSOMI	SD MDLULI	S	S MZELEMU	MP TENZA	JM NDLELA	GS DLAMINI	MJ NGUBO	RB BHOOLO	MA KHAN	SN MLABA	ZZ DUMA	CN GUMEDE	RJ NGCOBO	PK	Z MOLIFE	INKOSI MR CELE	INKOSI SE MBHELE
										KHUMALO															
1	ABSENT	1	1	1	1	1	1	DECEASED	1	1	ABSENT	1	1	1	1	1	1	ABSENT	ABSENT	1	1	1	1	ABSENT	ABSENT
1	1	ABSENT	1	1	1	1	1	VACANT	1	1	ABSENT	1	1	1	1	LOA	1	ABSENT	LOA	ABSENT	ABSENT	ABSENT	1	ABSENT	ABSENT
1	ABSENT	1	1	1	1	1	1	VACANT	LOA	1	ABSENT	1	1	1	1	1	1	ABSENT	1	APOLOGY	1	1	1	ABSENT	ABSENT
1	1	1	1	1	1	1	1	R MYNHARDT	1	1	1	1	1	1	1	1	1	1	ABSENT	ABSENT	1	1	ABSENT	ABSENT	ABSENT
1	ABSENT	1	1	1	1	1	1	1	1	1	ABSENT	ABSENT	ABSENT	ABSENT	ABSENT	1	1	ABSENT	1	1	1	1	ABSENT	ABSENT	ABSENT
1	ABSENT	1	LOA	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	ABSENT	ABSENT
1	ABSENT	1	1	1	1	1	1	1	1	1	ABSENT	ABSENT	ABSENT	ABSENT	ABSENT	1	1	ABSENT	1	1	1	1	ABSENT	ABSENT	ABSENT
1	1	1	APOLOGY	1	1	1	1	1	1	1	LOA	LOA	1	1	1	1	1	1	ABSENT	1	1	1	1	ABSENT	ABSENT
1	ABSENT	P NAIDOO	1	1	1	1	1	1	1	1	1	1	ABSENT	1	1	1	1	1	1	1	1	ABSENT	ABSENT		
1	1	1	ABSENT	1	1	1	1	1	1	1	1	1	1	1	1	1	1	QT MZIMELA	1	1	1	1	1	1	
1	1	1	1	1	1	APOLOGY	1	1	APOLOGY	1	1	1	1	1	1	1	1	1	1	1	1	1	ABSENT	1	
1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	LOA	1	1	1	1	1	1	1	ABSENT	ABSENT
1	1	1	1	1	1	1	1	1	1	APOLOGY	APOLOGY	APOLOGY	APOLOGY	APOLOGY	APOLOGY	1	1	DECEASED	LOA	APOLOGY	1	1	1	ABSENT	ABSENT
1	APOLOGY	1	APOLOGY	1	1	1	1	1	1	1	APOLOGY	APOLOGY	1	APOLOGY	APOLOGY	1	1	VACANT	1	1	APOLOGY	APOLOGY	APOLOGY	ABSENT	ABSENT
1	1	1	1	1	1	1	1	1	1	1	ABSENT	1	1	ABSENT	ABSENT	1	1	VACANT	ABSENT	1	1	1	1	ABSENT	ABSENT
1	1	1	1	1	1	1	RESIGNED	1	1	1	ABSENT	ABSENT	1	1	ABSENT	1	1	SA ZOKO	1	ABSENT	1	1	1	ABSENT	ABSENT

COUNCILLORS ATTENDANCE AT EXCO & SP EXCO MEETINGS							
DATE OF MEETING	ANC	ANC	ANC	DA	DA	IFP	EFF
	CLLR ST KHATHI [MAYOR]	CLLR ME MBUTHO [DEPUTY MAYOR]	CLLR PE THABETHE	CLLR RS MAHARAJ	CLLR S SINGH	CLLR GS DLAMINI	CLLR ZZ DUMA
11 JULY 2023	1	1	1	1	1	1	ABSENT
15 AUGUST 2023	1	1	1	1	1	1	1
16 AUGUST 2023	1	1	1	1	1	1	ABSENT
7 SEPTEMBER 2023	1	1	1	1	1	1	1
19 SEPTEMBER 2023	1	1	1	APOLOGY	1	1	ABSENT
17 OCTOBER 2023	VACANT	1	1	1	1	ABSENT	1
21 NOVEMBER 2023		1	1	1	1	1	1
13 DECEMBER 2023		1	1	1	1	1	1
SE 02 FEBRUARY 2024	1	VACANT	1	1	1	1	1
20 FEBRUARY 2024	1		1	1	1	1	ABSENT
SE 22 FEBRUARY 2024	1		1	1	1	1	1
SE 15 MARCH 2024	1		1	1	1	1	1
22 MARCH 2024	1		1	1	1	1	1
SE 28 MARCH 2024	1		1	1	1	1	ABSENT
SE 02 APRIL 2024	1		1	1	1	1	ABSENT
17 APRIL 2024	1		1	1	1	1	1
SE 03 MAY 2024	1		1	1	1	1	1
16 MAY 2024	1		1	1	1	1	1
12 JUNE 2024	1		1	1	1	ABSENT	ABSENT

MPAC MEETING1 JULY 2023 – 30 JUNE 2024											
	AL JAMA-AH	AM4C	DA	IFP	ANC	ANC	EFF	ANC	ANC	DA	DA
DATE OF MEETING	CLLR MA KHAN CHAIRPERSON	CLLR RB BHOOLA	CLLR R MYNHARD WEF 30/08/2023	CLLR J NDLELA	CLLR TN NZAMA	CLLR BA CELE	CLLR P K KHUMALO	CLLR GM PHUNGULA	CLLR MA MBANJWA	CLLR S SOOKHRAJ	CLLR SD MDLULI
19 JULY 2023	1	1	VACANT	1	ABSENT	1	1	1	1	1	1
10 AUGUST 2023	1	1		1	1	ABSENT	1	1	1	1	ABSENT
17 AUGUST 2023	1	1		1	1	1	1	ABSENT	ABSENT	LOA	1
21 SEPTEMBER 2023	1	1	1	1	ABSENT	1	1	1	1	1	1
18 OCTOBER 2023	1	ABSENT	1	ABSENT	ABSENT	ABSENT	ABSENT	1	1	1	1
08 FEBRUARY 2024	1	ABSENT	1	1	1	ABSENT	ABSENT	ABSENT	1	1	1
12 FEBRUARY 2024	1	ABSENT	1	ABSENT	1	1	ABSENT	1	1	1	1
18 MARCH 2024	1	1	1	ABSENT	1	1	ABSENT	1	1	LOA	1
24 JUNE 2024	1	1	1	ABSENT	1	1	1	1	1	1	1

FINANCE SERVICES PORTFOLIO COMMITTEE MEETING: 01 JULY 2023 – 30 JUNE 2024										
	ANC	ANC	ANC	DA	DA	AL JAMAH	EFF	IFP	AMAKHOSI	
DATE OF MEETING	CLLR ST KHATHI (CHAIR)	CLLR SV KHANYILE	CLLR SHE MNGOMA	CLLR S SINGH	CLLR TM MSOMI - [DECEASED]	CLLR MA KHAN	CLLR Z MOLEFE	CLLR JM NDLELA	INKOSI CELE	INKOSI BE MBHELE
RECESS – JULY 2023										
17 AUGUST 2023	1	1	1	LOA	[VACANT]	1	1	1	ABSENT	ABSENT
					CLLR R MYNHARDT					
19 SEPT 2023	1	1	1	1	1	1	ABSENT	1	ABSENT	ABSENT
17 OCTOBER 2023	VACANT	1	1	1	1	1	ABSENT	ABSENT	ABSENT	ABSENT
21 NOVEMBER 2023		1	1	1	1	1	1	1	ABSENT	ABSENT
13 FEBRUARY 2024	1	ABSENT	1	1	1	1	1	ABSENT	ABSENT	ABSENT
16 APRIL 2024	1	ABSENT	1	1	1	1	ABSENT	ABSENT	ABSENT	ABSENT
14 MAY 2024	1	ABSENT	1	1	1	1	LOA	LOA	ABSENT	ABSENT
11 JUNE 2024	1	ABSENT	ABSENT	1	1	1	LOA	1	ABSENT	ABSENT

COMMUNITY SERVICES PORTFOLIO COMMITTEE MEETING: 01 JULY 2023 – 30 JUNE 2024									
	IFP	ANC	ANC	ANC	EFF	DA	IFP	AMAKHOSI	
DATE OF MEETING	CLLR SG DLAMINI (CHAIRPERSON)	CLLR GM PHUNGULA	CLLR ZKW JEZA	CLLR BA CELE	CLLR PK KHUMALO	CLLR S SOOKHRAJ	CLLR MJ NGUBO	INKOSI MP NGCOBO	INKOSI CELE
RECESS – JULY 2023									
2 AUGUST 2023	1	1	ABSENT	ABSENT	1	1	1	ABSENT	ABSENT
6 SEPTEMBER 2023 [INQUORATE]	1	1	ABSENT	ABSENT	ABSENT	1	1	ABSENT	ABSENT
4 OCTOBER 2023	1	1	1	1	APOLOGY	1	1	ABSENT	ABSENT
1 NOVEMBER 2023	1	1	ABSENT	APOLOGY	1	1	1	ABSENT	ABSENT
07 FEBRUARY 2024	1	1	1	1	ABSENT	1	1	ABSENT	ABSENT
6 MARCH 2024 [INQUORATE]	1	ABSENT	ABSENT	1	ABSENT	1	1	ABSENT	ABSENT
13 MARCH 2024	1	1	1	1	ABSENT	1	1	ABSENT	ABSENT
03 APRIL 202 [CANCELLED]						1		ABSENT	ABSENT
09 APRIL 2024	1	1	1	1	1	1	1	ABSENT	ABSENT
08 MAY 2024 [MEETING DID NOT CONVENE]	1	1	ABSENT	1	ABSENT	1	1	ABSENT	ABSENT
05 JUNE 2024	1	ABSENT	ABSENT	1	1	1	1	ABSENT	ABSENT

CORPORATE GOVERNANCE PORTFOLIO COMMITTEE MEETING: 01 JULY 2023 – 30 JUNE 2024										
	ANC	ANC	ANC	ANC	IFP	DA	ABC	EFF	AMAKHOSI	
DATE OF MEETING	CLLR ME MBUTHO (CHAIRPERSON)	CLLR S ZULU	CLLR MR MADLALA	CLLR LR DLAMINI	CLLR S MZELEMU	CLR S MAHOMED	CLR SN MLABA	CLLR SN SHEZI	INKOSI BE MBHELE	INKOSI NH NCWANE
RECESS – JULY 2023										
3 AUGUST 2023	1	1	1	1	1	LOA	1	ABSENT	ABSENT	ABSENT
7 SEPTEMBER 2023	1	1	1	1	1	1	LOA	ABSENT	ABSENT	ABSENT
5 OCTOBER 2023	1	1	1	1	APOLOGY	1	1	1	ABSENT	ABSENT
8 NOVEMBER 2023	1	1	1	1	1	1	1	APOLOGY	ABSENT	ABSENT
09 FEBRUARY 2024	VACANT	1	1	1	1	1	1	ABSENT	ABSENT	ABSENT
04 APRIL 2024 [NO QUORUM]	VACANT	1	ABSENT	ABSENT	ABSENT	1	VACANT	ABSENT	ABSENT	ABSENT
16 APRIL 2024 NO QUORUM	VACANT	ABSENT	1	1	LOA	1	VACANT	1	ABSENT	ABSENT
22 APRIL 2024 [WORK DISRUPTION]	MEETING DID NOT CONVENE DUE TO WORK DISRUPTION									
09 MAY 2024 [INQUORATE]	CLLR P NAIDOO	1	ABSENT	ABSENT	ABSENT	1	VACANT	ABSENT	ABSENT	ABSENT
06 JUNE 2024 [INQUORATE]	1	1	ABSENT	ABSENT	1	1	VACANT	ABSENT	ABSENT	ABSENT

PLANNING AND DEVELOPMENT PORTFOLIO COMMITTEE MEETING: 01 JULY 2023 – 30 JUNE 2024								
	EFF	ANC	ANC	DA	ANC	ANC	AMAKHOSI	
DATE OF MEETING	CLLR ZZ DUMA (CHAIR)	CLLR PN NOMBIKA	CLLR NL NKOMO	CLLR SD MDLULI	CLR MA MBANJWA	CLLR TN NZAMA	INKOSI LM SHOZI	NIKOSI MP DUMA
RECESS – JULY 2023								
8 AUGUST 2023	1	1	1	1	1	ABSENT	ABSENT	ABSENT
12 SEPTEMBER 2023	1	1	1	1	ABSENT	1	ABSENT	ABSENT
6 OCTOBER 2023	1	1	ABSENT	1	1	1	ABSENT	ABSENT
3 NOVEMBER 2023	1	ABSENT	1	1	1	1	ABSENT	ABSENT
[RE-SCHEDULED] 10 NOVEMBER 2023	1	1	1	1	ABSENT	1	ABSENT	ABSENT
02 FEBRUARY 2024	1	1	1	1	1	1	ABSENT	ABSENT
8 MARCH 2024 [INQUORATE]	1	ABSENT	1	1	ABSENT	ABSENT	ABSENT	ABSENT
05 APRIL 2024 [MEETING DID NOT CONVENE]	1	ABSENT	1	1	ABSENT	1	ABSENT	ABSENT
03 MAY 2024	1	1	ABSENT	1	1	1	ABSENT	ABSENT
07 JUNE 2024 [MEETING DID NOT CONVENE]	1	ABSENT	ABSENT	1	1	1	ABSENT	ABSENT

INFRASTRUCTURE & HOUSING PORTFOLIO COMMITTEE MEETING: 01 JULY 2023 – JUNE 2024										
	ANC	ANC	ANC	ANC	DA	DA	IFP	AM4C	AMAKHOSI	
DATE OF MEETING	CLLR PE THABETHE (CHAIRPERSON)	CLLR WS MTHWANE	CLLR S ZULU	[NEW MEMBER] CLLR RS MAHARAJ	CLLR AT CUTTEN	CLLR TM MSOMI - DECEASED	CLLR MP TENZA	CLLR RB BHOOLA	INKOSI MKHIZE	INKOSI MP NGCOBO
RECESS – JULY 2023										
1 AUGUST 2023	1	1	ABSENT	1	1	VACANT	1	ABSENT	ABSENT	ABSENT
						CLLR CN GUMEDE				
5 SEPTEMBER 2023	1	ABSENT	APOLOGY	1	1	1	1	1	ABSENT	ABSENT
10 OCTOBER 2023	1	1	1	1	1	1	1	1	ABSENT	ABSENT
7 NOVEMBER 2023	1	1	1	1	1	ABSENT	1	ABSENT	ABSENT	ABSENT
06 FEBRUARY 2024	1	1	1	1	1	1	1	ABSENT	ABSENT	ABSENT
5 MARCH 2024 [SITE VISIT-CANCELLED]									ABSENT	ABSENT
05 APRIL 2024 [SITE VISIT]	1	1	1	1	ABSENT	1	APOLOGY	ABSENT	ABSENT	ABSENT
10 MAY 2024	1	1	1	1	1	1	1	ABSENT	ABSENT	ABSENT
11 JUNE 2024	MEETING WAS POSTPONED PRIOR TO IT'S SITTING									

COUNCILLOR NAME	FULL TIME/PART TIME	COMMITTEE ALLOCATED COUNCIL / SPECIAL COINCIL	COMMITTEE ALLOCATED EXCO / SPECIAL EXCO 7 MEMBERS + SPEAKER ANC = 4 DA = 1 IFP = 1 EFF = 1	COMMUNITY ALLOCATED PLANNING & DEVELOPMENT 6 MEMBERS ANC = 4 DA = 1 EFF = 1	COMMUNITY ALLOCATED COMMUNITY SERVICES 7 MEMBERS ANC = 3 DA = 1 IFP = 2 EFF = 1	COMMUNITY ALLOCATED FINANCE PORTFOLIO 8 MEMBERS ANC = 3 DA = 2 IFP = 1 AL JAMA-AH-1 EFF = 1	COMMUNITY ALLOCATED CORPORATE GOVERNANCE 8 MEMBERS ANC = 4 DA = 1 IFP = 1 AIC = 1 EFF = 1	COMMITTEE ALLOCATED INFRASTR. & HOUSING 8 MEMBERS ANC = 4 DA = 1 IFP = 1 AM4C = 1 EFF = 1
TOTAL NUMBER OF MEETINGS HELD FROM JULY 2023 – JUNE 2024		16 Meetings	19 Meetings	10 Meetings	10 Meetings	8 Meetings	9 Meetings	7 Meetings
CLRR S ZULU	PT	15 of 16	n/a	n/a	n/a	n/a	8 of 9	5 of 7
CLLR MR MADLALA	PT	15 of 16	n/a	n/a	n/a	n/a	6 of 9	n/a
CLLR ME MBUTHO	SPEAKER WEF 25/01/2024	16 of 16	8 of 19	n/a	n/a	n/a	4 of 9	n/a
CLLR MA MBANJWA	PT	10 of 16	n/a	6 of 10	n/a	n/a	n/a	n/a
CLLR GM PHUNGULA	PT	16 of 16	n/a	n/a	8 of 10	n/a	n/a	n/a
CLLR LR DLAMINI	PT	16 of 16	n/a	n/a	n/a	n/a	6 of 9	n/a
CLLR WS MTHWANE	PT	15 of 16	n/a	n/a	n/a	n/a	n/a	6 of 7
CLLR SHE MNGOMA	PT	16 of 16	n/a	n/a	n/a	7 of 8	n/a	n/a
CLLR PE THABETHE	DEPUTY MAYOR WEF 25/01/2024	15 of 16	19 of 19	n/a	n/a	n/a	n/a	7 of 7
CLLR PN NOMBIKA	PT	14 of 16	n/a	6 of 10	n/a	n/a	n/a	n/a

CLLR BA CELE	PT	16 of 16	n/a	n/a	7 of 10	n/a	n/a	n/a
CLLR MJ CELE	MAYOR WEF 25/01/2024	16 of 16	n/a	n/a	n/a	4 of 8	n/a	n/a
CLLR ST KHATHI	FULL TIME [MAYOR RESIGNED]	7 of 16	16 of 19	n/a	n/a	2 of 8	n/a	n/a
CLLR P NAIDOO WEF 20/11/2023	PT	8 of 16	n/a	n/a	n/a	n/a	2 of 9	n/a
CLLR NL NKOMO	PT	12 of 16	n/a	7 of 10	n/a	n/a	n/a	n/a
CLLR TN NZAMA	PT	16 of 16	n/a	9 of 10	n/a	n/a	n/a	n/a
CLLR SV KHANYILE	PT	9 of 16	n/a	n/a	n/a	4 of 8	n/a	n/a
CLLR ZKW JEZA	PT	12 of 16	n/a	n/a	4 of 10	n/a	n/a	n/a
CLLR RS MAHARAJ	FULL TIME	16 of 16	18 of 19	n/a	n/a	n/a	n/a	7 of 7
CLLR AT CUTTEN	PT	16 of 16	n/a	n/a	n/a	6 of 8	n/a	2 of 7
CLLR S SOOKHRAJ	PT	15 of 16	n/a	n/a	10 of 10	n/a	n/a	n/a
CLLR S SINGH [RESIGNED]	FULL TIME	15 of 16	19 of 19	n/a	n/a	1 of 8	n/a	4 of 7
CLLR TM MSOMI [DECEASED]	PT	0 of 16	n/a	n/a	n/a	n/a	n/a	n/a
CLLR SD MDLULI	PT	14 of 16	n/a	10 of 10	n/a	n/a	n/a	n/a
CLLR R MYNHARDT WEF 30/08/2023	PT	10 of 16	n/a	n/a	n/a	1 of 8	7 of 9	n/a
CLLR S MAHOMED	PT	15 of 16	n/a	n/a	n/a	6 of 8	1 of 9	n/a
CLLR S MZELEMU	PT	7 of 16	n/a	n/a	n/a	n/a	5 of 9	n/a
CLLR MP TENZA	PT	10 of 16	n/a	n/a	n/a	n/a	n/a	6 of 7

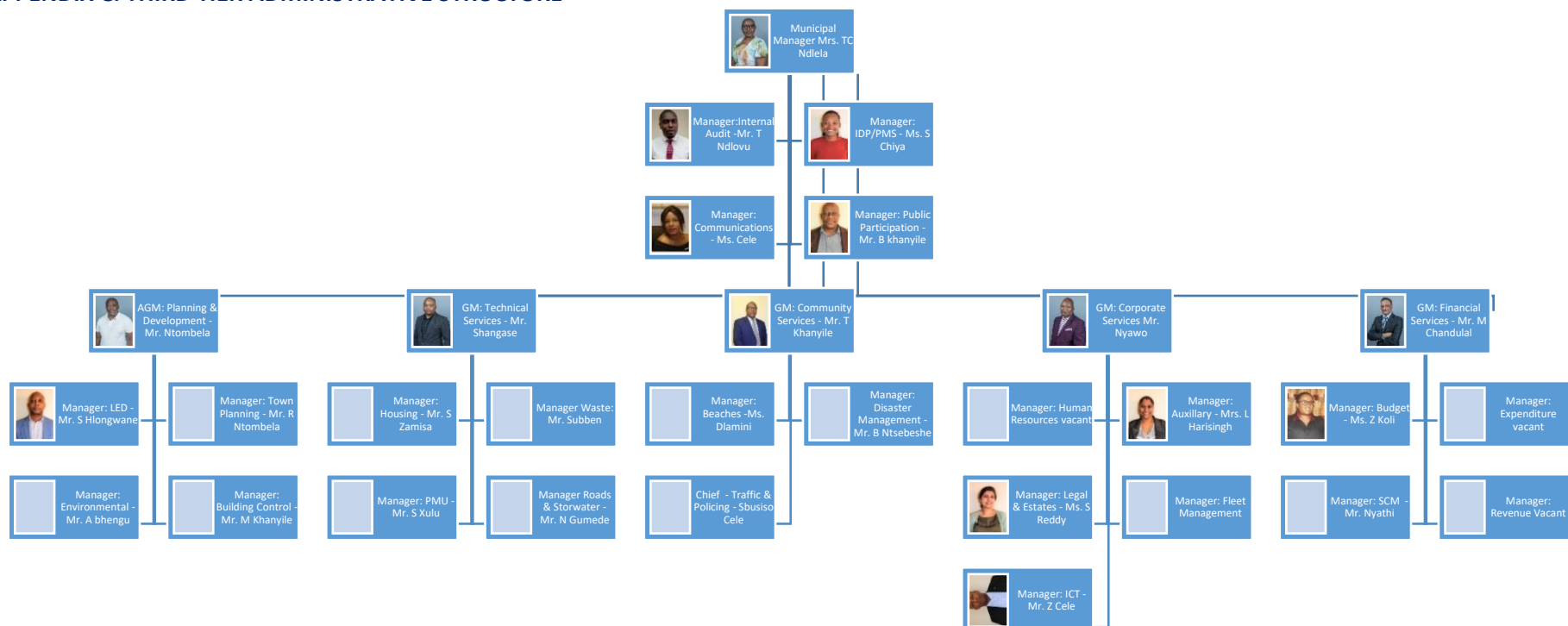
CLLR JM NDLELA	PT	14 of 16	n/a	n/a	n/a	4 of 8	n/a	n/a
CLLR GS DLAMINI	FULL TIME	10 of 16	17 of 19	n/a	10 of 10	n/a	n/a	n/a
CLLR MJ NGUBO	PT	10 of 16	n/a	n/a	10 of 10	n/a	n/a	n/a
CLLR ZZ DUMA	FULL TIME	10 of 16	12 of 19	10 of 10	n/a	n/a	n/a	n/a
CLLR CN GUMEDE	PT	11 of 16	n/a	n/a	n/a	n/a	n/a	5 of 7
CLLR RJ NGCOBO [RESIGNED]	PT	14 of 16	n/a	n/a	n/a	n/a	n/a	n/a
CLLR PK KHUMALO	PT	14 of 16	n/a	n/a	4 of 7	n/a	n/a	n/a
CLLR Z MOLIFE	PT	11 of 16	n/a	n/a	n/a	3 of 8	n/a	n/a
CLLR SN SHEZI	PT	n/a	n/a	n/a	n/a	n/a	2 of 9	n/a
CLLR RB BHOOLA	PT	14 of 16	n/a	n/a	n/a	n/a	n/a	2 of 7
CLLR MA KHAN	PT	16 of 16	n/a	n/a	n/a	8 of 8	n/a	n/a
CLLR SN MLABA [RESIGNED]	PT	4 of 16	n/a	n/a	n/a	n/a	4 of 9	n/a
CLLR QT MZIMELA [DECEASED]	PT	3 of 16	n/a	n/a	n/a	n/a	n/a	n/a
CLLR SA ZOKO	PT	1 of 16	n/a	n/a	n/a	n/a	n/a	n/a

APPENDIX B – COMMITTEE AND COMMITTEE PURPOSES

COMMITTEES (OTHER THAN MAYORAL / EXECUTIVE COMMITTEE AND PURPOSE OF COMMITTEE)	
COMMITTEE	PURPOSE OF COMMITTEE
Finance Committee	The Finance Committee reports to EXCO in respect of the following : Financial Planning, financial policies, financial management and financial reports, administration, bylaws regulations and associated procedures and debt recovery.
Planning & Development Committee	The Planning & Development Committee reports to EXCO in respect of the following: - Building Inspectorate Town Planning LED Environmental Matters
Infrastructure and Housing	The Infrastructure & Housing Committee reports to EXCO in respect of the following: - Service Delivery & Administration; Development Management; Funding; Planning and Maintenance Housing
Corporate Governance	The Corporate Governance Committee reports to EXCO in respect of the following: - Labor related matters; Employment Equity Human Resource Management Skills Development Occupational Health & Safety Business Continuity Planning Council and Support and auxiliary services Records Management Information and Communications Technology Enterprise Security Corporate Strategies, systems and services Performance Management Corporate Communications Legal Services

	Organizational development
Community Services	<p>The Community Services Committee reports to EXCO in respect of the following: -</p> <p>Libraries;</p> <p>Beaches</p> <p>Building Maintenance, public facilities, sportsfield, cemeteries, Thusong center, parks and gardens</p> <p>Protection Services, fire and disaster</p>

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE



APPENDIX D – POWERS & FUNCTIONS OF MUNICIPALITY/ENTITY

Ref. No	Type	Local	District
1.	Air Pollution	X	
2.	Building Regulations	X	
3.	Child Care Facilities	X	
4.	Electricity Reticulation		ESKOM
5.	Fire Fighting Services		X
6.	Local Tourism	Shared	
7.	Municipal Airports	Shared	
8.	Municipal Health Services	Shared	
9.	Municipal Public Transport		X
10.	Pontoons, Ferries, Jetties, Piers and Harbours	X	
11.	Stormwater Management Systems in Built – up areas	X	
12.	Trading Regulations	X	
13.	Potable Water		X
14.	Sanitation		X
15.	Billboards and the display of Advertisements in Public Areas	X	
16.	Cemeteries, Funeral Parlours and Crematoria	Shared	
17.	Cleansing	X	
18.	Control of Public Nuisances	X	
19.	Control of undertakings that Sell Liquor to the Public	X	
20.	Facilities for the Accommodation, Care and Burial of Animals	X	
21.	Fencing & Fences	X	
22.	Licensing of Dogs	X	
23.	Licensing and Control undertakings that sell food to the Public	X	
24.	Local Amenities	X	
25.	Local Sport Facilities	X	
26.	Markets	Shared	
27.	Municipal Abattoirs	Shared	
28.	Municipal Parks & Recreation	X	
29.	Municipal Roads	Shared	
30.	Noise Pollution	X	
31.	Pounds	X	
32.	Public Places	X	
33.	Refuse Removal, Refuse Dumps and Solid Waste	X	
34.	Street Trading	X	
35.	Street Lighting	X	

APPENDIX E: WARD INFORMATION

Section 152 of the Constitution places the participation of communities at the centre of service delivery and other matters of Local Government. The Municipal Structures Act and the Municipal Systems Act provide the legislative framework for the establishment of Ward Committees within the Municipality and its area of jurisdiction. Ward Committees were introduced in Municipalities as community structures to play a critical role in linking informing the municipality about needs, potentials and challenges of the communities.

Establishment of Ward Committees

Notice was given in terms of Chapter 4 of the Local Government Municipal Systems Act of 2000 and Part 4 of Chapter 4 of the Municipal Structures Act of 1998 for the establishment of Ward Committees in all wards that fall within the jurisdiction of Umdoni Municipality. A ward committee was established for each ward in the Municipality. Umdoni is a sub-divided into 19 Wards composing of Rural and Urban components.

To enable Ward Committees to perform their functions and exercise their powers effectively, a fully equipped office was allocated to the Ward Secretariat to perform his/her duties. The provision of these facilities is to ensure that the ward Committee's duties are performed in an efficient and effective manner. A Ward Committee Official is available at the officer support and assist administratively where necessary.

Composition of Ward Committees

A ward committee consists of the Councillor representing that Ward in Council, who must also be the chairperson of the committee; and not more than 10 other persons

When electing members, the following is taken into account as follows:

- a) Women must be equally represented in a ward committee
- b) Diversity interests in Ward to be represented
- c) Gender equity may be pursued by ensuring an even spread of men and women on a Ward Committee

Frequency of Ward Committee Meetings

In accordance with the Ward Committee Policy, Ward Committees must meet at least once every quarter. Extra-ordinary meetings may be convened as and when the committee deems necessary. An annual schedule of meetings is circulated to all Ward Committees in preparation for forthcoming meetings.

APPENDIX F: WARD COMMITTEES

Monthly Meeting	January	February	March	April	May	June	July	August	September	October	November	December
Ward 1	02/01/2023 Dumayo Community Hall 10aa	02/02/2023 Dumayo Community Hall 10am	04/03/2024 Dumayo Community Hall 10am	02/04/2024 Dumayo Community Hall 10am	02/05/2024 Dumayo Community Hall 10am	07/06/2024 Dumayo Community Hall 10am	07/07/2023 Dumayo Community Hall 10 am	09/08/2023 Dumayo Community Hall 10 am	06/09/2023 Dumayo Community Hall 10am	05/10/2023 Dumayo Community Hall 10am	08/11/2023 Dumayo Community Hall 10am	08/12/2023 Dumayo Community Hall 10am
Ward 2	02/01/2024 Buhlebezwe Hall 10am	03/02/2024 Buhlebezwe Hall 10am	01/03/2024 Buhlebezwe Hall 10am	01/04/2024 Buhlebezwe Hall 10am	01/05/2024 Buhlebezwe Hall 10am	07/06/2024 Buhlebezwe Hall 10am	04/07/2023 Buhlebezwe Hall 10am	02/08/2023 Buhlebezwe Hall 10:05	01/09/2023 Buhlebezwe Hall 10am	06/10/2023 Buhlebezwe Hall 10am	02/11/2023 Buhlebezwe Hall 10am	04/12/2023 Buhlebezwe Hall 10:00
Ward 3	04/01/2024 Nkampula Hall am	01/02/2024 Nkampula Hall 11:00 am	01/03/2024 Nkampula Hall 11:00 am	04/04/2024 Nkampula Hall 11:00 am	04/05/2024 Nkampula Hall 11:00 am	03/06/2024 Nkamapula Hall 11:00 am	03/07/2023 Mashanela Hall 11:00	03/08/2023 Mashanela Hall 11:00	04/09/2023 Mashanela Hall 11:00	01/10/2023 Mashanela Hall 11:00	02/11/2023 Mashanela Hall 11:00	03/12/2023 Mashanela Hall 11:00
Ward 4	04/01/2024 Amanyuswa creche 10am	06/02/2024 Kenterton Hall 10am	01/03/2024 Kenterton Hall 14:00	02/04/2024 Kenterton Hall 14:00	02/05/2024 Amanyuswa Hall 9:30	07/06/2024 Isingqawe 09am	06/07/2023 Amanyuswa Creche 09:30	04/08/2023 Isingqawe Hall 09 am	01/09/2023 Mphambanyoni Hall 13:00	06/10/2023 Kenterton Hall 10am	03/11/2023 Amanyuswa Hall 10am	03/12/2023 Amanyuswa Hall 10h00
Ward 5	07/01/2024 Dumisa Hall 10am	07/02/2024 Dumisa Hall 10am	03/03/2024 Dumisa Hall 08am	07/04/2024 Dumisa Hall 08am	07/05/2024 Dumisa Hall 08am	07/06/2024 Dumisa Hall 08am	04/07/2023 Dumisa Community Hall 08 am	07/08/2023 Dumisa Hall 08 am	08/09/2023 Dumisa Hall 10 am	09/10/2023 Dumisa Hall 08am	07/11/2023 Dumisa Hall 08am	04/12/2023 Dumisa Hall 08 am
Ward 6	07/01/2024 Thandukusisa	08/02/2024 Thandukuza	05/03/2024 Thandukusiza	02/04/2024 Thandukusiza	01/05/2024 Thandukusiza	04/06/2024 Thandukusiza	04/07/2023 Thandukusiza	02/08/2023 Thandukusiza	05/09/2023 Thandukuza	03/10/2023 Thandukuza	07/11/2023 Thandukusiza	07/12/2023 Thandukusiza

	Centre 15h00	siza Centre 10am	Centre 10 am	za Centre 10h30	Centre 15h00	Centre 10am	za Centre 10 am	za Centre 10:30	siza Centre 10h00	siza Centre 10 am	a Centre 10h00	za Centre 10h00
Ward 7	02/01/2024 Malangeni M.P.C.C Hall 10 am	03/02/2024 4 Malangeni M.P.C.C Hall 10 am	06/03/2024 Malangeni M.P.C.C Hall 10 am	03/04/2024 Malangeni M.P.C.C Hall 10 am	03/05/2024 Malangeni M.P.C.C Hall 10 am	06/06/2024 Malangeni M.P.C.C Hall 10 am	03/07/2023 Malangeni M.P.C.C Hall 10 am	03/08/2023 Malangeni M.P.C.C Hall 10 am	04/09/2023 3 Malangen i M.P.C.C 10 am	05/10/2023 3 Malangen i M.P.C.C 10h00	02 /11/2023 Malangeni M.P.C.C 10h00	02/12/2023 Malangeni M.P.C.C 10h00 am
Ward 8	03/01/2023 M.P.C.C Offices 11h00	04/02/2024 4 M.P.C.C Offices 11h00	07/03/2023 M.P.C.C Offices 11h00	07/04/2024 M.P.C.C Offices 11h00	04/05/2024 M.P.C.C Offices 11h00	06/06/2024 M.P.C.C Offices 11h00	06/07/2023 M.P.C.C Offices 10 am	03/08/2023 M.P.C.C Offices 10 am	07/09/2023 3 M.P.C.C Offices 10 am	05/10/2023 3 M.P.C.C Offices 10 am	02/11/2023 M.P.C.C Offices 10 am	03/12/2023 M.P.C.C Offices 10 am
Ward 9	08/01/2024 M.P.C.C Hall 10 am	02/02/2024 4 M.P.C.C Hall 12h00	05/03/2024 M.P.C.C Hall 10 am	08/04/2023 M.P.C.C Hall 10 am	08/05/2024 M.P.C.C Hall 10 am	07/06/2024 M.P.C.C Hall 10 am	06/07/2023 Malangeni M.P.C.C Hall 10 am	04/08/2023 Malangeni M.P.C.C. Hall 10 am	07/09/2023 3 Malangen i M.P.C.C Hall 10 am	04/10/2023 3 M.P.C.C Hall 10h00	07/11/2023 M.P.C.C Hall 16:00	04/12/2023 M.P.C.C Hall 10 am
Ward 10	03/01/2024 Park Rynie Library 16:00	06/02/2024 4 Park Rynie Library 16:00	06/03/2024 Park Rynie Library 16:00	03/04/2024 Park Rynie Library 16:00	08/05/2024 Park Rynie Library 16:00	05/06/2024 Park Rynie Library 16:00	05/07/2023 Park Rynie Library 14:00	02/08/2023 Park Rynie Library 14h00	06/09/2023 3 Park Rynie Library 16:00	04/10/2023 3 Park Rynie Library 16:00	01/11/2023 Park Rynie Library 16:00	06/12/2023 Park Rynie Library 16:00
Ward 11	07/01/2024 Umbetheni Church 10 am	03/02/2024 4 Umbethen i 10 am	06/03/2024 Umbetheni 10am	03/04/2024 Umbetheni 10 am	08/05/2024 Umbetheni 10 am	05/06/2024 Umbetheni 09 am	05/07/2023 Umbetheni Chistian Church 10 am	02/08/2023 Umbetheni Cristian Church 10 am	06/09/2023 3Umbethe ni Christian Church 10am	02/10/2023 3 Umbethen i 10 am	08/11/2023 Umbetheni 10 am	06/12/2023 Umbetheni 10 am
Ward 12	03/01/2024 Ghandinag	07/02/2024 4 Ghandi	05/03/2024 Ghandi	02/04/2024 Ghandi	07/05/2024 Ghandi	04/06/2024 Ghandi	05/07/2023 Ghandinag	02/08/2023 Ghandinaga	06/09/2023 3	04/10/2023 3 Ghandi	08/11/2023 Ghandi	06/12/2023 Ghandi

	ah 18:00	Nagah 18:30	Nagah 18:45	Nagah 18:00	Nagah 18:00	Nagah 18:00	ah centre 18:30	h Centre 18:30	Ghandina gah Centre 18:30	Nagah 18:45	Nagah 18:45	Nagah 18:45
Ward 13	07/01/2024 Umzinto Hall 13:00	01/02/2024 4 Umzinto Hall 13:00	07/03/2024 Umzinto Hall 13:00	04/04/2024 Umzinto Hall 13:00	09/05/2024 Umzinto Hall 13:00	06/06/2024 Umzinto Hall 17:00	06/07/2023 Umzinto Hall 13:00	03/08/2023 Umzinto Hall 13:00	07/09/2023 Umzinto Hall 13:00	05/10/2024 4 Umzinto Hall 13:00	05/11/2018 Umzinto Hall 09:00	11/12/2024 Umzinto Hall 13:00
Ward 14	09/01/2024 Amandawe Hall 15h00	08/02/2024 4 Amandaw e Hall 11H00	08/03/2024 Amandawe Hall 12h00	05/04/2024 Amandawe Hall 11h00	10/05/2024 Amandawe Hall 11h00	07/06/2024 Amandawe Hall 12h00	04/07/2023 Amandawe Hall 12h00	07/08/2023 Amandawe Hall 12h30	06/09/2023 3 Amandaw e Hall	06/10/2023 3 Amandaw e Hall 12h10	10/11/2023 Amandawe Hall 14h00	06/12/2023 Amandawe Hall 13h15
Ward 15	08/01/2024 Blue Marlin Hotel 17h00	02/02/2024 4 Blue Marlin Hotel 17h00	08/03/2023 Blue Marlin Hotel 17h00	03/04/2024 Blue Marlin Hotel 17h00	08/05/2024 Blue Marlin Hotel 17h00	08/06/2024 Blue Marlin Hotel 17h00	11/07/2023 Blue Marlin Hotel 17:00	11/08/2023 Blue Marlin Hotel 17h00	11/09/2023 3 Blue Marlin Hotel 17h00	03/10/2023 3 Blue Marlin Hotel 17h00	09/11/2023 Blue Marlin Hotel 17h00	05/12/2023 Blue Marlin Hotel 17h00
Ward 16	02/01/2024 Cllrs Office KwHluzing qondo VD 10h00	02/02/2024 4 Cllrs Office KwHluzin gqondo VD 10h00	04/03/2024 Cllrs Office KwHluzing qondo VD 10h00	02/04/2024 Cllrs Office KwHluzing qondo VD 10h00	03/05/2024 Cllrs Office KwHluzing qondo VD 10h00	03/06/2024 Cllrs Office KwHluzing qondo VD 10h00	03/07/2023 Cllrs Office KwHluzing qondo VD 10h00	03/08/2023 Cllrs Office KwHluzing qondo VD 10h00	04/09/2023 3 Cllrs Office KwHluzin gqondo VD 10h00	23/10/2018 8 Cllrs Office KwHluzin gqondo VD 10h00	01/11/2023 Cllrs Office KwHluzingq ondo VD 10h00	04/12/2023 Cllrs Office KwHluzing qondo VD 10h00
Ward 17	03/07/2024 Amandawe Care centre 12h00	02/02/2024 4 Amandaw e Care centre 12h00	02/03/2024 Amandawe Care centre 17h00	02/04/2024 Amandawe Care centre 12h00	07/05/2024 Amandawe Care centre 12h00	02/06/2024 Amandawe Care centre 17h00	02/07/2023 Amandawe Care Centre 17h00	02/08/2023 Amandawe Care Centre 17h00	02/09/2023 3 Amandaw e Care Centre 17h00	02/10/2023 3 Amandaw e Care Centre 17h00	02/11/2023 Amandawe Care Centre	02/12/2023 Amandawe Care Centre 17h00

Ward 18	06/01/2024 Amahlong wa Hall 10h00	09/02/2024 4 Amahlong wa Hall 10h00	05/03/2024 Amahlong wa Hall 13h5	09/04/2024 Amahlongw a Hall 8h00	07/05/2024 Amahongw a Hall 13hoo	04/06/2024 Amahlong wa Hall 8h00	04/07/2023 Amahlong wa Hall 13:00	08/08/2023 Amahlongw a Hall 10 am	05/09/2023 3 Amahlon gwa Hall 8h00	03/10/2023 3 Amahlon gwa Hall 10 am	07/11/2023 Amahlongwa Hall 8h00	05/12/2024 Amahlong wa Hall 8h00
Ward 19	03/01/2024 Vulamehlo Municipal Hall 10 am	08/02/2024 4 Vulamehl o Municipal Hall 10 am	01/03/2024 Vulamehlo Municipal Hall 10 am	02/04/2024 Vulamehlo Municipal Hall 10 am	05/05/2024 Vulamehlo Municipal Hall 10 am	03/06/2024 Vulamehlo Municipal Hall 10 am	07/07/2023 Umjunund wini Hall 10 am	01/08/2023 Vulamehlo Municipal Hall 10 am	06/09/2023 3 Vulamehl o Municipal Hall 10 am	02/10/2023 3 Vulamehl o Municipal Hall 10 am	01/11/2023 Vulamehlo Municipal Hall 10hoo	01/12/2023 Vulamehlo Municipal Hall 10 am

APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

Umdoni Local Municipality

Audit and Performance Audit Committee Report for the year ended 30 June 2024

The Audit and Performance Audit Committee (“the Committee”) presents its report for the year ended 30th of June 2024.

Audit Committee Responsibility

The Committee reports that it has complied with its responsibilities arising from section 166 of the MFMA. Furthermore, it has adopted formal terms of reference as its Audit Committee charter, has regulated its affairs in compliance with this charter, and discharged all its responsibilities as contained therein during the year.

Audit Committee Members and Attendance

The Committee consisting of the following members listed hereunder met at least four (4) times per annum as per its approved terms of reference. Six (6) meetings were held during the fiscal year.

Name of Member	Number of Meetings Attended
Mr. A.D Gonzalves (<i>Chairman</i>)	6/6
Ms. S Dlungwane	6/6
Mr. T Zakuza	6/6
Mr. Z Zulu (<i>term of office ended on 29.02.2024</i>)	4/4
Mr. P Preston (<i>Appointed on the 01.03.2024</i>)	2/2
Mrs. S Khanyile (<i>Appointed on the 01.03.2024</i>)	2/2

All members are/were external and therefore independent with no conflicts of interests being reported.

Audit Committee Meetings

The Committee held its meetings as follows:

Meeting	Date	Type of meeting
1.	14 August 2023	Special
2.	22 August 2023	Special
3.	29 August 2023	Special
4.	07 December 2023	Ordinary
5.	17 April 2024	Ordinary
6.	14 June 2024	Ordinary

The Committee held meetings with the Accounting Officer, senior Management of the municipality, Internal Audit and the Auditor-General of South Africa (AGSA) collectively and individually, on matters related to governance, internal control, and risk in the municipality, throughout the reporting period. The Chairperson of the MPAC is a standard invitee and attended our meetings. Representatives from the AGSA, and CoGTA attended some of the meetings.

The Effectiveness of Internal Controls

An assessment of the findings identified by Internal Audit as well as the audit and management reports presented to the Committee by the Auditor-General of South Africa (AGSA), reveals that the internal control environment, risk management, and governance processes was not entirely effective throughout the year. The committee recommends improvement in the control environment with the timely appointment of suitably competent and qualified people, and that control activities over compliance monitoring, year-end financial, and performance reporting be strengthened. Furthermore, regular monitoring and supervisory checks must be undertaken by management to improve effectiveness of control activities.

The Committee noted that although constrained with limited capacity, Internal Audit provided assurance in terms of governance, risk management, and control as per the approved risk-based audit plan. At the end of the financial year, the following internal audit engagements were reported as complete as per the approved risk-based audit plan:

- Annual Financial Statement Review;
- Annual Performance Information Report Review;
- Asset Management Review;
- Follow Review: AGSA and Internal Audit Findings;
- Leave Management Review;
- Project Management Review;
- Quarterly Performance Information Report Reviews; and
- Supply Chain Management Review.

In-Year Management and Monthly/Quarterly Reports

The municipality has reported quarterly to the National Treasury and the Council as required by the MFMA. The committee as well as assurance providers provided management with recommendations to improve the quality of financial and non-financial information reporting (performance information, information communication technology, risk management, human resource management, legal, and compliance) during the year under review.

Evaluation of Annual Financial Statements and Performance Report

The Committee has reviewed:

- The unaudited annual financial statements, with due consideration of the independent assurance provided by Internal Audit as well as the assurance provided by Management;
- Changes in accounting policies and practices;
- Compliance with legal and regulatory provisions;
- The basis for the going concern assumption, including any financial sustainability risks and issues;

- The unaudited annual performance information on predetermined objectives with due consideration of the independent assurance provided by the internal audit function as well as the assurance provided by Management;
- The AGSA audit and management reports, with due consideration of the responses provided by Management; and
- The audited financial statements as well as the information on predetermined objectives to be included in the annual report for any significant adjustments resulting from the audit and reported to the Accounting Officer.

Auditor-General of South Africa (AGSA) Report

The Committee met with the AGSA to ensure that there are no unresolved issues. The Committee concurs with the conclusions of the AGSA on the annual financial statements and is of the opinion that the audited annual financial statements may be read together with the audit report of the AGSA.

Conclusion

The Committee expresses its appreciation to Council and the Accounting Officer for their leadership and support as well as all other assurance providers. The Committee relies extensively on the work of the internal audit activity and appreciates the efforts of the Manager: Internal Audit throughout the year. The Committee recommends that the current internal audit function be capacitated to widen its scope of activities with the appointment of additional suitably qualified staff. Furthermore, it recommends that Management address the aforementioned concerns raised by the Committee as well as the audit findings identified by Internal Audit and the material findings identified by AGSA relating to compliance, by addressing the root cause of the control deficiencies in pursuit of a clean audit outcome.



Chairman: Audit Committee

A.D Gonzalves

05 December 2024

APPENDIX H: LONG TERM CONTRACTS & PUBLIC PRIVATE PARTNERSHIPS

No long-term agreements were entered into during the year under review.

SHORT TERM AGREEMENTS

Agreements Entered Into With:	Description	Duration
LMS Project Managers (Pty) Ltd Ref: A12 – No 1	Project Management Support for Umdoni Municipality	3 July 2023 – Once consultant has completed the services & received full payment of fees & disbursements due.
SAMRAS Ref: A11 – No 2 (B)	Software Support	1 July 2023 – 30 June 2024
Digital Voice Processing Ref: A11 – No 3	Bosch Conference System in Council Chamber	7 July 2023 – 6 July 2024
Mabune Consulting Ref: Umzinto F4 – No 3	Sectionalization of Riverside Park	1 August 2023 – 31 July 2024
Pennington Conservancy Committee Ref: Pennington 3 – No 26	To render assistance in respect of the Nkomba Conservancy as stipulated in the agreement	28 July 2023 – 27 July 2026
T. C. Robertson Nature Reserve Committee Ref: Scottburgh File 13 – No 1	To render assistance in respect of the T.C. Robertson Nature Reserve as stipulated at No. 8 of the agreement	25 July 2023 – 25 July 2026
Deed of Cession & Direct Payment Agreement between Umdoni Municipality, Simandlovu Trading CC & Corobrik (Pty) Ltd File Ref – Ward 2 – No 10	Deed of Cession & Direct Payment Agreement for the supply of bricks for the construction of Mandlalathi Community Hall in Ward 2	Signed on 8 August 2023
ZLM Engineering (Pty) Ltd File Ref – A11 – No 4	Maintenance of Umdoni Municipality's Street Lighting on a turnkey basis.	1 July 2023 – 30 June 2024
Izingodla Engineering (Pty) Ltd File Ref: Ward 1 – No 4	Professional Services Agreement for the electrification of Ntshaseni & Mtoli (Phase 1) – Ward 1	3 July 2023 – final submission of close out report / final account.
Farrell Inc Attorneys File Ref: A11 – No 5	Service Level Agreement with Attorney	3 July 2023 – 2 July 2026
Garlicke & Bousfield Attorneys File Ref: A11	Service Level Agreement with Attorney	30 August 2023 – 29 August 2026
Livingston Leandy File Ref: A11 – No 7	Service Level Agreement with Attorney	19 July 2023 – 23 July 2026
Madiba Motsai Masintenyane & Githiri Attorneys	Service Level Agreement with Attorney	4 July 2023 – 3 July 2026

File Ref: A11 – No 8		
Matthew Francis Inc Attorneys File Ref: A11 – No 9	Service Level Agreement with Attorney	4 July 2023 – 3 July 2026
Mazibuko Z & Associates File Ref: A11 – No 10	Service Level Agreement with Attorney	3 July 2023 – 2 July 2026
Mdledle Attorneys File Ref: A11 – No 12	Service Level Agreement with Attorney	24 July 2023 – 23 July 2026
Mhlanga Inc Attorneys File Ref: A12 – No 7	Service Level Agreement with Attorney	18 September 2023 – 17 September 2026
SD Moloi & Associates File Ref: A11 – No 14	Service Level Agreement with Attorney	24 August 2023 – 23 August 2023
Peterson Pandaram Attorneys File Ref: A11 – No 15	Service Level Agreement with Attorney	2 August 2023 – 3 August 2023
Seethal Attorneys File Ref: A11 – No 16	Service Level Agreement with Attorney	30 August 2023 – 29 August 2023
Shepstone & Wylie File Ref: A11 – No 17	Service Level Agreement with Attorney	12 September 2023 – 11 September 2026
Viola Ramsook Attorneys File Ref: A12 – No 2	Service Level Agreement with Attorney	30 June 2023 – 29 June 2026
Zuma & Partners File Ref: A12 – No 3	Service Level Agreement with Attorney	3 July 2023 – 2 July 2026
Zikalala Attorneys File Ref: A12 – No 4	Service Level Agreement with Attorney	30 June 2023 – 29 June 2026
Maximum Profit Recovery (Pty) Ltd File Ref: A12 – No 8	Provision of VAT Submission, Review and Support for 36 Months	1 July 2023 – 30 June 2026
KZN Department of Economic Development, Tourism & Environmental Affairs File Ref: A11 – No 26	Agreement of Grant Funding for SMME & Cooperative Support Programme / Municipal Employment Initiative	12 September 2023 – 30 June 2025
KZN Department of Economic Development, Tourism & Environmental Affairs File Ref: Umz File 4 – No 4	Second Addendum to MOA – Implementation of the Umzinto Bus Rank Informal Trader Stalls Project	1 July 2023 – 30 June 2024
Deed of Cession Agreement between : Sholo Trading Enterprise CC; K & L Fabrication; Umdoni Municipality File Ref: Ward 4 – No 4	Construction of Mgangeni Hall – Fabrication and installation of the structure for this including roof sheeting.	Signed : 3 October 2023
KZN Department of Economic Development, Tourism & Environmental Affairs (EDTEA) File Ref: Park Rynie No 4 – No 3	Agreement of Grant Funding for the Park Rynie Beach Development Project	10 October 2023 – 31 May 2024
Provincial Government of the Province of KZN Department of KZN Public Works File Ref: P3 – No 29	Erven 910 – 913 & 930 – 933 Pennington – Deed of Donation	Signed October 2023

DVP Distribution (Pty) Ltd File Ref: A12 – No 10	Zoom Digital Recorder & Recorders – Conference Microphones	30 November 2023 – 29 November 2024
Department of Transport (DOT) File Ref: A12 – No 12	Motor Vehicle Licensing Functions in Umzinto	1 December 2023 – 30 November 2026
Pennington Conservancy Committee File Ref: P3 – No 30	Re-establishment of the Makamati Wetland in Pennington	19 September 2023 – 18 September 2026
Caseware Africa (Pty) Ltd File Ref: A12 – No 13	Provision of financial software and maintenance support, training	1 January 2024 to 31 December 2024
KZN Department of Human Settlements & MGM Project Management (Pty) Ltd Ref : Malangeni – No 12 (B)	Addendum to the Memorandum of Agreement / Tripartite Agreement - Malangeni Rural Housing Project – Phase 2D	30 June 2023 to 30 January 2024
KZN Department of Sport, Arts & Culture Ref: A12 – No 14	Provision of various Library Services to all municipal Libraries – eight in total.	1 July 2023 to 30 June 2024
Digital Voice Processing (Pty) Ltd Ref: A12 – No 15	Bosch CCS 1000 Portable Delegate Address System	12 April 2023 to 11 April 2024
Nazamakhuze Holdings (Pty) Ltd Ref: Ward 16 – No 4	Construction of Nsongeni Tar Road in Ward 16	17 April 2024 to complete finalization of project & full payment of all fees due.
Impande Consulting Engineers (Pty) Ltd Ref: Ward 9 - No 5	Upgrade of Mafithini Road in Ward 9	15 April 2024 to complete finalization of project and full payment of all fees due.
Mzibani Consulting Engineers (Pty) Ltd Ref: Ward 5	Refurbishment of Dumisa Skills Centre & Community Hall	15 April 2024 to complete finalization of project and full payment of all fees due.
The Provincial Department of Human Settlements – KZN & MGM Project Management (Pty) Ltd Ref: Malangeni – No 13	Malangeni Phase 2 Rural Housing Project: Stage 2 : K:13030001/2	13 May 2024 to 13 October 2024
MGM Project Management (Pty) Ltd Ref: Ifafa Beach / Glebe – No 4	Ifafa Glebe Title Deed Restoration Programme	1 May 2024 & shall endure for a period of 12 months from the signature date
Vangisa Consulting Engineers & Project Ref: A12 – No 16	Construction of Disaster Roads Projects	10 April 2024 to full completion of all projects and payment of fees due.

APPENDIX I – MUNICIPAL ENTITY/SERVICE PROVIDER PERFORMANCE SCHEDULE

SECTION B: ASSESSMENT OF SERVICE PROVIDERS

Umdoni Assessment of the performance of External Service Providers Template for 2023/2024 Financial Year

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done by user department levels. The end user department is providing monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Assessment Key	
Good (G)	The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract
Satisfactory (S)	The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract
Poor (P)	The service has been provided below acceptable standards

Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Assessment of Service Providers Performance		
			G	S	P
Fidelity Cash Solutions	2023/03/15	Cash In transit Services			
The Document Warehouse	SLA was reviewed in January 2023. An Addendum Clause was addressed (1.1.7 & 6.1). Set charge for storage	Storage and Safekeeping of Municipal Records (Cloud Service, Scanning etc.) Storage was charged for material and records that were already secured at Document Warehouse for the past 20 years.			
FRAMA (Pty) LTD (Framalink RMS Systems)	Long Standing SLA in consultation with SA Post Office	Franking Services of out material that has to be posted for the entire Municipality. Servicing of the Franking Machine.			
SA Post Office Limited	Sole Service Provider for the Entire Country (Parastatal)	Postage Services, Registered Post, Courier Services etc. for the entire Municipality			
GG Accountants	June 2023	Auditing of Supply Chain Management Processes and Revenue			
Simandlovu Trading Cc/ Reggie Civils	2023/05/25	Construction Of Mandlalathi Community Hall			
Ackin Investments 2108 Cc	2023/04/14	Upgrade Of Smolo Road			

Name of external Service Provider	Date Contract Awarded	Service provided in terms of the SLA	Assessment of Service Providers Performance		
			G	S	P
Sholo Trading Enterprises	2023/06/07	Construction Of Mgangeni Community Hall / Reggie Civils(5093368.08)			
Ubumbano Lwamangcolosi	2023/05/10	Upgrading Roads 7.8.9.11			
Ubumbano Lwamangcolosi	2023/05/10	Repairs And Maintenance Of Scottburgh Ablution			
Ndlumbi Trading	2023/04/19	Maintenance Of Roads In Ward 1.2.3 & 19			
Ndlumbi Trading	2024/01/10	Operation And Maintenance of Humberdale Landfill Site			
Ingedla Trading	2023/05/22	Maintenance Of Roads In Ward 14.16.17 & 18			
Viola Ramsook Attorneys	2023/09/22	Debt Recovery			
Matthew Francis Inc - Debt Recovery	2023/07/04	Debt Recovery			
Matthew Francis Inc - Rate Payers	2023/07/04	Rate Payers Association			
Shepstone & Wyle	2023/07/04	Debt Recovery			
Electromaster	2023/11/30	Service And Maintenance Of Swimming Pool Pumps			
Gingordin Methods Trading	2023/12/07	Supply And Delivery Of Uniform & Personal Protective Equipment For A Period Of 3 Years - Fire & Disaster			
Kayosi Trading	2023/12/06	Supply And Delivery Of Uniform & Personal Protective Equipment For A Period Of 3 Years - Beach Lifeguard			
Clean Spot Solutions	2023/12/04	Panel of Ppe - General Workers			

APPENDIX J: DISCLOSURES OF FINANCIAL INTEREST

NAME	DESIGNATION	FINANCIAL DISCLOSURE FORM RECEIVED YES / NO	ANYTHING DECLARED BY OFFICIAL	MATTER DISCLOSED	DATE ON WHICH FORM WAS RECEIVED
Mrs T.C. Ndlela	Municipal Manager	Form not submitted to the Legal Section			
Mr S Nyawo	General Manager Corporate Services	Form not submitted to the Legal Section			
Mr V T Khanyile	General Manager Community Services	Yes	No	Nil	2 November 2023
Mr M Chandulal	Chief Financial Officer	Yes	Yes	Membership, Directorships & Partnerships Royal Touch Trading (not trading) Land & Property 452m ² of property owned.	27 October 2023
Mr M Mzotho	General Manager Planning & Development	Yes	No	Nil	8 January 2024
Mr MB Shangase	General Manager Technical Services	Yes	No	No	30 January 2024
Mr LMV Cele Contract terminated 31 October 2023	GM Technical Services (Acting)	Form not submitted to the Legal Section			

	COUNCILLOR	ID. NUMBER	FINANCIAL INTEREST/MEMBERSHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITTED BY COUNCILLOR ON :
1	Councillor Bhoola, RB	6403255228082	<u>Interests In Trusts:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration:</u>	Old Mutual Wealth R20 000,00/m	28 September 2023

	COUNCILLOR	I.D. NUMBER	FINANCIAL INTEREST/MEMBER SHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITTED BY COUNCILLOR ON :
				R22 000,00		
2	Councillor Cele, BA	8610115571083	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> As gazetted.	Nil declared.	9 November 2023
3	Councillor Cele-Luthuli, MJ	8604041068082	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration:</u> R48 146,69	Nil declared.	28 September 2023
4	Councillor Cutten, AT	7010085222083	<u>Financial interests:</u> Nil declared.	<u>Employer</u> T & T Marine (3 month contract from March to May 2023 – for the previous Financial year) <u>Monthly Remuneration</u> R15 000,00 for above. <u>Monthly remuneration from Umdoni Municipality :</u> As gazetted.	Nil declared.	01 August 2023
5	Councillor Dlamini, LR	6912265589085	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R20 000,00	Municipal Councillors' Pension Fund R3 000,00 pm	16 November 2023
6	Councillor Duma, Z	8904165331088	<u>Directorships</u> Zero to Prosperity	Umdoni Municipality	Nil declared.	10 November 2023

	COUNCILLOR	I.D. NUMBER	FINANCIAL INTEREST/MEMBER SHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITTED BY COUNCILLOR ON :
			100 Shares & 100% interest TZ Poultry Trading - 100 Shares & 100% Interest	<u>Monthly Remuneration:</u> R55 000,00		
7	Councillor Gumede, NC	7212275376089	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration:</u> R22 000,00	Municipal Councillors' Pension Fund : R3 507,00 pm	10 November 2023
8	Councillor Jeza, ZKW	9808205459081	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration:</u> R22 152,27	Nil declared.	10 November 2023
9	Councillor Jiji (Dlamini), GS	8212180321088	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R39 000,00	Municipal Pension Fund For Councillors R8 312.69 pm	11 July 2023
10	Councillor Khan, MA	9207055008082	<u>Interests in Trusts:</u> Scholar Amoris School Trust <u>Directorships:</u> 1 Qaasimul ILM Foundation(NP C): 33 Shares & 33% Interest 2 Najah Enterprises (PTY) Ltd :	Umdoni Municipality <u>Monthly Remuneration</u> As gazetted	Nil declared.	10 August 2023

	COUNCILLOR	I.D. NUMBER	FINANCIAL INTEREST/MEMBER SHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITTED BY COUNCILLOR ON :
			50 Shares & 50% Interest			
11	Councillor Khanyile, S V	7801255985081	<u>Financial interests:</u> Nil declared.	<u>Employment Details</u> 1. Department of Education KZN Remuneration – R20 000pm Umdoni Municipality <u>Monthly Remuneration</u> As gazetted.	<u>GE Pension Fund</u> R2 000,00	26 September 2023
12	Councillor Khumalo, KP	7207250489089	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration:</u> R17 900,00	Municipal Councillors' Pension Fund R3 500,00 pm	26 September 2023
13	Councillor Madlala, MR	7212046095083	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration:</u> R19 000,00	Municipal Councillors' Pension Fund R3 000,00 pm	3 October 2023
14	Councillor Maharaj, R	7108095254086	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration:</u> R58 817,00 (Gross)	Nil declared.	14 August 2023
15	Councillor Mahomed, S	7202185286080	<u>Financial interests in a Business Undertaking:</u> Mr TV – Mr Satellite – Interest – 15%	Umdoni Municipality <u>Monthly Remuneration:</u> R21 800,00	Nil declared.	6 September 2023

	COUNCILLOR	I.D. NUMBER	FINANCIAL INTEREST/MEMBER SHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITTED BY COUNCILLOR ON :
16	Councillor Mbanjwa, MA	7112115500080	<u>Financial Interests:</u> Nil declared. <u>Employer:</u> <ol style="list-style-type: none"> 1. Department of Education 2. Umdoni Municipality 	Department of Education – <u>Monthly Remuneration :</u> R25 546,24 Umdoni Municipality: <u>Monthly remuneration:</u> As gazetted.	G.E.P.F. R3 098,81 pm	9 October 2023
17	Councillor Mbutho, ME	8303286041082	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration:</u> As gazetted	Municipal Pension Fund for Councillors	6 October 2023
18	Councillor Mdluli, SD	7804055513087	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R20 241,71 and <u>Ugu District Municipality</u> R5 348,65	Municipal Pension Fund for Councillors R2 997,71 pm	14 August 2023
19	Councillor Mlaba, SN	6002045950086	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R20 000,00	Nil declared.	28 November 2023
20	Councillor Mngoma, SEH	8103095377085	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R19 850,00	Old Mutual R2 000,00 pm	9 November 2023

	COUNCILLOR	I.D. NUMBER	FINANCIAL INTEREST/MEMBER SHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITT ED BY COUNCIL LOR ON :
21	Councillor Molife, Z	8606220251082	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R17 902,83	Municipal Pension Fund for Councillor s R3 507,54 pm	11 July 2023
22	Councillor Mthwane, SW	6703075719081	<u>Financial Interests:</u> Sgedububha Cleaning & Construction 100% Interest & 100% Shares	Umdoni Municipality <u>Monthly Remuneration</u> As gazetted. <u>Idube Harvesting</u> Between R15 000 and R30 000pm	Nil declared.	31 August 2023
23	Councillor Mynhardt, R	7212160065086	<u>Financial Interests:</u> <u>Directorships:</u> PropFran 777 (Pty) Ltd 100% Interest & 100% Shares	Umdoni Municipality As gazetted.	Nil declared.	31 August 2023
24	Councillor Mzelemu, S	8005260620084	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R20 000	Nil declared.	26 June 2024
25	Councillor Mzimela, QT	8804165829083	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> As gazetted.	23 January 2024	

	COUNCILLOR	I.D. NUMBER	FINANCIAL INTEREST/MEMBER SHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITTED BY COUNCILLOR ON :
26	Councillor Naidoo, P	5412205134085	<u>Financial interests:</u> <u>Shares & Securities:</u> Kumba; Exxaro; MTN; Vodacom <u>Partnerships:</u> Sunrainyan Investment Interest – 50%	Umdoni Municipality <u>Monthly Remuneration</u> As gazetted.	Nil declared.	21 November 2023
27	Councillor Ndlela, MJ	6102085746087	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> +R14 000,00	Nil declared.	10 October 2023
28	Councillor Ngubo, MJ	5605035742080	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> As gazetted.	Nil declared.	5 January 2024
29	Councillor Nkomo, NL	7901030897088	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R22 000,00	Municipal Pension Fund for Councillors	10 November 2023
30	Councillor Nombika, PN	6406300505081	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R22 000,00	Municipal Pension Fund for Councillors	10 November 2023
31	Councillor Nzama, NT	8502270406082	<u>Financial interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R20 000,00	Nil declared.	10 November 2023
32	Councillor Phungula, MG	5901115676086	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u>	Nil declared.	10 November 2023

	COUNCILLOR	I.D. NUMBER	FINANCIAL INTEREST/MEMBER SHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITT ED BY COUNCIL LOR ON :
				As gazetted.		
33	Councillor Shezi, SN	8609176359081	<u>Financial interests:</u> <u>Directorships:</u> Unathi Investments Interest & Shares – N/A	Umdoni Municipality <u>Monthly Remuneration</u> R19 417,39	Nil declared.	28 November 2023
34	Councillor Singh, S	6406270123089	<u>Financial Interests:</u> <u>Shares & Securities:</u> Sanlam – 917 Shares <u>Membership of Close Corporation:</u> Carmichael Promotions – 100% Interest <u>Interests in any Trust:</u> Parmasar Singh Family Trust <u>Directorships:</u> Promo Bag Manufacturers - 100 Shares & 100% Interest	Umdoni Municipality <u>Monthly Remuneration</u> R51 417,92	Nil declared.	20/09/2023
35	Councillor Sookhraj, S	6604280133086	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> As gazetted.	Municipal Councillor s’ Pension Fund	10 August 2023
36	Councillor Tenza, MP	6711285498081	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly Remuneration</u> R22 000	Municipal Councillor s’ Pension Fund	4 December 2024
37	Councillor Thabethe, PE	8207095330083	<u>Directorships:</u> Pitoli Projects : 100 Shares & 100% Interest	Umdoni Municipality <u>Monthly remuneration</u>	Nil declared.	10 October 2023

	COUNCILLOR	I.D. NUMBER	FINANCIAL INTEREST/MEMBER SHIP OF CLOSE CORPORATION NAME OF INSTITUTION SHARES / % INTEREST SUBSIDY GRANTS & GIFT DETAILS DETAILS OF GRANTS, SUBSIDIES GIFTS	EMPLOYMENT DETAILS & MONTHLY REMUNERATION	PENSION FUND DETAILS	FORM SUBMITT ED BY COUNCIL LOR ON :
				R33 000,00		
38	Councillor Zoko, SA	8506126144086	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly remuneration</u> As gazetted.	Nil declared.	24 June 2024
39	Councillor Zulu, S	9204130994089	<u>Financial Interests:</u> Nil declared.	Umdoni Municipality <u>Monthly remuneration</u> R20 000,00	Nil declared.	12 October 2023

APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

Revenue Collection			
Consolidated Category	Net Raising	Net Paid	% Completion
Rates	132 667 563	102 604 268	77%
Refuse	12 973 106	9 864 144	76%
Sundry	12 320 654	6 342 368	51%
Total	157 961 323	118 810 780	75%

APPENDIX L: CONDITIONAL GRANTS RECEIVED EXCL. MIG

SUMMARY OF UNSPENT GRANTS						
DETAILS	OPENING BALANCE 01 JULY 2023	2023/24				PERCENTAGE SPENT
		ALLOCATION	RECEIVED	BALANCE TO BE RECEIVED	GRANT REALISED/ SPENT	LIABILITY AS AT 30 JUNE 2024
CONDITIONAL GRANT	8 642 416,00	67 300 000,00	64 503 000,00	5 297 000,00	66 210 065,21	6 935 350,79
MIG	-	37 635 000,00	37 635 000,00	-	37 635 000,00	-
EPWP	-	1 601 000,00	1 601 000,00	-	1 601 000,00	-
LIBRARIES GRANT	-	10 014 000,00	8 417 000,00	1 597 000,00	8 417 000,00	-
FMG	-	1 950 000,00	1 950 000,00	-	1 950 000,00	-
DISASTER MANAGEMENT GRANT	4 985 525,00	-	-	-	4 985 525,00	-
EDTEA GRANT (UMZINTO BUS RANK)	2 000 000,00	2 000 000,00	2 000 000	-	1 908 061,25	2 091 938,75
SMALL REHABILITATION GRANT	3 893,00	3 700 000,00	-	3 700 000,00	-	3 893,00
TITLE DEEDS RESTORATION GRANT	852 998,00	-	-	-	265 440,00	587 558,00
MUNICIPAL EMPLOYMENT INITIATIVE	-	1 000 000,00	1 000 000	-	968 853,20	31 146,80
CLEANEST AWARD	800 000,00	-	-	-	800 000,00	-
BEACH INFRASTRUCTURE GRANT	-	-	2 500 000	-	2 178 584,93	321 415,07
MUNICIPAL DISASTER RELIEF GRANT	-	9 400 000,00	9 400 000	-	5 500 600,83	3 899 399,17
UNCONDITIONAL GRANT	-	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00
Equitable share	-	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00	173 612 000,00
TOTAL UNSPENT GRANTS	8 642 416	240 912 000	238 115 000	178 909 000	239 822 065	6 935 351

APPENDIX M: CAPITAL EXPENDITURE

Business Key	Project	Amended Budget	Actual Balance
20240310025417	Laptops, Computers and Printers	R 50 000,00	R 43 500,00
20230719003800	Laptops, Computers and Printers	R -	R -
20240310025337	Machinery and Equipment	R 43 478,00	R -
20210802065113	Air Conditioners	R -	R 41 000,00
Municipal Manager		R 93 478,00	R 84 500,00
20210802065140	Furniture and Office Equipment	R 30 435,00	R -
20200311041285	Laptops	R -	R -
Internal Audit		R 30 435,00	R -
20240310025334	Machinery and Equipment	R 4 435,00	R -
20210317000827	Computer Equipment	R -	R 107 067,00
YOUTH DEVELOPMENT		R 4 435,00	R 107 067,00
20240310025154	Computer Licensing	R -	R 3 640,00
20210802065159	Furniture and Office Equipment	R 304 348,00	R -
20230228051517	Laptops, Computers and Printers	R 52 174,00	R 59 250,00
20210802065221	Laptops, Computers and Printers	R 69 565,00	R -
20241001112146	Stormwater Cleaning	R -	R 6 243 181,13
GENERAL ADMINISTRATION		R 426 087,00	R 6 306 071,13
20230719003808	Laptops and Printers	R -	R -
20230719003809	Laptops and Printers	R -	R -
Legal And Estates			R -

20240310025322	Installation of water tanks	R	286 957,00	R	-
20230719003760	Installation of Fire Suppression System	R	173 913,00	R	-
20220719996053	Machinery and Equipment	R	13 913,00	R	-
20230719003763	Purchase of Tractor	R	574 816,00	R	572 295,23
20240425032950	Computer Equipment	R	775 966,00	R	-
20210802065128	Furniture and Office Equipment	R	313 043,00	R	184 900,00
20220719996070	Purchase of Portable Recording System	R	104 348,00	R	94 744,00
20201009061290	Laptops, Computers and Printers	R	-	R	-
20240607145952	Office equipment	R	-	R	172 173,92
20230719003725	Purchase of Fleet	R	5 246 521,00	R	5 153 118,15
20210317000842	Laptops, Computers and Printers	R	66 248,00	R	-
20190723112004	Computer Equipment	R	-	R	70 610,00
20230719003812	Upgrade Network Infrastructure(Stores)	R	-	R	-
20201009061398	Relocation of the water line - campsite	R	-	R	270 000,00
20220719996086	Hardware Upgrade(Server)	R	-	R	-
20220719996079	UPS for Server	R	173 913,00	R	-
20220719996082	Upgrade of DR Site	R	260 870,00	R	-
General Management		R	7 990 508,00	R	6 517 841,30
20240310025331	Machinery and Equipment	R	21 739,00	R	20 650,00
Community Facilities		R	21 739,00	R	20 650,00
20210317000772	Machinery and Equipment	R	182 609,00	R	169 330,00
PARKS AND GARDENS		R	182 609,00	R	169 330,00
20210802064899	Purchase of Skips	R	-	R	49 130,00
Beaches		R	-	R	49 130,00
20210802065143	Furniture and Office Equipment	R	-	R	150 500,00
General Administration		R	-	R	150 500,00

20240310026062	Mandalalathi Hall	R 1 488 475,00	R 1 488 467,71
20210802065767	Langa Road - Regravelling - Ward 11	R -	-R 6 243 181,13
20230719004540	Construction Of Nsongeni Tar Road (Wa	R 1 303 112,00	R 1 303 110,65
20230719004555	Refurbishment Of Dumisa Community H	R 887 642,00	R 887 642,00
20230228051530	Building Renovations: Beach Pavilion	R -	R -
20230719004549	Renewal of Hazel Road	R 8 218 458,00	R 5 037 069,80
20230719004543	Construction Of Mafithini Tar Road (Wa	R 1 287 529,00	R 1 287 528,07
20230719004552	Construction of Smolo Road	R 11 469 109,00	R 11 469 109,00
20210802065839	Myeza Road	R 414 804,00	R 414 803,40
20210802065812	KwaMpondo Sportsground	R 7 823 727,00	R 7 823 726,99
20240310026055	Mgangeni Hall	R 2 638 098,00	R 2 638 098,00
20210802065875	Mgangeni Hall	R 4 803 131,00	R 4 803 130,00
20210802065852	Oswanini Hall	R -	R -
20230719004535	Upgrading of Umzinto Storm Water	R -	R -
20210802065842	Mandalalathi Hall	R 3 464 358,00	R 3 464 359,19
20230719004507	Renewal of Fencing	R 869 565,00	R 869 112,00
Roads And Stormwater		R 44 668 008,00	R 35 242 975,68
20240310025319	Purchase of Skips	R 695 652,00	R -
20210802064891	Purchase of Skips	R -	R 695 634,78
Refuse disposal		R 695 652,00	R 695 634,78
20230719004546	Renewal of Umzinto Informal Trading In	R 3 478 261,00	R 1 659 183,70
20210317000811	Office equipment	R -	R -
General Management		R 3 478 261,00	R 1 659 183,70
TOTAL		R 57 591 212,00	R 51 002 883,59

APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

WATER

Statistics South Africa (StatsSA) 2022 Census indicates that 21 789 out of 33 087 Households in Umdoni Municipality that have access to water that is provided by a regional/local water scheme operated by a municipality. 66% of Umdoni households have access to water through UGU District Municipality while the remaining 34% of the household's water sources are boreholes, Springs, Dams, Rivers and Rain Water Tanks.

The Umdoni Municipality is experiencing water shortage and disruption of services on a regular basis. The provision of water is the responsibility of the Ugu District Municipality although the Local Municipality is assisting in gathering of information and the development of a consolidated Infrastructure Plan to inform the Water Services Development Plan by providing information on backlogs and needs. This will assist the District to strategize the eradication of backlogs. The map below indicates access to water within the Umdoni Municipal Area.

SANITATION

The StatsSA 2022 census indicates that 19 849 Households in Umdoni use flush toilets connected to a public sewerage system while 1324 Households have flush toilets connected to a septic or conservancy tank. 3639 households use a chemical toilet whilst 4942 use Pit latrine toilets with ventilation pipes known as VIPs. 6 616 Households in Umdoni use VIPs without ventilation pipes with the remainder of the household population uses the ecological toilets. 983 Households in Umdoni which represents 3% of our household population still use the bucket system that is collected by the municipality. This shows an increase from 504 households in the 2016 StatsSA Community Survey.

ENERGY

According to the StatsSA 2022 census 90% of Households in Umdoni have access to energy and connected from mains. 8% of our household population still uses candles whilst 1% uses generators and another 1% using paraffin. The statistic though does not account for the percentage of households with illegal connections within the bracket of 90% of households classified to having access to energy/electricity considering the fact that all our informal settlements are riddled with dangerous illegal connections that increase load shedding within

its areas and possibility to damage to current existing infrastructure that is not adequate to cater for the growing households within each area.

HOUSING

Umdoni Municipality is a predominantly rural municipality with people's homes mostly built along the road and very few scattered across hilly terrain. This linear pattern makes it easier for provision of water and other Bulk infrastructure services. The residents have fairly good enough space to build or further sub-divide the land to their children and grandchildren. However, there are other residents who have homes still built on hilltops which might be difficult for the contractors to move material during construction phase and some sites are located next to bulks servitudes e.g. ESKOM power lines which poses a risk and non-compliance challenge.

The halting of current housing projects that are on implementation stages by the Department of Human Settlements due to budgetary constraints has caused rising tensions with community members.

APPENDIX R – DECLARATION OF LOANS & GRANTS

Grants and Subsidies Paid - 2023/2024		
Details	Financial Years	
	2022/2023	2023/2024
Grants paid to ME's		
Ugu South Coast Development Agency & Ugu South Coast Tourism	R 956 521,74	R 3 073 438,26
Other Subsidies		
Grant in Aid	R 49 229,06	R 1 966 894,81
Alternate Electricity		
Social Relief	R 480 923,66	R 786 864,16
Youth development	R 119 773,91	R 152 582,96
Business chamber		
Grants & Donations	R -	R 115 114,01
Skills development and training		
Total Grants and Subsidies Paid	R 1 606 448,37	R 6 094 894,20

APPENDIX S: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

The Sustainable Development Goals 2030

15 years after the enactment of the UN's Millennium Development Goals (MDGs) have reached their expiration date. Progress has been made across the board, from combatting poverty, to improving education and health, and reducing hunger, but there is a long way to go.

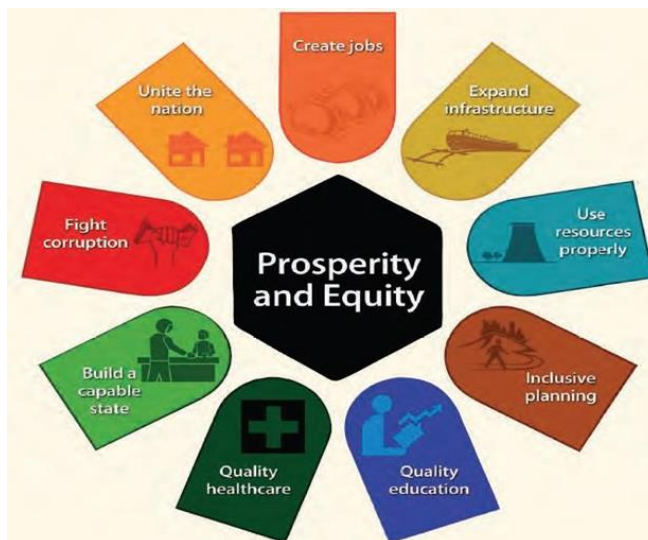
Shockingly, surveys found that in September 2015 only 4% of the UK public had heard of the MDGs. These international agreements have the potential to change the lives of millions of the world's poorest. At Five Talents, we believe that public understanding of these big-picture development goals is of great importance, because of this we have put together this page on the set of goals the UN will be focusing on for the next 15 years: The Sustainable Development Goals (SDGs).



The National Development Plan

The National Planning Commission was established in 2009 under the leadership of former Minister Trevor Manuel. After extensive research and consultation with a wide range of stakeholders, a National Development Plan (NDP) commonly referred to as Vision 2030 has been drafted. It is quite evident that government places a high priority on the implementation of the plan and it can be expected that the NDP will be the compass

by which the national government is going to steer the development path of South Africa into the future. The broad goal of this plan is to reduce unemployment, alleviate poverty and reduce inequality by 2030. The key focus areas of this plan are illustrated in the figure below:



National Outcomes

National Government has designed 14 Outcomes for Government and all its service delivery functions. The 14 Outcomes are based on a concept of The Outcomes Approach which is essentially a strategic approach which focuses on achieving the expected real improvements in the life of all South Africans.

The outcomes approach broadly defines what is expected to be achieved, how it is to

be expected to be achieved and whether the outcomes are being achieved. The overall goal of the 14 outcomes that have been designed is to ensure that government does not just carry out the functions it is supposed to, but to ensure that results from these functions are achieved and show impacts on the lives of South Africans.

Source: National Development Plan - 2030

The outcomes approach mainly:

- Focuses on results
- Makes explicit and testable the chain of logic in our planning, so we can see the assumptions we make about the resources that are needed
- Links activities to outputs and outcomes and to test what works and what doesn't
- Ensure expectations are as clear and unambiguous as possible
- Provides clear basis for discussion, debate and negotiation about what should be done and how it should be done
- Enables learning and regularly revising and improving policy, strategy and plans through experience
- Makes co-ordination and alignment easier

The 14 Outcomes have been based on the Election Manifesto and the Medium Term Strategic Framework (2014-2019), as well as consultation on ministerial and administrative levels. The outcomes are a representation of the desired development impacts to be achieved by government's policy priorities.

The 14 Outcomes are listed as:

1. Quality basic education
2. A long and healthy life for all South Africans
3. All people in South Africa are and feel safe
4. Decent employment through inclusive growth
5. A skilled and capable workforce to support an inclusive growth path
6. An efficient, competitive and responsive economic infrastructure network
7. Vibrant, equitable and sustainable rural communities towards food security for all
8. Sustainable human settlements and improved quality of household life
9. **Responsive, accountable, effective and efficient local government**
10. Protect and enhance our environmental assets and natural resources
11. Create a better South Africa and contribute to a better Africa and a better World
12. An efficient, effective and development orientated public service
13. A comprehensive, responsive and sustainable social protection system
14. A diverse, socially cohesive society with a common national identity

UMDONI MUNICIPALITY

VOLUME II

**ANNUAL FINANCIAL
STATEMENT FOR THE
YEAR ENDED ———
30 JUNE 2024**



UMDONI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

General Information

Nature of business and principal activities

The primary function of Umdoni Local Municipality is to provide basic services i.e. refuse, roads and stormwater facilities within the municipality's jurisdiction.

Mayoral committee

Executive Mayor

Cllr MJ Cele
Cllr PE Thabethe (Deputy Mayor)
Cllr ME Mbutho (Speaker)
Cllr S Singh (EXCO Member)
Cllr ZZ Duma (EXCO Member)
Cllr GS Jiji (EXCO Member)
Cllr RS Maharaj (EXCO Member)

Councillors

Cllr SD Mdluli
Cllr S Mzelemu
Cllr JM Ndlela
Cllr S Sookharaj
Cllr LR Dlamini
Cllr RB Bhoola
Cllr PN Nombika
Cllr MA Khan
Cllr MJ Ngubo
Cllr S Mahomed
Cllr TN Ndlovu
Cllr MP Tenza
Cllr SN Mlaba
Cllr WS Mthwane
Cllr TM Msomi
Cllr BA Cele
Cllr ZKW Jeza
Cllr MA Mbanjwa
Cllr SEH Mngoma
Cllr Z Molife
Cllr SV Khanyile
Cllr NL Nkomo
Cllr S Zulu
Cllr KP Khumalo
Cllr CN Gumede
Cllr RG Ngcobo
Cllr MR Madlala
Cllr GM Phungula
Cllr AT Cutten
Cllr NS Shezi
Cllr P Naidoo
Cllr QT Mzimela

Registered office

Cnr Bram Fischer and Williamson Streets
Scottburgh
4180
www.umdoni.gov.za

Business address

Cnr Bram Fischer and Williamson Streets

General Information

	Scottburgh 4180
Postal address	P O Box 19 Scottburgh 4180
Bankers	Standard Bank
Auditors	Auditor General of South Africa Registered Auditors

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Index

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

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Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9 - 11
Accounting Policies	12 - 44
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COID	Compensation for Occupational Injuries and Diseases
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

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 she 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 set 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 municipalities 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. These financial statements are submitted under very challenging circumstances. The Municipality is experiencing labour interruptions since mid- April 2024. This labour interruption persisted in May 2024, June 2024 and early July 2024. In mid-July 2024, the Municipality was affected by community protests which has had an impact on the daily operations and service delivery to the residents. As at the date of submission of the annual financial statements the current situation of labour not working and the threat of community protests still persist

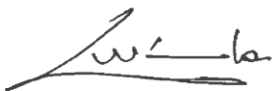
The accounting officer has reviewed the municipality cash flow forecast for the year to 30 June 2025 and, in the light of this review and the current financial position, she is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Accounting Officer also certifies that salaries, allowances and benefits of Councilors, loans made to Councilors, if any, and payments made to Councilors for loss of office as disclosed in the annual financial statements below are within the upper limits of the framework envisaged in Section 219 of the Constitution, read in conjunction with the Public Office Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The municipality is wholly dependent on its own and government grants 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.

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

The annual financial statements set out on pages 5-105, which 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:



Acting Accounting Officer
Mr NG Kumalo

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Position as at 30 June 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Cash and cash equivalents	2	146,398,454	161,185,362
Receivables from exchange transactions	3	29,145,233	30,472,700
Receivables from non-exchange transactions	4	69,199,190	57,646,321
Operating lease asset	5	181,654	94,665
		244,924,531	249,399,048
Non-Current Assets			
Investment property	6	7,511,458	7,905,845
Property, plant and equipment	7	656,382,947	643,488,622
Intangible assets	8	70,909	101,058
Heritage assets	9	261,011	261,011
		664,226,325	651,756,536
Total Assets		909,150,856	901,155,584
Liabilities			
Current Liabilities			
Payables from exchange transactions	10	59,246,615	64,240,962
Unspent conditional grants and receipts	11	6,935,351	8,642,416
Employee benefit obligation	12	2,408,999	2,399,999
Consumer deposits	13	2,526,458	2,486,799
Operating Lease liability	14	389,857	150,099
Finance lease obligation	16	-	130,377
		71,507,280	78,050,652
Non-Current Liabilities			
Provisions	15	16,649,221	9,439,317
Employee benefit obligation	12	30,495,000	28,468,000
Finance lease obligation	16	86,019	-
		47,230,240	37,907,317
Total Liabilities		118,737,520	115,957,969
Net Assets		790,413,336	785,197,615
Housing Development Fund		3,363,470	3,142,755
Accumulated surplus		787,049,866	782,054,860
Total Net Assets		790,413,336	785,197,615

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	17	11,151,173	10,575,025
Sale of goods and rendering of services	18	2,863,285	3,325,960
Rental of facilities and equipment	19	7,620,355	7,175,758
Interest received - Investments	20	14,607,648	13,513,478
Interest received - Receivables		1,876,589	1,528,041
Agency services	21	2,589,398	2,087,410
Operational revenue	22	533,412	1,352,423
Remeasurements relating to employee benefits	23	1,721,917	1,902,144
Proceeds from Insurance fund (Allocations in kind)	24	-	258,368
Construction contract revenue		708,696	-
Total revenue from exchange transactions		43,672,473	41,718,607
Revenue from non-exchange transactions			
Donation of Land Received	55	3,669,740	-
Fines, Penalties and Forfeits	28	1,198,393	1,301,542
Government grants & subsidies	27	234,571,100	224,836,212
Licences and Permits	26	2,952,602	6,863,600
Property rates	25	120,535,255	110,977,036
Property rates - Penalties and Interest	25	12,152,008	9,504,253
Total revenue from non-exchange transactions		375,079,098	353,482,643
Total revenue		418,751,571	395,201,250
Expenditure			
Employee related costs	29	(150,697,668)	(145,634,138)
Remuneration of councillors	30	(16,330,032)	(15,270,667)
Contracted services	31	(107,539,542)	(122,880,165)
Operational expenditure	35	(52,823,339)	(52,195,027)
Depreciation and amortisation	36	(41,485,136)	(34,778,700)
Reversal/(Impairment of cash and non-cash generating assets)	37	(4,572,741)	42,863,734
Finance costs	38	(927,123)	(588,219)
Lease rentals on operating lease	39	(2,433,948)	(1,650,418)
Debt impairment	40	(24,747,085)	(18,433,565)
Transfers and subsidies	41	(3,021,456)	(649,927)
Inventory Consumed	32	(7,056,403)	(4,711,953)
Bad debts written off	33	-	(9,056,500)
Loss on disposal of assets	34	(1,901,383)	(3,857,282)
Total expenditure		(413,535,856)	(366,842,827)
Surplus for the year		5,215,715	28,358,423

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Changes in Net Assets

Figures in Rand	Housing Development Fund	Accumulated surplus	Total net assets
Opening balance as previously reported	2,981,093	751,166,410	754,147,503
Adjustments			
Correction of errors	-	2,691,689	2,691,689
Balance at 01 July 2022 as restated*	2,981,093	753,858,099	756,839,192
Changes in net assets			
Surplus for the year	-	28,358,423	28,358,423
Write offs of debt to the housing development fund	161,662	(161,662)	-
Total changes	161,662	28,196,761	28,358,423
Restated* Balance at 01 July 2023	3,142,755	782,054,867	785,197,622
Changes in net assets			
Surplus for the year	-	5,215,715	5,215,715
Transfer of Interest earned to housing development fund	184,943	(184,943)	-
Transfer of rentals to the housing development fund	35,773	(35,773)	-
Total changes	220,716	4,994,999	5,215,715
Balance at 30 June 2024	3,363,470	787,049,866	790,413,336

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Property rates and taxes		95,279,257	93,993,311
Sale of goods and services		21,110,685	17,372,623
Government Grants and Subsidies		232,864,035	226,564,427
Interest Received: Receivables and Investments		28,636,245	24,545,774
		<u>377,890,222</u>	<u>362,476,135</u>
Payments			
Employee costs and Councillors		(161,639,376)	(153,763,686)
Suppliers		(170,931,981)	(195,392,701)
Finance costs		(5,753)	(19,261)
Transfer and Subsidies Paid		(3,021,456)	(649,927)
		<u>(335,598,566)</u>	<u>(349,825,575)</u>
Net cash flows from operating activities	43	<u>42,291,656</u>	<u>12,650,560</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	7	(57,562,670)	(43,926,656)
Proceeds from sale of property, plant and equipment	7	532,105	445,239
Purchase of other intangible assets	8	(3,640)	-
Net cash flows from investing activities		<u>(57,034,205)</u>	<u>(43,481,417)</u>
Cash flows from financing activities			
Finance lease payments		(44,358)	(249,035)
Net increase/(decrease) in cash and cash equivalents		<u>(14,786,907)</u>	<u>(31,079,892)</u>
Cash and cash equivalents at the beginning of the year		161,185,362	192,265,258
Cash and cash equivalents at the end of the year	2	<u>146,398,455</u>	<u>161,185,366</u>

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Original	Budget	Final	Shifting of	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	budget	adjustments	adjustments	funds (i.t.o.	(i.t.o. council		outcome	expenditure		outcome	outcome
		(i.t.o. s28 and s31 of the MFMA)	budget	s31 of the MFMA)	approved policy)					as % of final budget	as % of original budget
2024											
Financial Performance	128,180,834	446,598	128,627,432	-		128,627,432	120,535,255		(8,092,177)	94 %	94 %
Property rates	12,958,773	5,152	12,963,925	-		12,963,925	11,151,174		(1,812,751)	86 %	86 %
Service charges	8,276,014	2,223,987	10,500,001	-		10,500,001	14,607,648		4,107,647	139 %	177 %
Investment revenue	189,779,300	11,761,279	201,540,579	-		201,540,579	195,691,618		(5,848,961)	97 %	103 %
Transfers recognised - operational	28,954,225	380,240	29,334,465	-		29,334,465	34,216,656		4,882,191	117 %	118 %
Other own revenue	368,149,146	14,817,256	382,966,402	-		382,966,402	376,202,351		(6,764,051)	98 %	102 %
Total revenue (excluding capital transfers and contributions)											
Employee costs	(169,703,919)	449,309	(169,254,610)	-	-	(169,254,610)	(149,860,663)	-	19,393,947	89 %	88 %
Remuneration of councillors	(16,477,969)	-	(16,477,969)	-	-	(16,477,969)	(16,330,032)	-	147,937	99 %	99 %
Debt impairment	(7,000,000)	-	(7,000,000)			(7,000,000)	(24,747,086)	-	(17,747,086)	354 %	354 %
Depreciation and asset impairment	(42,943,501)	(929,766)	(43,873,267)			(43,873,267)	(46,057,877)	-	(2,184,610)	105 %	107 %
Finance charges	-	(2,771)	(2,771)	-	-	(2,771)	(1,764,137)	-	(1,761,366)	63,664 %	DIV/0 %
Materials and bulk purchases	(7,509,488)	(1,329,940)	(8,839,428)	-	-	(8,839,428)	(7,056,403)	-	1,783,025	80 %	94 %
Transfers and grants	(4,483,137)	557,510	(3,925,627)	-	-	(3,925,627)	(3,021,456)	-	904,171	77 %	67 %
Other expenditure	(200,910,140)	(12,669,077)	(213,579,217)	-	-	(213,579,217)	(164,698,207)	-	48,881,010	77 %	82 %
Total expenditure	(449,028,154)	(13,924,735)	(462,952,889)	-	-	(462,952,889)	(413,535,861)	-	49,417,028	89 %	92 %
Surplus/(Deficit)	(80,879,008)	892,521	(79,986,487)	-		(79,986,487)	(37,333,510)		42,652,977	47 %	46 %

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Reported	Expenditure	Balance to be	Restated	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	unauthorised	authorised in	recovered	audited	(i.t.o. council		outcome	expenditure		outcome	outcome
	expenditure	terms of		outcome	approved					as % of	as % of
		section 32 of			policy)					final	original
		MFMA								budget	budget
Transfers recognised - capital	39,943,700	1,027,722	40,971,422	-		40,971,422	42,549,222		1,577,800	104 %	107 %
Surplus (Deficit) after capital transfers and contributions	(40,935,308)	1,920,243	(39,015,065)	-		(39,015,065)	5,215,712		44,230,777	(13)%	(13)%
Surplus/(Deficit) for the year	(40,935,308)	1,920,243	(39,015,065)	-		(39,015,065)	5,215,712		44,230,777	(13)%	(13)%
Financial Position											
Total current assets	404,945,880	(151,251,134)	253,694,746	-		253,694,746	245,103,306		(8,591,440)	97 %	61 %
Total non-current assts	701,936,030	(34,164,941)	667,771,089	-		667,771,089	664,226,330		(3,544,759)	99 %	95 %
Total current liabilities	(133,011,134)	8,427,161	(124,583,973)	-		(124,583,973)	(71,597,178)		52,986,795	57 %	54 %
Total non-current liabilities	(54,051,170)	(3,201,342)	(57,252,512)	-		(57,252,512)	(47,319,109)		9,933,403	83 %	88 %
Community wealth / equity	(919,819,606)	180,190,256	(739,629,350)	-		(739,629,350)	(788,567,043)		(48,937,693)	107 %	86 %
Capital expenditure and funds sources											
Total capital expenditure	54,355,578	3,235,634	57,591,212	-		57,591,212	51,550,608		(6,040,604)	90 %	95 %
Sources of capital funds											
Transfers recognised - capital	34,733,654	945,845	35,679,499	-		35,679,499	33,971,823		(1,707,676)	95 %	98 %
Internally generated funds	19,621,924	2,289,789	21,911,713	-		21,911,713	17,578,785		(4,332,928)	80 %	90 %
Total sources of capital funds	54,355,578	3,235,634	57,591,212	-		57,591,212	51,550,608		(6,040,604)	90 %	95 %

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Statement of Comparison of Budget and Actual Amounts

Figures in Rand

	Reported	Expenditure	Balance to be	Restated	Virement	Final budget	Actual	Unauthorised	Variance	Actual	Actual
	unauthorised	authorised in	recovered	audited	(i.t.o. council		outcome	expenditure		outcome	outcome
	expenditure	terms of		outcome	approved					as % of	as % of
		section 32 of			policy)					final	original
		MFMA								budget	budget
Cash flows											
Net cash from (used) operating	59,666,130	(29,253,682)	30,412,448	-		30,412,448	42,291,656		11,879,208	139 %	71 %
Net cash from (used) investing	(52,501,041)	(13,934,972)	(66,436,013)	-		(66,436,013)	(57,034,205)		9,401,808	86 %	109 %
Net cash from (used) financing	10,000	(130,377)	(120,377)	-		(120,377)	(44,358)		76,019	37 %	(444)%
Net increase/(decrease) in cash and cash equivalents	7,175,089	(43,319,031)	(36,143,942)	-		(36,143,942)	(14,786,907)		21,357,035	41 %	(206)%
Cash and cash equivalents at the beginning of the year	254,939,395	(93,754,033)	161,185,362	-		161,185,362	161,185,362		-	100 %	63 %
Cash and cash equivalents at year end	262,114,484	(137,073,064)	125,041,420	-		125,041,420	146,398,455		(21,357,035)	117 %	56 %

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Accounting Policies

Figures in Rand	Note(s)	2024	2023
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1. Presentation of Annual Financial Statements

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

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

Changes in Accounting Policy and Comparability

Accounting policies have been consistency applied, except where otherwise indicated below.

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

These accounting policies are consistent with the previous period.

STANDARDS APPROVED AND EFFECTIVE FOR 2023/24 FINANCIAL YEAR

The following GRAP standards have been approved and effective to the municipality for the 2023/24 financial year:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 5	Borrowing Costs
GRAP 9	Revenue from Exchange Transactions
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events After the Reporting Date
GRAP 16	Investment Property
GRAP 17	Property Plant and Equipment
GRAP 18	Segment Reporting
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 20	Related Party Disclosures
GRAP 21	Impairment of Non -Cash Generating Assets
GRAP 23	Revenue from Non- Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 25	Employee Benefits(Revised)
GRAP 26	Impairment of Cash-Generating Assets
GRAP 31	Intangible Assets
GRAP 103	Heritage Assets
GRAP 104	Financial Instruments
GRAP 108	Statutory Receivables
GRAP 109	Accounting by Principals and Agents

Accounting Policies

INTERPRETATIONS OF STANDARDS OF GRAP APPROVED AND EFFECTIVE FOR 2023/24 FINANCIAL YEAR

IGRAP 1 Applying the Probability Test on Initial Recognition of Revenue
IGRAP 2 Changes in Existing Decommissioning, Restoration and Similar Liabilities
IGRAP 3 Determining whether an arrangement contains a lease
IGRAP 4 Rights to interests arising from decommissioning, restoration and environmental rehabilitation funds
IGRAP 5 Applying the restatement approach under the Standard of GRAP on financial reporting in hyperinflationary economies
IGRAP 7 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
IGRAP 8 Agreements for the Construction of Assets from Exchange Transactions
IGRAP 9 Distributions of Non-cash Assets to Owners
IGRAP 10 Assets Received from Customers
IGRAP 13 Operating Leases – Incentives
IGRAP 14 Evaluating the Substance of Transactions Involving the Legal Form of a Lease
IGRAP 15 Revenue – Barter Transactions Involving Advertising Services
IGRAP 16 Intangible Assets – Website Costs
IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset
IGRAP 18 Recognition and Derecognition of Land
IGRAP 19 Liabilities to Pay Levies
IGRAP 20 Accounting for Adjustments to Revenue
IGRAP 21 The Effect of Past Decisions on Materiality

Standards approved and not yet effective:

GRAP 103 (as revised): Heritage Assets

GRAP 104 (as revised): Financial Instruments

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the annual financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

The following are the critical judgements, apart from those involving estimations, that the management have made in the process of applying the municipality's Accounting Policies and that have the most significant effect on the amounts recognised in Annual Financial Statements:

Receivables from exchange and non-exchange transactions

The municipality assesses its trade and other receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the surplus makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade and other receivables is calculated on an individual and group portfolio basis, based on historical collection levels and other indicators present at the reporting date that correlate with relevant portfolio.

Impairment testing

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value in-use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the assumption may change which may then impact our estimations and may then require a material adjustment to the carrying value of the tangible assets.

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets.

Accounting Policies

1.1 Significant judgements and sources of estimation uncertainty (continued)

Impairment : Write down of Property Plant and Equipment and Inventories

Accounting Policy 1.10 on Impairment of Financial Assets describes the process followed to determine the value by which financial assets should be impaired. In making the estimation of the impairment, the management of the municipality considered the detailed criteria of impairment of financial assets as set out in GRAP 104: Financial Instruments and used its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of the reporting period. The management of the municipality is satisfied that the impairment of financial assets recorded during the year is appropriate.

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 15 - Provisions.

Useful lives of property, plant and equipment

As described in Accounting Policy 1.5, the municipality depreciates over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use. The useful lives and residual values of the assets are based on industry knowledge.

Defined benefit plan liabilities

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 12.

As described in Accounting Policy 1.20, the municipality obtains actuarial valuations of its defined benefit plan liabilities. The defined benefit obligations of the municipality that were identified are Post-retirement Health Benefit Obligations and Long-service Awards. The estimated liabilities are recorded in accordance with the requirements of GRAP 25. Details of the liabilities and the key assumptions made by the actuaries in estimating the liabilities are provided in Notes 13 and 27 to the Annual Financial Statements.

Allowance for doubtful debts

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

Impairment of statutory receivables

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

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

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

1.2 Presentation currency

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

Accounting Policies

1.3 Going concern assumption

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

1.4 Materiality

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Housing development fund

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the 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 the 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.

1.6 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

Accounting Policies

1.6 Property, plant and equipment (continued)

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

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

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

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

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

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

Item	Depreciation method	Average useful life
Land	Straight line	Indefinite
Buildings	Straight line	25-30 years
Street lighting	Straight line	35 years
Plant and machinery	Straight line	4-50 years
Furniture and fixtures	Straight line	5-50 years
Motor vehicles	Straight line	2-30 years
IT equipment	Straight line	2-35 years
Traffic signs	Straight line	9-55 years
Landfill Site	Straight line	42-55 years
Community Assets	Straight line	2-65 years
Other property, plant and equipment	Straight line	10-30 years
Artwork	Straight line	3-60 years
Transport assets	Straight line	2-30 years
Bins and containers	Straight line	10-30 years
Other property, plant and equipment	Straight line	10-30 years
Leased Motor vehicles	Straight line	3-5 years
Electricity	Straight line	10-25 years
Stormwater	Straight line	20-80 years
Roads municipal asphalt surface	Straight line	9-80 years
Roads municipal asphalt basis	Straight line	9-80 years
Roads municipal concrete surface	Straight line	4-50 years
Roads municipal concrete basis	Straight line	4-50 years
Roads municipal gravel surface	Straight line	4-50 years
Kerb and channels	Straight line	12-90 years
Retaining walls	Straight line	25-60 years
Pedestrian footpaths	Straight line	25-30 years

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

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

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

The municipality assesses at each reporting date, based on the indicators present in accordance with GRAP 17, 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.

Accounting Policies

1.6 Property, plant and equipment (continued)

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.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

1.7 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

Subsequent Measurement

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

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

Item	Useful life
Property - buildings	30 years

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.

Accounting Policies

1.8 Intangible assets (continued)

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.

Subsequent Measurement - Cost Model

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The estimated useful life, residual values and amortisation method are reviewed annually at the end of the financial year. Any adjustments arising from the annual review are applied prospectively as a change in accounting estimate in the Statement of Financial Performance.

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.

Derecognition

Intangible assets 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 on the disposal or retirement of an intangible asset is determined as the difference between the net disposals proceeds and the carrying value and is recognised in the Statement of Financial Performance.

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.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Item	Useful life
Computer software, other	5 years

Intangible assets are derecognised:

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

The gain or loss arising from the derecognition of an intangible assets is included in surplus or deficit when the asset is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback).

Accounting Policies

1.9 Heritage assets

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

Carrying amount is the amount at which an asset is recognised after deducting accumulated impairment losses.

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

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

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

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

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

An impairment loss of a cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable amount.

An impairment loss of a non-cash-generating asset is the amount by which the carrying amount of an asset exceeds its recoverable service amount.

An inalienable item is an asset that an municipality is required by law or otherwise to retain indefinitely and cannot be disposed of without consent.

Recoverable amount is the higher of a cash-generating asset's net selling price and its value in use.

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

Value in use of a cash-generating asset is the present value of the future cash flows expected to be derived from an asset or cash-generating unit.

Value in use of a non-cash-generating asset is the present value of the asset's remaining service potential.

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

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements.

Recognition

The municipality recognises a heritage asset as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the municipality, and the cost or fair value of the asset can be measured reliably.

Accounting Policies

1.9 Heritage assets (continued)

Initial measurement

Heritage assets are measured at cost.

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

The cost of an item of heritage assets is recognised as an asset if, and only if it is probable that future economic benefits or service potential associated with the item will flow to the municipality, and if the cost or fair value of the item can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date or in the case of assets acquired by grant or donation, deemed cost, being the fair value of the asset on initial recognition. The cost of an item of heritage assets 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 by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

The cost of an item of heritage assets acquired in exchange for a non-monetary assets or monetary assets, or a combination of monetary and non-monetary assets is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. If the acquired item could not be measured at its fair value, its cost is measured at the carrying amount of the asset given up.

Subsequent measurement

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

Subsequent expenditure relating to heritage assets is capitalised if it is probable that future economic benefits or potential service delivery associated with the subsequent expenditure will flow to the entity and the cost or fair value of the subsequent expenditure can be reliably measured. Subsequent expenditure incurred on an asset is only capitalised when it increases the capacity or future economic benefits associated with the asset. Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component.

Subsequently all heritage assets are measured at cost, less accumulated impairment losses. Heritage assets are not depreciated.

Impairment

The municipality assess at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised.

Gains or losses are calculated as the difference between the carrying value of assets (cost less accumulated impairment losses) and the disposal proceeds is included in the Statement of Financial Performance as a gain or loss on disposal of heritage assets.

1.10 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.

Accounting Policies

1.10 Financial instruments (continued)

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

A concessionary loan is a loan granted to or received by an entity on terms that are not market related.

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

Derecognition is the removal of a previously recognised financial asset or financial liability from an entity's statement of financial position.

A derivative is a financial instrument or other contract with all three of the following characteristics:

- Its value changes in response to the change in a specified interest rate, financial instrument price, commodity price, foreign exchange rate, index of prices or rates, credit rating or credit index, or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract (sometimes called the 'underlying').
- It requires no initial net investment or an initial net investment that is smaller than would be required for other types of contracts that would be expected to have a similar response to changes in market factors.
- It is settled at a future date.

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Loan commitment is a firm commitment to provide credit under pre-specified terms and conditions.

Loans payable are financial liabilities, other than short-term payables on normal credit terms.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

Accounting Policies

1.10 Financial instruments (continued)

- equity instruments or similar forms of unissued capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at amortised cost are non-derivative financial assets or non-derivative financial liabilities that have fixed or determinable payments, excluding those instruments that:

- the entity designates at fair value at initial recognition; or
- are held for trading.

Financial instruments at cost are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured.

Financial instruments at fair value comprise financial assets or financial liabilities that are:

- derivatives;
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

The municipality has various types of financial instruments and these can be broadly categorised as either financial assets, financial liabilities or residual interests in accordance with the substance of the contractual agreement. The municipality only recognises a financial instrument when it becomes a party to the contractual provisions of the instrument.

Initial recognition

Financial assets and financial liabilities are recognised on the entity's Statement of Financial Position when the entity becomes party to the contractual provisions of the instrument. The Entity does not offset a financial asset and a financial liability unless a legally enforceable right to set off the recognised amounts currently exist, and the entity intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Fair value methods and assumptions

The fair values of financial instruments are determined as follows:

The fair values of quoted investments are based on current bid prices.

If the market for a financial asset is not active (and for unlisted securities), the municipality establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

The effective interest rate method

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Amortised cost

Amortised cost is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility.

1.11 Statutory receivables

Identification

Accounting Policies

1.11 Statutory receivables (continued)

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

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

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

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

The transaction amount (for purposes of this Standard) for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Other charges

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

Impairment losses

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

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

- Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.
- It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.
- A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).
- Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

Accounting Policies

1.11 Statutory receivables (continued)

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

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

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

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

Derecognition

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

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

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

1.12 Inventories

Initial recognition

Inventories comprise of housing stock and consumable stores. Inventories are recognised at the weighted average method. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition.

Where inventory is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of the item on the date acquired.

Subsequent measurement

Consumable stores, raw materials, work-in-progress and finished goods are valued at the lower of cost and net realisable value. In general, the basis of determining cost is the weighted average cost of commodities. If inventories are to be distributed at no charge or for a nominal charge they are valued at the lower of cost and net realisable value.

Redundant and slow-moving inventories are identified and written down from cost to net realisable value with regard to their estimated economic or realisable values and sold by public auction. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses. Differences arising on the valuation of inventory are recognised in the Statement of Financial Performance in the year in which they arose. The amount of any reversal of any write-down of inventories arising from an increase in net realisable value or current replacement cost is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Accounting Policies

1.13 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

General

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the municipality's activities.

The municipality recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the municipality and when specific criteria have been met for each of the municipalities' activities as described below. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the transaction have been resolved. The municipality bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

Service Charges

Service charges relating to refuse removal are recognised on a monthly basis by applying the approved tariff to each property. 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.

Tariff charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff. This includes the issuing of licenses and permits.

Income from Agency Services

Income for 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 the agency agreement.

Sale of Goods

- The municipality has transferred to the buyer the significant risks and rewards of ownership of the goods.
- The municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality.
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rentals

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

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

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

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

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

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

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

The municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain. Such revenue is based on legislated procedures.

1.15 Provisions and contingencies

Provisions are recognised when:

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

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 losses.

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

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

Accounting Policies

1.15 Provisions and contingencies (continued)

Provisions are reviewed at reporting date and the amount of a provision is the present value of the expenditure expected to be required to settle the obligation. When the effect of discounting is material, provisions are determined by discounting the expected future cash flows that reflect current market assessments of the time value of money. The impact of the periodic unwinding of the discount is recognised in the Statement of Financial Performance as a finance cost as it occurs.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

The municipality treats its provision for leave pay as an accrual. The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 53.

Provision for staff leave:

The municipality treats its provision for leave pay as an accrual.

The costs of all short-term employee benefits such as leave pay, are recognised during the period in which the employee renders the related service. The liability for leave pay is based on the total accrued leave days at year end and is shown as a creditor in the Statement of Financial Position.

Provision for refuse site rehabilitation:

The Municipality has an obligation to rehabilitate its landfill sites in terms of its license stipulations. Provision is made for this obligation based on the net present value of cost. The cost factors as determined in terms of the Municipal Landfill Closure Costing Module and calculated annually have been applied

1.16 Cash and cash equivalents

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of twelve months or less or more and are subject to an insignificant risk of change in value unless the purpose and nature of such investments are for capital appreciation purposes and not held for operational activities as deemed by management.

Cash and cash equivalents in the cash flow statement comprise cash on hand, deposits held on call with banks.

Bank overdrafts are recorded at the current value of the utilisation of approved facilities from the Municipality's bankers. Finance charges on bank overdrafts are expensed as incurred.

1.17 Unauthorised expenditure

Unauthorised expenditure means 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 the form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No 56 of 2003)

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

Accounting Policies

1.18 Irregular expenditure

In accordance with Section 1 of the MFMA, irregular expenditure, in relation to a municipality, means:

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170;
- (b) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act;
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or
- (d) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws giving effect to such policy, and which has not been condoned in terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

In this context 'expenditure' refers to any use of municipal funds that is in contravention of the following legislation:

- (a) Municipal Finance Management Act, Act 56 of 2003, and its regulations;
- (b) Municipal Systems Act, Act 32 of 2000, and its regulations;
- (c) Public Office-Bearers Act, Act 20 of 1998, and its regulations; and
- (d) The municipality's supply chain management policy, and any by-laws giving effect to that policy

Irregular expenditure that was incurred and identified during the current financial and which was written off before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register, with the disclosure as such being made to the note in the annual financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which write-off is being awaited at year end must be recorded in the irregular expenditure register, with the disclosure as such being made to the note in the annual financial statements.

Irregular expenditure is accounted for as an expense in the Statement of Financial Performance in the period it occurred and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

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

1.19 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.20 Employee benefits

Retirement Benefits :

The municipality provides retirement benefits for its employees. Contributions are made to the Natal Joint Municipal Pension Fund to fund the obligations for the payment of retirement benefits.

Post- retirement health care benefits :

The municipality has an obligation to provide Post-retirement Health Care Benefits to certain of its retirees. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service), on retirement, is entitled to remain a continued member of the Medical Aid Fund, in which case the municipality is liable for a certain portion of the medical aid membership fee.

The defined benefit liability is the aggregate of the present value of the defined benefit obligation and unrecognised actuarial gains and losses, reduced by unrecognised past service costs. The plan is unfunded. The present value of the defined benefit obligation is calculated using the projected unit credit method, incorporating actuarial assumptions and a discount rate based on the government bond rate. Valuations of these obligations are carried out every year by independent qualified actuaries.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Accounting Policies

1.20 Employee benefits (continued)

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

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

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Multi-employer plans and/or State plans and/or Composite social security programmes

The entity classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the entity accounts for in the same way as for any other defined contribution plan.

Where a plan is a defined benefit plan, the entity account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the entity account for the plan as if it was a defined contribution plan.

Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service:

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

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

Accounting Policies

1.20 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognise actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognise past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measure the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determine the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;

Accounting Policies

1.20 Employee benefits (continued)

- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
 - those changes were enacted before the reporting date; or
 - past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Accounting Policies

1.20 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.21 Deposits

Deposits received by the municipality are in terms of the approved tariff of charges by Council. These mainly relate to the use of community facilities and verge deposits, amongst others

Unidentified Direct Deposits relate to deposits made by the public into the municipality's bank account, which due to a lack of information made during the deposit process, cannot be traced to the relevant debtor. A register is maintained for all Unidentified Direct Deposits. Should all attempts prove fruitless in the identification of the relevant debtor and the amount remains unclaimed by the debtor after a time lapse of two years has occurred, these values are transferred to accumulated surplus.

1.22 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Accounting Policies

1.22 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

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

1.23 Budget information

The annual budget figures have been prepared in accordance with the GRAP 24 standard and are consistent with the accounting policies adopted by the Council for the preparation of these financial statements. The amounts are scheduled as a separate additional financial statement, called the Statement of Comparison of Budget and Actual amounts. Explanatory comment is provided in the notes to the annual financial statements giving firstly reasons for overall growth or decline in the budget and secondly motivations for over- or underspending on line items. The annual budget figures included in the financial statements are for the Municipality. These figures are those approved by the Council at the beginning and during the year. The budget is approved on an accrual basis by nature classification.

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

The approved budget covers the fiscal period from 2023/06/30 to 2024/06/30.

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

1.24 Prior year adjustments

Restatements are effected to prior period comparatives resulting in the reclassification of prior period disclosure when the presentation or classification of items in the annual financial statements is amended. The nature and reason for the reclassification are disclosed.

Accounting Policies

1.25 Value Added Tax

Value added taxation

VAT is an indirect tax based on consumption of goods and services in the economy. Revenue is raised for the government by requiring certain traders or vendors to register and to charge VAT on taxable supplies of goods or services. The essential characteristics of VAT are:

- it is charged at each stage of the production and distribution process;
- the taxable person (vendor) may deduct the tax paid during the preceding stages; and
- the burden of the tax is on the final consumer.

The municipality renders goods and services to consumers, it is responsible to collect taxes from its consumers for the goods and services provided. The municipality (VAT vendor) is a deemed debtor to the national government when collecting and remitting VAT.

The municipality is registered to declare VAT transactions on the cash basis to SARS. The municipality is liable to account for VAT at the standard rate (15%) in terms of section 7 (1) (a) of the VAT Act in respect of the supply of goods or services, except where the supplies are specifically zero-rated in terms of section 11, exempted in terms of section 12 of the VAT Act or is out of scope for VAT purposes. The municipality accounts for VAT on a monthly basis and VAT is settled between the VAT vendor and SARS, based on the cash collected by the municipality and the cash paid by the municipality.

VAT Receivable due/from SARS:

In accordance with GRAP 108, the VAT Receivable to/from SARS is considered to be a statutory arrangement, as this is based on legislation, being the VAT Act.

Taking into account that the VAT due/from to the national government by the municipality (VAT vendor) results in a deemed debtor-creditor relationship, it is therefore considered to be a receivable or payable from exchange transaction.

VAT Accrual:

In accordance with GRAP, the municipality recognises transactions on an accrual basis of accounting. Therefore, the transaction between the municipality and customer includes the provision of goods or services in cash or credit; and the levying and/or collection of VAT by the municipality from the customer.

Similarly, the transaction between the municipality and the supplier includes the supply of goods or services in cash or credit; and the obligation to recognise VAT by the supplier to the municipality from the customer.

The VAT accrual accounts therefore does not represent amounts to be received or paid to SARS, but rather amounts that are associated with transactions that are yet to be settled. As a result, the accrual transactions are considered to be contractual in nature, and therefore do not meet the definition of a statutory arrangement. As there is no transaction to "settle" with a specific counterparty at this point, the municipality considers the offsetting of the amounts as inappropriate, and has separately disclosed these transactions in the notes to the annual financial statements.

Input VAT Accrual represents amounts that are yet to be claimed from SARS, subject to settlement of the outstanding creditors by the municipality. This therefore shall be disclosed as a receivable from exchange transaction in accordance with GRAP 9.

Output VAT Accrual represents amounts that are yet to be paid to SARS, subject to collection from outstanding debtors of the municipality. This shall be accounted for as a trade and other payables in accordance with GRAP 19.

The municipality shall test the output VAT accrual for impairment, and account for this impairment in accordance with the impairment methodology for receivable from exchange and non-exchange transactions.

1.26 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).

Accounting Policies

1.26 Events after reporting date (continued)

Events after the reporting date that are classified as adjusting events have been accounted for in the Annual Financial Statements. The events after the reporting date that are classified as non-adjusting events after the reporting date have been disclosed in the notes to the Annual Financial Statements.

1.27 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

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

1.28 Capital commitments

Items are classified as commitments where the municipality commits itself to the future transactions that will normally result in the outflow of resources.

Capital commitments are not recognised in the statement of financial position as a liability but are included in the disclosure notes in the following cases:

Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date, where disclosure is required by the specific standard of GRAP

Accounting Policies

1.28 Capital commitments (continued)

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the municipality designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

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 test 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.

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Accounting Policies

1.28 Capital commitments (continued)

Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Accounting Policies

1.28 Capital commitments (continued)

Reversal of impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.29 Borrowing costs

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

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

1.30 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).

Accounting Policies

1.30 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as 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.

1.31 Impairment of non-cash-generating assets

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

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

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

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

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

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

Accounting Policies

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

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

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

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

Useful life is either:

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

Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of Non-cash-generating assets.

Identification

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

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

Irrespective of whether there is any indication of impairment, the entity also test a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service 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 non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

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

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Reversal of an impairment loss

The municipality assess at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.32 Comparative figures

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

1.33 Offsetting

Financial assets and liabilities are offset and the net amount reported on the Statement of financial position only when there is a legally enforceable right to set off the recognised amount, and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously.

1.34 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Accounting Policies

1.34 Segment information (continued)

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.35 Comparative of actual information to budgeted information

The annual budget figures have been prepared in accordance with the Municipal Budget and Reporting Regulations, 2009. A comparative of actual to budgeted amounts are reported in a separate additional financial statement, called the Statement of comparison of budget and actual amounts. Explanatory comment is provided in the notes to the statement giving motivations for over- or under spending on line items where it is found to be material. The budgeted figures are those approved by the Council at the beginning and during the year following a period of consultation with the public as part of the Integrated Development Plan. The budget is prepared and approved on an accrual basis by nature classification. The approved budget covers the period from 01 July 2023 to 30 June 2024. In general, a difference of 10% or more is considered material, although the surrounding circumstances are taken into account if it could influence the decisions or assessments of the users of the annual financial statements in determining whether a difference between the budgeted and actual amount is material.

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Figures in Rand	2024	2023
2. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	278	278
Bank balances	14,993,307	17,695,835
Other cash and cash equivalents	131,404,869	143,489,249
	146,398,454	161,185,362

The Municipality has following facilities for the Main standard bank account no 052791688 which expire of 31 July 2025 : Financial Gaurantee R184 100 ,Gaurantee Given R464 100 , Fleet Gaurantee R700 000 and Performance Gaurantee R10 000

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2024	30 June 2023	30 June 2022	30 June 2024	30 June 2023	30 June 2022
ABSA BANK - Investment - 92-3600-6170	22,716,955	21,149,771	20,003,216	22,716,955	21,149,771	20,003,216
FIRST NATIONAL BANK - Investment - 62-2251-55391	23,250,604	21,517,722	20,247,669	23,250,604	21,517,722	20,247,669
STANDARD BANK - Investment- 5876211 6/007	23,301,170	3,301,170	10,112,380	23,301,170	3,301,170	10,112,380
STANDARD BANK - Investment- 5876211 6/015	12,244,012	4,429,047	5,107,973	12,244,012	4,429,047	5,107,973
NEDBANK - Investment - 78810177 59/94	38,243,041	54,047,040	97,494,503	38,243,041	54,047,040	97,494,503
STANDARD BANK - Investment- 88762116/028	5,926,354	35,157,686	21,306,762	5,926,354	35,157,686	21,306,762
NEDBANK - Investment - 78810177 59/130	-	-	3,007,038	-	-	3,007,038
STANDARD BANK - Cheque - 052791 688-Primary BankAccount	14,993,307	17,695,837	8,747,287	14,993,307	17,695,837	8,747,287
Cash on Hand	-	278	278	-	278	278
STANDARD BANK - Investment- 88762116/029	4,390,258	789,578	738,155	4,390,258	789,578	738,155
STANDARD BANK - Investment- 88762116/027	-	-	5,500,000	-	-	5,500,000
STANDARD BANK - Investment- 058762116/032	-	3,097,233	-	-	3,097,233	-
STANDARD BANK - Investment- 058762116/035	1,332,753	-	-	1,332,753	-	-
Total	146,398,454	161,185,362	192,265,261	146,398,454	161,185,362	192,265,261

3. Receivables from exchange transactions

Gross balances

Salary debtor	1,476,358	1,476,358
Refuse	17,625,469	14,272,273
Sundry debtors	29,262,733	22,376,364
Department of Transport - accrued revenue	810,943	633,254
Input VAT Accrual on Outstanding Creditors	11,591,100	2,555,059
VAT Receivable - Due from SARS	1,241,531	15,484,910
	62,008,134	56,798,218

uMdoni Municipality

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Figures in Rand	2024	2023
3. Receivables from exchange transactions (continued)		
Less: Allowance for impairment		
Salary Debtor	(1,327,570)	(1,327,570)
Refuse	(12,491,978)	(9,581,460)
Sundry Debtors	(19,043,353)	(15,416,488)
	(32,862,901)	(26,325,518)
Net balance		
Salary debtor	148,788	148,788
Refuse	5,133,491	4,690,813
Sundry debtors	10,219,380	6,959,876
Department of Transport - accrued revenue	810,943	633,254
Input VAT Accrual on Outstanding Creditors	11,591,100	2,555,059
VAT Receivable - Due from SARS	1,241,531	15,484,910
	29,145,233	30,472,700
The amount of R 5 075 295 under Sundry debtors relates to long outstanding historic balance regarding powers and functions and refuse. The amount has been fully impaired to date. The amount is under investigation, which the municipality is seeking council to write off.		
VAT Receivable - Due from SARS		
Current (0 -30 days)	1,241,531	15,044,280
31 - 60 days	-	440,630
	1,241,531	15,484,910
Salary Debtor		
Current (0 -30 days)	148,788	148,788
Refuse		
Current (0 -30 days)	1,132,265	1,091,584
31 - 60 days	327,541	315,169
61 - 90 days	314,609	267,343
91 - 120 days	281,384	261,926
121 - 365 days	15,569,670	12,336,251
	17,625,469	14,272,273
Sundry Debtors		
Current (0 -30 days)	1,211,144	2,136,951
31 - 60 days	1,102,275	691,373
61 - 90 days	797,169	694,271
91 - 120 days	622,122	572,032
121 - 365 days	25,530,023	18,281,737
	29,262,733	22,376,364
Department of transport-Accrued revenue		
Current (0 -30 days)	810,943	633,254
Input VAT Accrual on Outstanding Creditors		
Current (0 -30 days)	11,591,100	2,555,059

uMdoni Municipality

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Figures in Rand	2024	2023
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3. Receivables from exchange transactions (continued)

Statutory receivables included in receivables from exchange transactions are as follows, on a gross basis:

VAT Receivable - Due from SARS	1,241,531	15,484,910
	1,241,531	15,484,910

Statutory receivables that are past due and impaired included in receivables from exchange transactions are as follows:

Vat Receivable - Due from SARS	-	8,094,870
	-	8,094,870

Statutory receivables included in receivables from exchange transactions above are as follows, net of impairment:

Vat Receivable -Due From SARS	1,241,531	7,390,040
	1,241,531	7,390,040

4. Receivables from non-exchange transactions

Gross Debtors

Fines	14,010,691	12,896,241
Property Rates	162,182,700	132,686,361
	176,193,391	145,582,602

Impairment

Traffic fine impairment	(13,810,038)	(12,606,242)
Property Rates impairment	(93,184,163)	(75,330,039)
	(106,994,201)	(87,936,281)

Net Debtors

Traffic Fines	200,653	289,999
Property Rates	68,998,537	57,356,322
	69,199,190	57,646,321

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4. Receivables from non-exchange transactions (continued)

Statutory receivables included in receivables from non-exchange transactions are as follows, on a gross basis:

Traffic Fines	14,010,691	12,896,241
Property rates - Residential	101,089,315	87,375,809
Property rates - Informal Settlements	452,652	411,782
Property rates - Vacant land	13,270,984	9,275,590
Property rates - Industrial	1,814,856	1,809,489
Property rates - Business and Commercial	20,371,669	16,105,687
Property rates - Agriculture	14,018,442	11,347,872
Property rates - State Owned Properties	378,471	348,553
Property rates - Public Service Infrastructure	3,165,189	2,919,972
Property rates - Institutional	473,497	476,688
Property rates - Public Service Purposes	7,057,500	2,571,704
Property rates - Public Benefit Organisations	90,125	43,215
	176,193,391	145,582,602

Traffic fines are issued to offenders in terms of the Criminal Procedures Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by determining the value of the fine to be paid on initial recognition, and accounting for subsequent measurement by taking into account reductions and discounts made to the value of the fine payable in terms of the court of law. No interest is charged on outstanding fines, and any additional penalties applied by the court is paid by the offender to the court directly, and is therefore not considered to be revenue for the municipality.

Property rates is levied in terms of the Municipal Property Rates Act, hence this is therefore recognised as a statutory receivable. The receivable is calculated by applying the Council approved rates randages against the valuation of individual properties within the municipality jurisdiction. Council approved rebates and exemptions are further applied to reduce the receivable. Interest is applied on outstanding debt, and is linked to the current prime interest rate + 1%.

Statutory receivables that are past due and impaired included in receivables from non-exchange transactions are as follows:

Fines	(13,810,038)	(12,606,242)
Property rates - Residential	(61,522,099)	(52,830,969)
Property rates - Informal Settlements	(369,009)	(303,835)
Property rates - Vacant Land	(5,882,708)	(3,293,558)
Property rates -Agriculture	(9,221,356)	(7,178,621)
Property rates - Industrial	(362,171)	(320,927)
Property rates - Business and Commercial	(9,340,456)	(7,003,460)
Property rates - State Owned Properties	(364,998)	(329,015)
Property rates - Public Service Infrastructure	(3,164,442)	(2,919,707)
Property rates - Public Service Purposes	(2,956,924)	(1,149,947)
	(106,994,201)	(87,936,281)

The basis of impairment takes into account the following:

The estimate were determined in accordance with the debt impairment policy of the municipality, supplemented by experience of past practices and statistics in relation to uncollectable debt.

In assessing whether statutory receivables are impaired, management considered both individually receivables that may be impaired as well as groups of similar receivables that may be impaired.

The total debtors were further separated into groups of similar receivables with similar risk profiles and assessed for impairment.

uMdoni Municipality

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4. Receivables from non-exchange transactions (continued)

Statutory receivables included in receivables from non-exchange transactions above are as follows, net of impairment:

Fines	200,653	289,999
Property rates - Residential	39,567,216	34,544,839
Property rates - Informal Settlements	83,643	107,947
Property rates - Vacant Land	7,388,276	5,982,031
Property rates - Industrial	1,452,685	1,488,561
Property rates - Business and Commercial	11,031,213	9,102,226
Property rates - Agriculture	4,797,086	4,154,488
Property rates - State Owned Properties	13,473	19,538
Properties rates - Public Service Infrastructure	747	264
Property rates - Public service Purposes	4,664,234	1,956,428
	69,199,226	57,646,321

Summary of aging of debtors

Traffic Fines

Current (0-30 days)	765,850	102,500
31-60 days	125,600	173,800
61-90 days	58,000	48,500
91-120 days	92,500	90,250
121 days and over	12,968,741	12,481,191
	14,010,691	12,896,241

Property Rates

Current (0-30 days)	6,849,463	10,230,027
31-60 days	3,672,902	2,414,772
61-90 days	2,651,556	2,126,110
91-120 days	5,395,645	2,037,854
121 days and over	143,613,134	115,877,598
	162,182,700	132,686,361

5. Operating Leases Asset

Current assets	181,654	94,665
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Operating leases are recognised on the straight-line basis as per the requirement of GRAP 13. In respect of non-cancellable operating leases, the following assets have been recognised:

uMdoni Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2024	2023
5. Operating Leases Asset (continued)		
Balance at beginning of year	94,665	194,607
Operating lease revenue recorded	(184,344)	(530,555)
Operating lease revenue effected	271,333	430,613
	181,654	94,665
At the reporting date, the municipality had outstanding receipts in terms of operating leases, which will accrue as follows:		
Receivable within 1 year	183,827	184,344
Receivable within 2-5 years	168,757	352,584
	352,584	536,928
Included in the above mentioned operating lease receivables is the following class of assets:		
Land and buildings	352,584	536,928

uMdoni Municipality

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6. Investment property

	2024			2023		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	12,081,209	(4,569,751)	7,511,458	12,081,209	(4,175,364)	7,905,845

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	7,905,845	(394,387)	7,511,458

Reconciliation of investment property - 2023

	Opening balance	Depreciation	Total
Investment property	8,299,160	(393,315)	7,905,845

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.

uMdoni Municipality

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7. 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	70,835,693	-	70,835,693	67,165,953	-	67,165,953
Buildings	34,015,905	(16,886,945)	17,128,960	33,193,594	(15,341,313)	17,852,281
Infrastructure: Roads	469,986,838	(217,269,207)	252,717,631	457,067,519	(201,633,072)	255,434,447
Infrastructure: Electricity	92,273	(81,203)	11,070	92,273	(77,504)	14,769
Infrastructure: Solid Waste	21,771,587	(8,171,533)	13,600,054	14,738,290	(5,988,904)	8,749,386
Machinery and Equipment	18,831,365	(14,566,764)	4,264,601	21,270,850	(15,835,857)	5,434,993
Infrastructure: Storm Water	154,160,187	(61,123,946)	93,036,241	147,917,006	(54,318,362)	93,598,644
Furniture and Office Equipment	9,803,631	(8,171,089)	1,632,542	9,920,714	(8,507,559)	1,413,155
Transport Assets	30,493,871	(15,963,225)	14,530,646	34,308,621	(22,443,492)	11,865,129
Computer Equipment	12,191,355	(9,545,123)	2,646,232	12,378,636	(8,675,688)	3,702,948
Community Assets	336,617,698	(150,638,421)	185,979,277	314,408,892	(136,151,975)	178,256,917
Total	1,158,800,403	(502,417,456)	656,382,947	1,112,462,348	(468,973,726)	643,488,622

uMdoni Municipality

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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers received/Donat ions	Transfers Made	Reductions for remeasuremen t- Enviromental Rehabilitation	Depreciation	Impairment loss	Total
Land	67,165,953	-	-	3,669,740	-	-	-	-	70,835,693
Buildings	17,852,281	1,139,112	(115,214)	-	-	-	(1,602,402)	(144,817)	17,128,960
Infrastructure: Roads	255,434,447	13,268,440	(10,146)	33,198,919	(33,198,919)	-	(14,928,806)	(1,046,304)	252,717,631
Infrastructure: Solid Waste	8,749,386	744,765	-	-	-	6,288,532	(2,181,917)	(712)	13,600,054
Infrastructure: Storm Water	93,598,644	6,243,181	-	6,243,181	(6,243,181)	-	(4,733,028)	(2,072,556)	93,036,241
Infrastructure: Electricity	14,769	-	-	-	-	-	(3,699)	-	11,070
Machinery and equipment	5,434,993	762,275	(881,466)	-	-	-	(1,042,483)	(8,718)	4,264,601
Furniture and office equipment	1,413,155	643,318	(156,537)	-	-	-	(265,234)	(2,160)	1,632,542
Transport Assets	11,865,129	5,153,118	(569,639)	-	-	-	(1,907,842)	(10,120)	14,530,646
Computer equipment	3,702,948	280,427	(467,708)	-	-	-	(863,518)	(5,917)	2,646,232
Community Assets	178,256,917	22,764,608	(232,777)	9,946,174	(9,946,174)	-	(13,528,034)	(1,281,437)	185,979,277
	643,488,622	50,999,244	(2,433,487)	53,058,014	(49,388,274)	6,288,532	(41,056,963)	(4,572,741)	656,382,947

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7. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers received/Donat ions	Transfers Made	Reductions for remeasuremen t- Enviromental Rehabilitation	Depreciation	(Impairment loss)/Reversals	Total
Land	67,165,953	-	-	-	-	-	-	-	67,165,953
Buildings	13,888,551	901,184	-	1,631,883	(1,631,883)	-	(1,204,793)	4,267,339	17,852,281
Infrastructure: Roads	236,958,926	23,451,249	(3,311,275)	19,222,168	(19,222,168)	-	(13,977,303)	12,312,850	255,434,447
Infrastructure: Solid waste	5,424,658	189,000	-	-	-	3,043,853	(874,324)	966,199	8,749,386
Infrastructure: Stormwater	92,830,651	-	(11,352)	-	-	-	(3,287,073)	4,066,418	93,598,644
Infrastructure: Electricity	18,458	-	-	-	-	-	(3,689)	-	14,769
Machinery and Equipment	6,719,379	292,039	(32,595)	-	-	-	(1,242,188)	(301,642)	5,434,993
Furniture and office equipment	1,696,612	105,500	-	-	-	-	(372,357)	(16,600)	1,413,155
Transport Assets	5,921,332	7,931,000	(151,920)	-	-	-	(1,798,074)	(37,209)	11,865,129
Computer equipment	3,954,037	427,500	-	258,368	-	-	(966,906)	29,949	3,702,948
Community Assets	151,100,228	16,983,780	(795,378)	34,714,992	(34,714,993)	-	(10,608,142)	21,576,430	178,256,917
	585,678,785	50,281,252	(4,302,520)	55,827,411	(55,569,044)	3,043,853	(34,334,849)	42,863,734	643,488,622

Reconciliation of Work-in-Progress 2024

	Included within Roads Infrastructure	Included within Community	Included within Building	Total
Opening balance	21,584,834	5,037,945	509,701	27,132,480
Additions/capital expenditure	19,511,621	22,764,609	-	42,276,230
Transferred to completed items	(33,198,920)	(9,946,174)	-	(43,145,094)
	7,897,535	17,856,380	509,701	26,263,616

uMdoni Municipality

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7. Property, plant and equipment (continued)				
Reconciliation of Work-in-Progress 2023				
	Included within Roads Infrastructure	Included within Community	Included within Buildings	Total
Opening balance	17,355,753	22,769,158	1,304,341	41,429,252
Additions/capital expenditure	23,451,249	16,983,779	837,243	41,272,271
Transferred to completed items	(19,222,168)	(34,714,992)	(1,631,883)	(55,569,043)
	21,584,834	5,037,945	509,701	27,132,480

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted Services	72,812,363	70,819,636
General Expenses	832,030	842,030
	73,644,393	71,661,666

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.

Land appointed in terms of legislation which entity controls without legal ownership or custodianship

The following land assets, the Municipality has assessed that it has the right to direct access to, and restrict or deny the access of others to land while another is the legal owner of land. Substance over form determines that the land is controlled by the Municipality as it has the right to direct access to land, and to restrict or deny the access of others to land in terms of IGRAP 18.

Shayamoya Hall (R9 374), the municipality had built a hall on this land hence the recognition. Control can only be exercised on the portion where the building is situated.

UMdoni Municipality is responsible for operating the MPCC in Malangeni as its own building due to cabinet or Council decisions made in the past. The substance over form takes precedent even though there's no formal agreement. Control is only exercised on the portion where the building is situated (Lot 981 Malangeni, R 1038).

The library was built on this land of which the building belongs to the municipality. Control is only exercised on the portion where the building is situated (Lot 982 Malangeni, R 1038). Park Rynie (R11 000 000, Lot 572), the municipality had leased the land from the Department of Public Works with the primary intention of promoting local tourism. The rental income earned is incidental, consequently the land could not be classified as investment property. As part of the on-going local tourism promotion strategy, the municipality has erected buildings on the property. It is assumed that even though the lease term is not unlimited but it will be renewed and the service provided will continue in an ongoing basis.

Carrying value of land included in the carrying value of Property, plant and equipment - 11,031,450

Land derecognised in terms of legislation which entity transfers control without legal ownership or custodianship

The municipality has assessed that it is the legal owner or custodian of the land, however, it has concluded that it does not control the land since Ugu District Municipality enjoys the control benefits of the land as per IGRAP 18.

The Ugu District Municipality utilises the land to install water services infrastructure assets for water provision thus derives service potential. This demonstrates that it has a substantive right to control the land, for the right to be substantive, the holder of the right must have the present ability to exercise that right. The provision of water services was transferred from the local municipalities to district municipalities; in accordance with the Structures Act and gazette, the related assets were supposed to be transferred to Ugu District Municipality by the Deeds Registrar.

Notes to the Annual Financial Statements

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7. Property, plant and equipment (continued)		
Property, plant and equipment (continued)		- 12,225,821

uMdoni Municipality

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8. Intangible assets

	2024			2023		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	393,439	(322,530)	70,909	389,799	(288,741)	101,058

Reconciliation of intangible assets - 2024

	Opening balance	Additions	Amortisation	Total
Computer software, other	101,058	3,640	(33,789)	70,909

Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	151,588	(50,530)	101,058

9. Heritage assets

	2024			2023		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical Monument and Antiques	261,011	-	261,011	261,011	-	261,011

uMdoni Municipality

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uMdoni Municipality

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9. Heritage assets (continued)

	Opening balance	Total
Historical Monument and Antiques	261,011	261,011

Reconciliation of heritage assets 2023

	Opening balance	Total
Historical Monument and Antiques	261,011	261,011

10. Payables from exchange transactions

Trade payables and accruals	24,481,298	24,951,824
Payments received in advance	7,221,722	6,129,244
Accrued leave pay	13,165,423	12,692,073
Retention held	10,993,715	17,557,141
Unidentified direct deposits	3,405,110	3,200,744
Output VAT Accrual on Outstanding Debtors	3,197,763	2,080,134
Output VAT Accrual - Provision for Doubtful Debt Impairment	(3,218,416)	(2,370,198)
	59,246,615	64,240,962

The average credit period on purchases is 30 days from the receipt of the invoice (as determined by the MFMA). No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors. The municipality has financial policies in place to ensure that all payables are paid within the credit timeframe.

Retention refers to monies retained by the municipality on construction work completed by the various suppliers throughout the duration of their contract. These monies are released upon progressive completion of their respective undertakings.

Leave accrual is due to staff leave accruing to the staff of the municipality on an annual basis, subject to certain conditions and is capped at 48 days as per the collective agreement. The provision is an estimate of the amount due at the reporting date.

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

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11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Disaster Management Grant	-	4,985,525
Cleanest Award	-	800,000
Municipal Disaster Relief Grant	3,899,399	-
Small town Rehabilitation Grant	3,893	3,893
Title Deeds Restoration Grant	587,558	852,998
Municipal Employment Initiative	31,147	-
Beach Infrastructure Grant	321,415	-
Umzinto Bus Rank Grant	2,091,939	2,000,000
	6,935,351	8,642,416

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

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

See note 28 for reconciliation of grants from National/Provincial Government.

12. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Medical Aid	24,680,000	22,786,999
Long Service	8,224,000	8,081,000
	32,904,000	30,867,999
Non-current liabilities	30,495,000	28,468,000
Current liabilities	2,408,999	2,399,999
	32,903,999	30,867,999

Post Retirement Medical Aid Obligation:

The fair value of plan assets includes:

Post Employment Health Care Benefit Liability	24,800,000	24,210,000
Subtotal	24,800,000	24,210,000
Less: Transfer to Current Provisions	(1,028,000)	(929,000)
	23,772,000	23,281,000

The Municipality provides certain post retirement medical benefits by funding the medical aid contributions of certain retired members of the Municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current condition of service), on retirement, is entitled to remain a continued member of such medical aid fund, in which case the Municipality is liable for a certain portion of the medical aid membership fee.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2024 by ARCH Actuarial Consultants, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other post retirement benefits are provided by the municipality.

The Post Employment Health Care Benefit Plan is a defined benefit plan, of which the members are made up as follows:

uMdoni Municipality

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12. Employee benefit obligations (continued)

In-service members	208	207
Continuation members	16	18
	224	225

The liability in respect of past service has been estimated to be as:

In-service members	12,538,000	14,805,000
Continuation members	7,602,000	7,982,000
	20,140,000	22,787,000

The municipality makes monthly contributions for health care

- Bonitas
- Key Health
- LA Health
- Samwumed
- Sizwe Hosmed

The future service cost for the ensuring year is established to be R1 280 000, whereas the interest cost for the next year is estimated to be R2 786 000 (2022: R1 114 000 and R2 490 000 respectively)

Key assumptions used

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rates used	12.26 %	12.47 %
Health Care Cost Inflation Rate	7.74 %	8.08 %
Net Effective Discount Rate	4.20 %	4.06 %
Expected Retirement Age - Males and Females	62	62

The amounts recognised in the Statement of Financial Position are as follows:

Present Value of Fund Obligations	23,652,000	22,787,000
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The amount recognised in the Statement of Financial Performance are as follows:

Service cost	1,280,000	1,114,000
Interest cost	2,786,000	2,490,000
Remeasurment - Acturial gains	(1,441,042)	(1,470,539)
	2,624,958	2,133,461

The movement in the defined benefit obligation over the year is as follows:

Balance at beginning of year	22,787,000	21,509,000
Service cost	1,280,000	1,114,000
Interest cost	2,786,000	2,490,000
Benefits paid	(731,958)	(855,461)
Remeasurements -Acturial Gains	(1,441,042)	(1,470,539)
	24,680,000	22,787,000

The effect of a 1% change in inflation rate movement in the assumed rate of health care:

uMdoni Municipality

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12. Employee benefit obligations (continued)

Increase

Effect on the defined benefit obligation 1,493,000 1,550,000

Decrease

Effect on the defined benefit obligation 1,186,000 1,848,000

The future service cost for the ensuing year is estimated to be R111 000 whereas the interest-cost for the next year is estimated to be R 205 000 (2022: R108 200 and R2005 000 respectively)

The history of experienced adjustments are as follows:	2024	2023	2022	2021	2020
Present value of Defined Benefit Obligation	24,680,000	22,787,000	21,509,000	20,338,000	17,171,000

Defined contribution plan - Natal Joint Municipal Pension Fund

Umdoni Municipality makes provision for post-retirement benefits to eligible employees, who belong to different pension schemes.

All full-time employees belong to the KwaZulu Natal Joint Municipal Pension Fund, which are made up by the Retirement, Superannuation and Provident Funds. Councillors have the option to belong to the Pension Fund for Municipal Councillors.

These funds are governed by the Pension Funds Act and include both defined benefit and defined contribution schemes.

All of these afore-mentioned funds are multi-employer plans and are subject to either a triennial, biennial or annual actuarial valuation, details which are provided below.

Sufficient information is not available to use defined benefit accounting for the pension and retirement funds, due to the following reasons:-

- (i) The assets of each fund are held in one portfolio and are not notionally allocated to each of the participating employers.
- (ii) One set of financial statements are compiled for each fund and financial statements are not drafted for each participating employer.
- (iii) The same rate of contribution applies to all participating employers and no regard is paid to differences in the membership distribution of the participating employers.

It is therefore seen that each fund operates as a single entity and is not divided into sub-funds for each participating employer.

The only obligation of the municipality with respect to the retirement benefit plans is to make the specified contributions. Where councillors / employees leave the plans prior to full vesting of the contributions, the contributions payable by the municipality are reduced by the amount of forfeited contributions.

The Retirement Funds have been valued by making use of the Discounted Cash Flow method of valuation. For both the Superannuation and Retirement Funds valuations making use of the Discontinuance Method Approach have been included as well.

uMdoni Municipality

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12. Employee benefit obligations (continued)

DEFINED BENEFIT SCHEMES

Retirement Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2022 by Argen Actuarial Solution.

The actuarial valuation performed as at 31 March 2022 revealed that the fund had a surplus of R 356.3 million (31 March 2021: shortfall of R 49.9 million), with a funding level of 101.0% (31 March 2018: 96,1%).

The actuarial shortfall is taken into account by determining surcharges, to be met by increased contributions. These surcharges amount to 21.65% of pensionable emoluments, of which 1,65% is payable by members and 20% is payable by the local authority.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund.

Superannuation Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2022 by Argen Actuarial Solutions.

The actuarial valuation performed as at 31 March 2022 revealed that the fund had a shortfall of R Nil (31 March 2021 shortfall of R Nil), with a funding level of 108,9% (31 March 2021: 100%). The contribution rate paid by the members (9,25%) and municipalities (21,63%)

This surcharge is payable until 31 July 2024. The surcharge to local authorities amounts to 9.50% (31 March 2021: 9.50%). The "Scheme to eliminate deficiency" in terms of Section 18 of the Pension Funds Act was implemented with effect from 1 August 2012 for a period of 8 years.

The fund has effectively been closed to new members, and it is therefore assumed for the valuation, that no new members will join the fund. However, at present, members of the three Natal Joint Funds are permitted to transfer between the funds and this flow of members may affect the rate of contribution required to be paid to the Fund. It is intended that the Fund will merge with the Retirement Fund in the near future.

DEFINED CONTRIBUTION SCHEMES

Municipal Councillors Pension Fund.

The scheme is subject to an annual actuarial valuation. The last statutory valuation was performed as at 31 March 2022.

The valuation performed as at 31 March 2022 revealed that the assets of the fund amounted to R 7 255 819. The contribution rate paid by the members (13.75%) and the municipalities (15%) is sufficient to fund the benefits accruing from the fund in the future.

As reported by the Actuaries, the Fund was in a sound financial condition as at 31 March 2022.

Provident Fund:

The scheme is subject to a tri-annual actuarial valuation. The last interim actuarial valuation was performed as at 31 March 2022 by Argen Actuaries.

The actuarial valuation performed as at 31 March 2022 revealed that the market value of the fund was R 8,923,008 million (31 March 2021: R 7,212,030 billion). The contribution rate payable (either 5,00%, 7,00% or 9,25% by the member and 6,00%, 9,90% or 14,25% plus an additional 3,75% by the employer), is sufficient to cover the cost of benefits and expenses and the fund was certified to be in sound financial condition as at 31 March 2022.

None of the above mentioned plans are State Plans

Long Service Awards

uMdoni Municipality

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12. Employee benefit obligations (continued)

Provision for long service awards	8,224,000	8,081,000
Subtotal	8,224,000	8,081,000
Less: Transfer of current provision	(1,381,000)	(1,487,000)
	6,843,000	6,594,000

A long-service award is granted to municipal employees after the completion of fixed periods of continuous service with the Municipality (which includes their uninterrupted service with the former local authorities amalgamated in December 2000 to become Umdoni Municipality). The provision represents an estimation of the awards to which employees in the service of the Municipality at 30 June 2024 may become entitled to in future, based on an actuarial valuation performed at that date.

The most recent actuarial valuations of plan assets and the present value of the unfunded defined benefit obligation were carried out as at 30 June 2024 by Arch Actuarial Consultants, a member of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. No other long service benefits are provided by the municipality.

The Long Service Awards plans are defined benefit plans. As at year end, 395 employees were eligible for Long Service Awards.

The future service cost for the ensuing year is estimated to be R 856,000 whereas the interest-cost for the next year is estimated to be R 837,000

The principal assumptions used for the purposes of the actuarial valuations were as follows:

Discount rate	11.21 %	11.38 %
Expected rate of salary increase	5.35 %	6.62 %
Net effective discount rate	4.57 %	4.47 %

The amounts recognised in the Statement of Financial Position are as follows:

Present value of fund obligation	8,224,000	8,081,000
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The amount recognised in the Statement of Financial Performance under employee related costs are as follows:

Current service cost	856,000	629,000
Interest Cost	837,000	626,000
Policy amendment (Section 3)	-	1,894,000
Remeasurement - Actuarial gain	(280,875)	(431,605)
	1,412,125	2,717,395

The movement in the defined benefit obligation over the year is as follows:

Balance at Beginning of year	8,081,000	5,828,000
Service cost	856,000	629,000
Interest Cost	837,000	626,000
Benefit Paid	(1,269,125)	(464,395)
Policy amendment (Section 3)	-	1,894,000
Remeasurement - Actuarial gain	(280,875)	(431,605)
	8,224,000	8,081,000

The effect of a 1% movement in the assumed rate of salary inflation is as follows:

Increase		
Effect on the aggregate of the current service and interest cost	806,000	452,000
Decrease		
Effect on the aggregate of the current service and interest cost	912,000	413,000

uMdoni Municipality

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12. Employee benefit obligations (continued)

The history of experienced adjustments are as follows:	2024	2023	2022	2021	2020
	8,224,000	8,081,000	5,828,000	5,147,000	4,812,000

13. Consumer deposits

Rates- Valuations appeal	27,767	19,819
Signage and poster deposits	79,988	79,988
Verge deposits	1,454,435	1,463,324
Rental deposits	964,268	923,668
	2,526,458	2,486,799

Deposits are paid by members of the community on application for the hire of community halls and facilities, as stipulated in the tariff of charges. The deposits are repaid when the use of community halls and facilities are completed, and an inspection has been executed to ensure that the facilities hired have been restored to its original condition, and no damage to the property is evident. Council may utilise the deposit as payment to rectify the facilities to its original condition or to restore damage to the property

No interest is paid on consumer deposits held.

14. Operating lease liability

This Municipality entered into a lease agreement relating to Machinery and Equipment which met the definition of a operating lease. The Actual amount incurred was less then the straight lined amount resulting in a operating lease liability.

Operating lease liability	389,857	150,099
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15. Provisions

Reconciliation of provisions - 2024

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	9,439,317	921,371	6,288,533	16,649,221

Reconciliation of provisions - 2023

	Opening Balance	Additions	Reduction due to re-measurement or settlement without cost to entity	Total
Environmental rehabilitation	5,826,505	568,958	3,043,854	9,439,317

The Provisions disclosed relates to Provision for the Humberdale Landfill Site in terms of Grap 19. The Valuation has been performed and detailed in the experts report as at 30 June 2024.

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
16. Finance lease obligation		
Minimum lease payments due		
- within one year	-	133,148
- in second to fifth year inclusive	91,310	-
	91,310	133,148
less: future finance charges	(11,043)	(2,771)
Present value of minimum lease payments	80,267	130,377
Present value of minimum lease payments due		
- within one year	-	130,377
- in second to fifth year inclusive	86,019	-
	86,019	130,377
Non-current liabilities	86,019	-
Current liabilities	-	130,377
	86,019	130,377

The Municipality entered into a 24 months lease contract on 44 laptop computers with Vodacom which commence on 19 January 2022 and ended on 19 January 2024.

The legal nature of the lease agreement is of a operating lease but substance over form prevails in the context of GRAP 13. The lease agreement meets the requirements of a finance lease and has been accounted for as such in accordance with GRAP 13.

The average lease term was 2 years and the effective borrowing rate is 0%. The prime rate of 7.25% (on date of signing) was used to perform the discounting of present value of future minimum lease payments. All leases has fixed repayments over the duration of the lease term. The municipality's obligations under finance leases are secured by the lessor's charge over the leased assets. It is the municipality policy to lease certain equipment under finance leases.

The municipality has finance lease agreements for the following significant classes of assets: (i) Computer equipment. Installments are payable Monthly in arrears	157,177	133,148
Average period	30	6
Average effective interest rate, based on prime 7, 25% .Monthly payments	5,239	22,191

17. Service charges

Solid waste	55,536	10,322
Refuse removal	11,095,637	10,564,703
	11,151,173	10,575,025

The amounts disclosed above for revenue from Service Charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
18. Sale of goods and rendering of services		
Advertising	3,268	-
Camping fees	219,837	164,404
Tender documents	-	47,922
Cemetery and burial	61,285	43,422
Legal fees	178,509	253,424
Building plan fees	519,195	584,983
Membership	4	39
Photocopies and faxes	30,696	24,679
Application for land usage	27,260	15,962
Clearance certificates	212,426	205,008
Parking fees	136,025	210,498
Encroachment fees	1,635	6,671
Town planning and servitudes	12,784	-
Staff housing rentals	229,354	208,504
Traffic Control	1,199,007	1,560,444
Cleaning and Removal	32,000	-
	2,863,285	3,325,960
19. Rental of facilities and equipment		
Premises		
Premises	7,620,355	7,175,758
20. Interest on investments		
Interest revenue		
Bank	14,607,648	13,513,478
21. Agency services		
Vehicle Registration	2,589,398	2,087,410
22. Operational revenue		
Skills Development Levy Fund	306,099	1,118,680
Settlement Discount	-	154
Commission Earned	205,521	214,428
Special consents	21,757	19,070
Breakages and Losses	35	91
	533,412	1,352,423
23. Remeasurements - Employee Benefits		
Actuarial Gains - Employee Benefits (Medical)	1,441,042	1,470,539
Actuarial Gains - Employee Benefits (Long Service)	280,875	431,605
	1,721,917	1,902,144
24. Proceeds from Insurance fund (Allocations in kind)		
Proceeds from Insurance Fund (Allocations in Kind)	-	258,368

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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25. Property rates

Property rates billed

Residential	73,689,156	66,331,469
Business and Commercial	12,375,379	17,291,203
Public Benefit and Public Service Infrastructure	13,735,751	10,135,703
Small holdings and farms	6,751,483	4,374,001
Industrial	3,513,570	3,680,311
Vacant Land	10,469,916	9,164,349
	<hr/>	<hr/>
	120,535,255	110,977,036
Property rates - interest and penalties imposed	12,152,008	9,504,253
	<hr/>	<hr/>
	132,687,263	120,481,289

Randages in terms of the Municipal Property Rates Act

Residential	0.01140	0.01187
Commercial, Business and Industrial	0.01459	0.01590
Agricultural Property	0.00298	0.00298
Public Service Infrastructure, Public Benefit Organisations	0.00285	0.00298
Vacant Industrial, Commercial and Other	0.00285	0.02966

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2017. Interim valuations are processed on a continuous basis to take into account changes in individual property values due to alterations and subdivisions.

The new general valuation was implemented on 01 July 2023.

Rebates on these rates are allowed on the following basis:

Special residential (excluding land)	75,000	75,000
Vacant property	15,000	15,000
Disabled persons, pensioners, indigent persons as defined in the indigent policy (inclusive of the R75,000 above)	370,000	295,000
	<hr/>	<hr/>
	460,000	385,000

Rates are levied monthly on property owners and are payable at the end of each month. Interest is levied at a rate determined by council on outstanding rates amounts.

26. Licences and permits

Boat	1,669	17,388
Trading licence	13,238	24,979
Drivers and Learners licence	2,905,827	6,793,141
Taxi rank permits	31,868	28,092
	<hr/>	<hr/>
	2,952,602	6,863,600

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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27. Government grants and subsidies

Operating grants

Equitable share	173,612,000	162,218,000
Finance Management Grant	1,950,000	1,950,000
Municipal Employment Initiative Grant	968,853	-
Provincial Library Services Grant	8,417,000	10,268,000
Expanded Public Works Programme	1,601,000	1,772,000
Municipal Infrastructure Grant	1,463,579	1,923,123
Municipal Disaster Response Grant	5,500,601	-
Beach Infrastructure Grant	2,178,585	-
	195,691,618	178,131,123

Capital grants

Municipal Infrastructure Grant	36,171,421	42,708,983
Umzinto Bus Rank Grant	1,908,061	3,996,106
Cleanest Award Grant	800,000	-
	38,879,482	46,705,089
	234,571,100	224,836,212

Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	60,824,300	62,618,212
Unconditional grants received	173,612,000	162,218,000
	234,436,300	224,836,212

Equitable Share

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

Equitable share

Current-year receipts	173,612,000	162,218,000
Conditions met - transferred to revenue	(173,612,000)	(162,218,000)
	-	-

Disaster Management Grant

Balance unspent at beginning of year	4,985,524	4,985,524
Repayment of unspent grant	(4,985,524)	-
	-	4,985,524

The unspent amount of R 4 985 525 was received from Ugu District Municipality for disaster relief. The originator of the grant is the National Disaster Management Center. Correspondence from COGTA has been received on 8 August 2023 requesting that these funds be returned to COGTA. The refund will be accordingly be processed.

Municipal Infrastructure Grant

Balance unspent at beginning of year	-	1,106
Current-year receipts	37,635,000	44,631,000

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(37,635,000)	(44,632,106)
	-	-
Cleanest Award Grant		
Balance unspent at beginning of year	800,000	-
Current-year receipts	-	800,000
Conditions met - transferred to revenue	(800,000)	-
	-	800,000
Integrated National Electrification Programme		
Current-year receipts	800,000	-
Conditions met - transferred to revenue	(800,000)	-
	-	-
Municipal Disaster Relief Grant		
Current-year receipts	9,400,000	-
Conditions met - transferred to revenue	(5,500,601)	-
	3,899,399	-
Conditions still to be met - remain liabilities (see note 11).		
Provincial Library Services Grant		
Current-year receipts	8,417,000	10,268,000
Conditions met - transferred to revenue	(8,417,000)	(10,268,000)
	-	-
Small Town Rehabilitation Grant		
Balance unspent at beginning of year	3,893	4,000,000
Conditions met - transferred to revenue	-	(3,996,107)
	3,893	3,893
Conditions still to be met - remain liabilities (see note 11).		
Expanded Public Works Programme		
Current-year receipts	1,601,000	1,772,000
Conditions met - transferred to revenue	(1,601,000)	(1,772,000)
	-	-
Title Deeds Restoration Grant		

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
27. Government grants and subsidies (continued)		
Balance unspent at beginning of year	852,998	852,998
Conditions met - transferred to revenue	(265,440)	-
	587,558	852,998
Conditions still to be met - remain liabilities (see note 11).		
Municipal Employment Initiative Grant		
Current-year receipts	1,000,000	-
Conditions met - transferred to revenue	(968,853)	-
	31,147	-
Conditions still to be met - remain liabilities (see note 11).		
Finance Managment Grant		
Current-year receipts	1,950,000	1,950,000
Conditions met - transferred to revenue	(1,950,000)	(1,950,000)
	-	-
Housing Development		
Balance unspent at beginning of year	-	154
Current-year receipts	-	2,925,581
Payments made on behalf of Principal	-	(2,925,735)
	-	-
Beach Infrastructure Grant		
Current-year receipts	2,500,000	-
Conditions met - transferred to revenue	(2,178,585)	-
	321,415	-
Conditions still to be met - remain liabilities (see note 11).		
Umzinto Bus Rank Grant		
Balance unspent at beginning of year	2,000,000	-
Current-year receipts	2,000,000	2,000,000
Conditions met - transferred to revenue	(1,908,061)	-
	2,091,939	2,000,000
Conditions still to be met - remain liabilities (see note 11).		
28. Fines, Penalties and Forfeits		
Overdue Books Fines	1,693	592
Municipal Traffic Fines	1,196,700	1,300,950
	1,198,393	1,301,542

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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29. Employee related costs

Basic salaries	99,159,902	95,978,551
13th cheque	7,246,897	7,086,967
Medical aid contributions	6,996,425	6,438,895
Unemployment Insurance Fund	876,256	821,827
Contribution for Leave Pay	1,630,403	1,705,973
Pension fund contributions	15,576,177	15,193,093
Post retirement medical aid contributions	5,759,000	6,753,000
Staff Insurance	2,475	2,544
Overtime payments	9,968,174	8,337,984
Non Pensionable allowances	998,942	885,172
Shift allowance	239,646	154,134
Housing Benefits and allowances	474,610	413,622
Rental Subsidy	49,557	45,301
Bargaining Council Levy	61,941	60,317
Cellphone allowance	290,918	271,648
Travelling allowance	272,317	57,267
Standby allowance	1,094,028	1,427,843
	150,697,668	145,634,138

Remuneration of the Municipal Manager: Mrs TC Ndlela (1 July 2023 to 30 June 2024)

Annual remuneration	1,002,570	1,073,488
Cellphone Allowance	20,868	20,868
Travel	78,000	78,000
Leave paid	-	101,957
Back pay	32,597	3,302
Non -Pensionable	20,340	20,340
	1,154,375	1,297,955

Remuneration of the Acting General Manager: Technical Services Mrs SR Zwane (10 Nov 2022 - 9 Feb 2023)

Annual remuneration	-	214,163
Leave paid	-	20,616
Back Pay	-	1,058
	-	235,837

Remuneration of Manager: Technical Services Mr MB Shangase (22 November 2023 - 30 June 2024)

Annual remuneration	592,281	-
Cell Phone allowance	10,800	-
Back Pay	11,354	-
Non Pensionable	13,560	-
	627,995	-

Remuneration of the Chief Financial Officer: Mr Chandulal (6 March 2023 - 30 June 2024)

Annual remuneration	887,205	286,333
Cellphone Allowance	6,480	2,160
Back Pay	26,764	6,443
Non - Pensionable	20,340	5,085
	940,789	300,021

Remuneration of the Acting Manager: Technical Services Mr LMV Cele (15 Mar 2023 to 30 June 2024)

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
29. Employee related costs (continued)		
Annual Remuneration	294,924	259,418
Back - Pay	9,732	5,369
Non - Pensionable	6,780	4,238
Cell phone allowance	4,050	-
Leave Paid	56,624	-
	372,110	269,025
Remuneration of the Manager: Corporate Services Mr ES Nyawo (July 2023 - June 2024)		
Annual Remuneration	779,205	602,145
Back Pay	26,764	45,139
Non Pensionable	20,340	15,255
	826,309	662,539
Remuneration of the General Manager : Community Services: Mr VT Khanyile (July 2023 - June 2024)		
Annual remuneration	707,205	704,772
Cellphone allowance	6,600	6,600
Travel allowance paid	180,000	180,000
Non pensionable allowance	47,104	20,340
	940,909	911,712
Remuneration of the General Manager: Planning and Development Mr MCI Mzotho (July 2022-June 2024)		
Annual remuneration	237,657	847,845
Cellphone allowance	2,160	6,480
Travel Allowance	57,266	57,267
Acting allowance	16,778	10,786
Back Pay	9,732	-
Leave Paid	99,092	-
Non - Pensionable	6,780	-
	429,465	922,378
Remuneration of the Acting Chief Financial Officer : Mr ZN Mhlongo (1 July 2022 to 25 October 2022)		
Annual remuneration	-	235,527
Cell phone allowance	-	2,200
Back pay	-	4,231
Leave days paid	-	37,237
	-	279,195
Remuneration of the Manager: Acting Chief Financial Officer: Mr M Mokgatsi (23 Nov 2022 to 10 March 2023)		
Annual Remuneration	-	239,375
Leave Days Paid	-	20,616
	-	259,991
30. Remuneration of councillors		
Basic Salary	14,302,167	13,486,057
Cell Phone Allowance	1,671,654	1,496,690
Travel Allowance	356,211	287,919
	16,330,032	15,270,666

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
30. Remuneration of councillors (continued)		
Mayor (Cllr MJ Cele) (February 2024 - June 2024)		
Basic salary	378,017	-
Cellphone allowance	18,000	-
	396,017	-
Executive Committee Members		
Basic salary allowance	3,258,345	3,019,579
Cell phone allowance	194,894	173,600
	3,453,239	3,193,179
Speaker (Cllr ME Mbutho)(February 2024 -June 2024)		
Salary	306,234	-
Cellphone allowance	18,000	-
	324,234	-
Speaker (Cllr MJ Cele)		
Basic salary allowance	481,932	709,349
Cellphone allowance	-	40,800
	481,932	750,149
Mayor (Cllr ST Khathi) (July 2023 - September 2023)		
Basic salary allowance	261,682	886,685
Cellphone allowance	13,200	40,800
	274,882	927,485
Deputy Mayor (Cllr ME Mbutho) (July 2023 - Jan 2024)		
Basic salary allowance	514,567	709,349
Cellphone allowance	27,600	40,800
	542,167	750,149
Other Councillors		
Basic Salary Allowance	8,822,759	8,161,095
Travel Allowance	356,211	287,919
Cellphone allowance	1,354,360	1,200,689
	10,533,330	9,649,703
Deputy Mayor (Cllr PE Thabethe) (February 2024 - June 2024)		
Basic Salary Allowance	306,231	-
Cellphone allowance	18,000	-
	324,231	-

In-kind benefits

The Mayor, Deputy Mayor, Speaker and Executive Committee members are full-time. The Mayor, Deputy Mayor and Speaker are provided with an office and secretarial support at the cost of council.

The Mayor, Deputy Mayor and Speaker have use of council owned vehicles for official duties and each have one full time driver.

The Mayor has two full time bodyguards. The Deputy Mayor and Speaker have one full time bodyguard per person .

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
31. Contracted services		
Outsourced Services		
Alien Vegetation Control	148,500	-
Animal Care	108,456	50,040
Business and Advisory	8,477,310	5,481,914
Clearing and Grass Cutting Services	3,984,762	3,709,753
Hygiene Services	169,565	200,000
Internal Auditors	196,173	74,000
Refuse Removal	8,911,457	10,733,942
Security Services	14,488,958	15,002,831
Swimming Supervision	1,778,796	1,298,760
Transport Services	579,971	317,900
Electrical	5,663,290	826,087
Consultants and Professional Services		
Business and Advisory	174,049	285,332
Infrastructure and Planning	1,366,994	2,300,338
Legal Cost	5,140,242	6,722,803
Contractors		
Catering Services	2,134,158	1,101,006
Employee Wellness	82,000	72,717
First Aid	44,870	44,738
Gas	798,856	925,769
Maintenance of Buildings and Facilities	5,721,828	1,849,445
Maintenance of Equipment	1,978,331	2,521,221
Maintenance of Unspecified Assets	38,745,289	62,776,878
Medical Services	55,250	230,990
Traffic and Street Lights	3,503,450	3,468,091
Sports and Recreation	1,059,949	859,239
Stage and Sound Crew	245,052	177,503
Shark Nets	1,981,986	1,848,868
	107,539,542	122,880,165
32. Inventory Consumed		
Consumables, Materials and Supplies	7,056,403	4,711,953
33. Debts Written Off		
Irrecoverable Debts Written Off	-	9,056,500
<p>Debts Written off consist of R9 056 500 relating to VAT write off - During the VAT review, it was noted that the South African Revenue Services raised assessments during the period of 10 October 2016 to 02 August 2017 amounting to R9 056 500 the reason mainly because of invalid tax invoices and burden of proof not discharged.</p> <p>The law makes provision for any assessment raised by SARS to be reclaimed provided that the said invoice is fully compliant with Section 20 of the VAT Act and the invoice was disallowed within 5 years from the assessment date.</p> <p>Council resolution was approved for the write of the VAT amount of R9 056 500. Council resolution number S.C 8.2/23/Aug-23</p>		
34. Loss on disposal of assets		
Property, Plant and Equipment	1,901,383	3,857,282

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
35. Operational expenditure		
Advertising	554,083	914,712
Signage	479,998	297,188
Auditors remuneration	2,523,833	2,643,345
Bank charges	415,258	284,525
Commission paid	159,246	162,952
Bursaries	-	34,305
Hire charges	2,630,782	1,440,512
Insurance	2,900,967	2,714,769
Conferences and seminar registration fees	549,347	599,414
Computer services and licence fees	4,595,685	3,446,229
Skills Development Levies	1,310,312	1,241,823
Fuel and oil	8,402,922	8,424,320
Printing and stationery	1,644,540	1,709,038
Uniform and Protective clothing	3,672,701	2,210,325
Drivers licence and motor vehicle fees	1,034,613	1,802,576
Subscriptions and membership fees	1,941,031	3,912,322
Telephone and fax	1,590,914	2,548,669
Travel and subsistence expenditure	820,619	748,998
Vehicle Tracking	47,372	10,491
Assets less than the Capitalisation Threshold	-	26,000
Electricity and water	12,951,400	12,384,935
Firearm handling fees	36,783	-
Workmens Compensation	1,293,219	1,413,607
IDP Budget Roadshows	4,980	-
Ward Committees	2,107,668	2,211,910
Indigent relief	1,155,066	1,012,062
	52,823,339	52,195,027
36. Depreciation and amortisation		
Property, plant and equipment	41,056,960	34,334,854
Investment property	394,387	393,316
Intangible assets	33,789	50,530
	41,485,136	34,778,700
37. Impairment of assets		
Impairments		
Property, plant and equipment	4,572,741	(42,863,734)
38. Finance costs		
Interest on Non-Current Provisions	921,371	568,958
Finance leases	5,752	19,261
	927,123	588,219
39. Lease rentals on operating lease		
Plant and equipment		
Contractual amounts	2,433,948	1,650,418

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
40. Debt impairment		
Debt impairment	24,747,085	18,433,565
41. Transfers and Subsidies		
Other subsidies		
Grant in aid	1,971,365	49,229
Social relief	786,864	480,924
Youth development - Section 20 schools	160,981	6,619
Skills development and training	102,246	113,155
	3,021,456	649,927
42. Auditors' remuneration		
Audit Fees	2,523,833	2,643,345
43. Cash generated from operations		
Surplus	5,215,715	28,358,423
Adjustments for:		
Depreciation and amortisation	41,485,136	34,778,700
Actuarial (gain)/loss	(1,721,917)	(1,902,137)
Impairment loss	4,572,741	(42,863,734)
Debt impairment	24,747,085	18,433,565
Bad debts written off	-	9,056,500
Movements in operating lease assets and accruals	(86,989)	99,943
Contribution to defined benefit obligations included in employee cost	5,759,000	6,753,000
Contribution to Refuse Site Provision	921,371	568,951
Contribution to staff leave	1,630,403	1,705,973
Donated asset recieved	(3,669,740)	(258,368)
Movement in straight line operating lease liability	239,758	40,184
Loss on disposal of assets	1,901,396	3,857,288
Changes in working capital:		
Receivables from exchange transactions	(4,268,649)	(7,243,896)
Receivables from non-exchange transactions	(29,406,992)	(25,148,867)
Payables from exchange transactions	(1,358,173)	(11,097,039)
Unspent conditional grants and receipts	(1,707,065)	(1,197,367)
Consumer deposits	39,659	27,297
Employee benefit obligation	(2,001,083)	(1,317,856)
	42,291,656	12,650,560

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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44. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	26,489,796	39,590,300
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Total capital commitments

Already contracted for but not provided for	26,489,796	39,590,300
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Total commitments

Total commitments

Authorised capital expenditure	26,489,796	39,590,300
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This committed expenditure relates to property and will be financed by available retained surpluses, existing cash resources and grant funding.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	429,023	1,720,068
- in second to fifth year inclusive	-	429,023
	429,023	2,149,091

Rental expenses relating to operating leases

Minimum lease payments	2,140,158	3,759,325
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The following restrictions have been imposed on the municipality in terms of the lease agreements on Office Equipment

- (i) The equipment shall remain the property of the lessor.
- (ii) The lessee shall not sell, sublet, cede, assign or delegate any of its rights or obligations on the equipment
- (iii) The equipment shall be returned in good order and condition to the lessor upon termination of the agreement
- (iv) The municipality is obliged to enter into a maintenance agreement with the lessor for the equipment rented.

45. Related parties

Related party balances

Transactions with Key Management

Councillors	16,330,032	15,270,663
Municipal Manager and Section 57 personnel	5,291,952	5,496,829

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46. Risk management

Liquidity risk

Liquidity Risk is the risk that the municipality will encounter difficulty in meeting the obligations associated with its Financial Liabilities that are settled by delivering cash or another financial asset. The municipality’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the municipality’s reputation.

Liquidity Risk is managed by ensuring that all assets are reinvested at maturity at competitive interest rates in relation to cash flow requirements. Liabilities are managed by ensuring that all contractual payments are met on a timeous basis and, if required, additional new arrangements are established at competitive rates to ensure that cash flow requirements are met.

The municipality ensures that it has sufficient cash on demand or access to facilities to meet expected operational expenses through the use of cash flow forecasts.

Credit risk

Credit Risk is the risk of financial loss to the municipality if a customer or counterparty to a Financial Instrument fails to meet its contractual obligations and arises principally from the municipality’s receivables from customers and investment securities.

Potential concentrations of credit rate risk consist mainly of variable rate deposit investments, long-term receivables, consumer debtors, other debtors, bank and cash balances.

Investments/Bank, Cash and Cash Equivalents-The municipality limits its counterparty exposures from its money market investment operations (financial assets that are neither past due nor impaired) by only dealing with major institutions. No investments with a tenure exceeding twelve months are made.

Trade and Other Receivables-Trade and Other Receivables are amounts owed by consumers and are presented net of impairment losses. The municipality has a credit risk policy in place and the exposure to credit risk is monitored on an ongoing basis. The municipality is compelled in terms of its constitutional mandate to provide all its residents with basic minimum services without recourse to an assessment of creditworthiness. Subsequently, the municipality has no control over the approval of new customers who acquire properties in the designated municipal area and consequently incur debt for rates, water and electricity services rendered to them.

There were no material changes in the exposure to credit risk and its objectives, policies and processes for managing and measuring the risk during the year under review. The municipality’s maximum exposure to credit risk is represented by the carrying value of each financial asset in the Statement of Financial Position, without taking into account the value of any collateral obtained. The municipality has no significant concentration of credit risk, with exposure spread over a large number of consumers, and is not concentrated in any particular sector or geographical area.

The municipality establishes an allowance for impairment that represents its estimate of anticipated losses in respect of trade and other receivables.

Market risk

Interest rate risk

Interest Rate Risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

Financial Instruments disclosure

Receivables from exchange transactions on the Financial Position includes VAT, which is Statutory receivable in terms of GRAP 108. The VAT portion is considered to be statutory receivable and has not been included as financial instrument. In accordance with GRAP 104, the municipality does not recognise statutory receivables as financial instruments, as the standard permits contractual receivables to be disclosed as such.

Class	Category
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uMdoni Municipality

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46. Risk management (continued)

Receivables from exchange transactions	Financial asset measured at amortised cost
Bank balances	Financial asset measured at amortised cost

SUMMARY OF FINANCIAL ASSETS

Financial Assets at Amortised Cost :

Receivables from exchange transactions (Contractual Receivables)	16,312,602	12,432,730
Bank balances	146,398,454	161,185,362
Operating lease asset	181,654	94,665
	162,892,710	173,712,757

FINANCIAL LIABILITIES:

In accordance with GRAP 104 the Financial Liabilities of the municipality are classified as follows :

Class	Category
Consumer Deposits	Financial asset measured at amortised cost
Trade Payables and Accruals	Financial asset measured at amortised cost
Payments received in advance	Financial asset measured at amortised cost
Retention	Financial asset measured at amortised cost

SUMMARY OF FINANCIAL LIABILITIES

Financial Liabilities at Amortised Cost:

Consumer Deposits	2,526,458	2,486,799
Trade Payables and Accruals	24,481,282	24,951,814
Payments received in advance	7,221,722	6,129,244
Retention	10,993,715	17,761,831
Unallocated deposits	3,405,110	3,200,744
	48,628,287	54,530,432

47. Events after the reporting date

Non- Adjusting Events

The Municipality is experiencing labour interruptions since mid- April 2024. This labour interruption persisted in May 2024, June 2024 and early July 2024. In mid-July 2024, the Municipality was affected by community protests which has had an impact on the daily operations and service delivery to the residents. As at the date of submission of the annual financial statements the current situation of labour not working and the threat of community protests still persist.

48. Unauthorised expenditure

Opening balance as previously reported	27,866,838	59,444,457
Opening balance as restated	27,866,838	59,444,457
Add: Expenditure identified - current	6,582,405	44,732,475
Less: Amounts written of - Current	-	(16,865,638)
Less: Amounts written off- prior period	-	(59,444,456)
Closing balance	34,449,243	27,866,838

uMdoni Municipality

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48. Unauthorised expenditure (continued)

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	6,484,424	27,866,838
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Analysed as follows: non-cash

Impairment of non- cash generating assets	-	27,866,838
Debt Impairment	6,484,424	-
	6,484,424	27,866,838

Analysed as follows: cash

Contracted services	97,981	-
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Unauthorised expenditure: Budget overspending – per municipal department:

Various Departments	6,582,405	27,866,838
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49. Fruitless and wasteful expenditure

Opening balance as previously reported	18,258,412	16,013,837
Opening balance as restated	18,258,412	16,013,837
Add: Expenditure identified - current	111,325	2,264,659
Less: Amount written off - prior period	-	(20,084)
Closing balance	18,369,737	18,258,412

uMdoni Municipality

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49. Fruitless and wasteful expenditure (continued)

Expenditure identified in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Interest on late payments		111,325	20,084
Penalties		-	2,264,659
		111,325	2,284,743

50. Irregular expenditure

Opening balance as previously reported	252,754	179,593,911
Correction of prior period error	-	(6,309,000)
Opening balance as restated	252,754	173,284,911
Add: Irregular Expenditure - current	16,355,650	252,755
Add: Irregular Expenditure - prior period	-	16,665,857
Less: Amount written off - current	-	(16,665,857)
Less: Amount written off - prior period	-	(173,284,912)
Closing balance	16,608,404	252,754

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50. Irregular expenditure (continued)

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

	Disciplinary steps taken/criminal proceedings		
Non-compliance with SCM regulations		16,355,650	16,918,612

51. Accounting by principals and agents

Title Deeds Restoration Programme

The Municipality works as an agent on the title deeds restoration programme on behalf of the KZN Provincial Department of human settlements.

The Municipality is considered to be an agent in accordance with GRAP 109, with the KZN Provincial Department of Human Settlements being the principal in this arrangement.

Details of the arrangement is as follows:

The purpose of the principal-agent relationship is for funding to effect the transfer of the 1863 houses in the Ifafa Glebe Housing Project.

Significant terms and conditions of the arrangement are as follows:

- The Municipality to submit to the department ,its bussiness plan detailing how funds are to be used ,also setting time frames for utilization of funds
- The municipality to appoint the conveyancers that are registered with the law society of south africa to carry out the transfer of the properties on the business plan.
- To give regular progress reports to the departments as requested and at steering commitee meetings.
- To ensure that the registration of sites is done quickly as possible and with parameters of the law.

uMdoni Municipality

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51. Accounting by principals and agents (continued)

Municipality as agent

Resources held on behalf of principal(s), but recognised in the municipalities own financial

During the year, the municipality had an opening balance of R 852 998 .Amount of R265 440 has been spent during the year. Balance of R587 558 was left unspent. It is recorded under Unspent Conditional Grants, Current Liabilities note 11 and 28.

Revenue recognised

The municipality does not receive compensation for the transactions carried out on behalf of the principal, in terms of the arrangement, and hence no revenue has been recognised in the current and prior financial year.

Liabilities and corresponding rights of reimbursement recognised as assets

Liabilities which were incurred on behalf of the principal have been settled during the financial year, and hence no outstanding payments were recorded at year end.

The municipality does not receive compensation for the transactions carried out on behalf of the principal, in terms of the arrangement, and hence no revenue has been recognised in the current and prior financial year.

Liabilities which were incurred on behalf of the principal have been paid.

Motor Vehicle Registrations

The municipality is a party to a principal-agent arrangement in terms of motor vehicle registrations. The municipality is considered to be an agent in accordance with GRAP 109, with the Provincial Department of Transport being the principal in this arrangement.

Details of the arrangement

The purpose of the principal-agent relationship is to provide service the community and to enhance the municipality's revenue.

Significant terms and conditions of the arrangement are as follows:

The Provincial Department shall issue the motor vehicle licence renewal form to the respective owners of the motor vehicles, indicating the amount due for the year

The municipality provide facilities for owners of motor vehicles to pay their licences. The Provincial Department provide the municipality with access to its IT systems to enable capturing of the amounts received and issuing of the motor vehicle licences on their behalf. The system automatically generates the motor vehicle licence upon capturing the payment of the fees due.

The municipality collect the fees due from motor vehicle owners and simultaneously issue the new licences on behalf of the Department

The municipality is required to pay over any revenue (cash) collected to the Department in respect of motor vehicle licences.

The municipality is entitled to retain 10% of the cash collected for undertaking this activity on behalf of the Department.

Significant risks have been identified as follows:

The significant risks relate to the possible loss of any monies during transit and potential theft by employees

Mitigation strategies and benefits associated with the relationship are as follows:

Cameras installed and monitored

Access is controlled through biometric system

Cash is collected by the security services company and such cash is insured

Internal controls and reconciliation are performed on a daily and monthly basis

Resources held on behalf of the principal, but recognised in the entity's own financial statements

uMdoni Municipality

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51. Accounting by principals and agents (continued)

During the financial year, the municipality collected R26 241 572. All the monies collected were paid over to the principal as banking is done everyday.

No resources are expected to be paid over to the principal.

Revenue recognised

Revenue has been recognised as the compensation for the transactions carried out on behalf of the principal is R2 589 398 (2023: R2 211 404)

Liabilities and corresponding rights of reimbursement recognised as assets

No liabilities were incurred on behalf of the principal during the financial year, and hence no outstanding payments were recorded at year end.

No corresponding rights of reimbursement that have been recognised at year

Resources (including assets and liabilities) of the entity under the custodianship of the agent

No resources have been recognised by the agent in its financial statements. The municipality is required to return the equipment supplied by the department should the agreement is terminated.

During the period the municipality collected R26 241 572. All the funds were paid over to the Principal by the end of the financial year. No resources expected to be remitted as remaining resources by the agent to the Principal. Banking is done everyday, therefore funds collected on behalf of the principal are paid over everyday. The municipality is required to return the equipment supplied by the department if the agreement is terminated.

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1,941,031	1,700,246
Amount paid - current year	(1,941,031)	(1,700,246)
	-	-

Audit fees

Current year subscription / fee	2,523,833	2,643,345
Amount paid - current year	(2,523,833)	(2,643,345)
	-	-

Unemployment insurance fund and Skills Levy

Opening balance	2,194,893	2,063,650
Current year subscription / fee	(2,194,893)	(2,063,650)
	-	-

Pension and Medical Aid Deductions

Current year subscription / fee	22,572,602	21,631,988
Amount paid - current year	(22,572,602)	(21,631,988)
	-	-

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52. 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	Outstanding more than 90 days	Total
RB Bhoola	1,127	12	1,139
M & P Nombika	174	51	225
	1,301	63	1,364
30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
RB Bhoola	1,674	1,055	2,729
M & P Nombika	218	-	218
	1,892	1,055	2,947

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Municipal Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

An emergency: Expenditure incurred in accordance with Section 36 of the SCM Regulations in respect of an emergency	1,191,615	5,876,092
Goods and services procured or available from a single provider only:	129,483	1,243,327
Expenditure incurred in accordance with Section 36 of the SCM Regulations in respect of goods and services or available from a single provider only.		
Exceptional case where it is impracticable or impossible to follow the official procurement process: Expenditure incurred in accordance to Section 36 of the Regulations in respect of exceptional case where it is impractical or impossible to follow the official procurement processes.	4,765,107	8,183,116
	6,086,205	15,302,535

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53. Contingent Liabilities		
Claim for damages against the municipality, Breach of Contract regarding the Humberdale Landfill site	300,000	9,557,862
Claim against the municipality in respect of material allegedly instructed to procure in respect of the Electrification of Ward 11	8,338,070	8,338,070
Breach of contract claim in respect of a tender being awarded to service provider but could not commence construction.	4,706,062	4,691,077
Breach of contract claim - rehabilitation of Scottburg CBD	24,602,689	24,902,689
Breach of contract claim due to termination of agreement in respect of therehabilitation Umzinto CBD	13,083,585	13,424,615
Claim against the municipality of an application brought to declare the filling of avacant exco seat	500,000	415,239
Defending action instituted against the municipality for recovery of funds spent by the ratepayers association for the upgrade of roads within the municipal district.	152,670	-
Claim for payment of invoice in respect of the Humberdale landfill site. Coalition Trading has served Summons on the municipality	2,760,111	-
Letter of demand and Summons received in respect of vehicle hired by Umdoni Municipality	1,018,760	-
	55,461,947	61,329,552

Notes to the Annual Financial Statements

54. Prior Period Adjustments

Statement of Financial Position

	Audited	Prior year adjustments	Reclassifying adjustments	Restated
Assets				
Current Assets				
Cash and cash equivalents	161,185,364	-	-	161,185,364
Receivables from exchange transactions	35,060,691	(4,587,991)	-	30,472,700
Receivables from non-exchange transactions	57,636,920	9,401	-	57,646,321
Operating lease asset	94,665	-	-	94,665
	253,977,640	(4,578,590)	-	249,399,050
Non-Current Assets				
Investment property	7,905,845	-	-	7,905,845
Property, plant and equipment	645,785,223	(2,296,601)	-	643,488,622
Intangible assets	101,058	-	-	101,058
Heritage assets	261,011	-	-	261,011
	654,053,137	(2,296,601)	-	651,756,536
Total Assets	908,030,777	(6,875,191)	-	901,155,586
Liabilities				
Current Liabilities				
Consumer deposits	2,486,799	-	-	2,486,799
Employee benefit obligation	2,399,999	-	-	2,399,999
Payables from exchange transactions	64,240,952	-	-	64,240,952
Unspent conditional grants and receipts	8,642,416	-	-	8,642,416
Finance lease obligation	130,377	-	-	130,377
Operating Lease liability	150,099	-	-	150,099
	78,050,642	-	-	78,050,642
Non-Current Liabilities				
Employee benefit obligation	28,468,000	-	-	28,468,000
Provisions	22,867,721	(13,428,404)	-	9,439,317
	51,335,721	(13,428,404)	-	37,907,317
Total Liabilities	129,386,363	(13,428,404)	-	115,957,959
Net Assets	778,644,414	6,553,213	-	785,197,627
Net Assets				
Reserves				
Housing development fund	3,142,755	-	-	3,142,755
Accumulated surplus	775,501,659	1,156,404	-	782,054,860
Total Net Assets	778,644,414	1,156,404	-	785,197,615

Notes to the Annual Financial Statements

54. Prior Period Adjustments (continued)**54.1 Current Assets****Receivables from exchange transactions**

Balance previously reported	35,060,691	-
Correction of error	(4,587,991)	-
	30,472,700	-

This relates to correction relating to Vat receivable due from SARS for the prior years which has been corrected. This also relates to not claimable input assessed by SARS in prior years reallocated to expense accounts

Non-current liabilities**Provisions**

Balance previously reported	22,867,721	-
Correction of error	(13,428,404)	-
	9,439,317	-

This relates to correction relating to landfill site provision.

Sub-heading**54.2 Receivables from non-exchange transactions**

Balance previously reported	57,636,920
Correction of error	9,401
	57,646,321

Detailed reconciliation of traffic fines outstanding was performed, resulting in prior period adjustments being effected to the financial statements. In the detailed reconciliation, it was discovered that at times prosecutors take time to process the objections/reversals/adjustments to the fines issued. When the objections/reversals/adjustments have been submitted, the fine would have been already raised in the system and the financial statements.

54.3 Property, plant and equipment

Balance previously reported	645,785,223
Correction of error	(2,296,601)
	643,488,622

These relates to assets being initially classified to incorrect classes of assets.

54.4 Accumulated surplus

Balance previously reported	775,501,652
Correction of error	6,553,208
	782,054,860

The above mentioned prior period errors impacted the accumulated surplus in relation to Property, Plant and Equipment. Receivables from non-exchange transactions and provisions relating to landfill site. This also relates to not claimable input assessed by SARS in prior years reallocated to expense accounts

Notes to the Annual Financial Statements

54. Prior Period Adjustments (continued)

Statement of Financial Performance

	Audited	Prior year adjustments	Reclassifying adjustments	Restated
Revenue				
Revenue from exchange transactions				
Sale of goods	3,325,960	-	-	3,325,960
Service charges	10,575,025	-	-	10,575,025
Operational revenue	1,352,423	-	-	1,352,423
Rental of facilities and equipment	7,175,758	-	-	7,175,758
Interest received - receivables	1,528,041	-	-	1,528,041
Agency services	2,087,410	-	-	2,087,410
Proceeds from Insurance fund (Allocations in kind)	258,368	-	-	258,368
Actuarial gains	1,902,144	-	-	1,902,144
Investment revenue	13,513,478	-	-	13,513,478
Total revenue from exchange transactions	41,718,607	-	-	41,718,607
Revenue from non-exchange transactions				
Taxation revenue				
Property rates	110,977,037	-	-	110,977,036
Property rates - penalties and interest	9,504,253	-	-	9,504,253
Licence or permits	6,863,600	-	-	6,863,600
Transfer revenue				
Government grants & subsidies	224,836,212	-	-	224,836,212
Fines, Penalties and Forfeits	1,292,942	8,600	-	1,301,542
Total revenue from non-exchange transactions	353,474,044	8,600	-	353,482,643
Total revenue	395,192,651	8,600	-	395,201,250
Expenditure				
Employee related costs	(145,634,138)	-	-	(145,634,138)
Remuneration of councillors	(15,270,667)	-	-	(15,270,667)
Contribution to landfill site provision	(1,385,200)	-	(1,385,200)	-
Depreciation and amortisation	(34,409,084)	(369,616)	-	(34,778,700)
Impairment of cash and non-cash generating assets	42,863,734	-	-	42,863,734
Finance costs	(19,261)	816,241	(1,385,200)	(588,219)
Debt impairment	(18,433,565)	-	-	(18,433,565)
Lease rentals on operating lease	(1,650,418)	-	-	(1,650,418)
Bad debts written off	(9,056,500)	-	-	(9,056,500)
Inventory Consumed	(4,711,953)	-	-	(4,711,953)
Contracted services	(122,880,165)	-	-	(122,880,165)
Transfers and subsidies	(649,927)	-	-	(649,927)
Losses on disposals of assets	(3,857,282)	-	-	(3,857,282)
Operational expenditure	(52,195,027)	-	-	(52,195,027)
Total expenditure	(367,289,453)	(1,185,857)	-	(366,842,827)
Operating surplus	27,903,198	(1,177,257)	-	28,358,423
Surplus for the year	27,903,198	(1,177,257)	-	28,358,423

Notes to the Annual Financial Statements**54. Prior Period Adjustments (continued)****54.5 Fines, Penalties and Forfeits**

Balance previously reported	1,292,942
Correction of error	8,600
	1,301,542

Detailed reconciliation of traffic fines outstanding was performed, resulting in prior period adjustments being effected to the financial statements. In the detailed reconciliation, it was discovered that at times prosecutors take time to process the objections/reversals/adjustments to the fines issued. When the objections/reversals/adjustments have been submitted, the fine would have been already raised in the system and the financial statements.

54.6 Finance costs

Balance previously reported	(19,261)
Reclassification	(1,385,200)
Correction of error	816,242
	(588,219)

This relates to reclassification of finance cost for Landfill site in terms of guidelines. This also relates to correction relating to landfill site interest for prior year.

55. Donation of Land Received

Donation of Land Received	3,669,740	-
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56. Change in estimate**Property, plant and equipment**

The useful lives of Property Plant and Equipment were assessed by management. At the end of the current period management has revised their estimate ranging to 3 years for different asset categories. The effect of this revision has decreased the depreciation charge for the current and the future period by R3 443 396 in respect of these assets. The assessment was done at year end when the assets were approaching the end of the useful lives and the economic benefits still accruing to the municipality.

Depreciation previously reported	11,364,952	7,738,014
Change in estimate	(3,443,396)	(2,665,524)
Depreciation restated	7,921,556	5,072,490

Landfill site

The survey was conducted by the surveyor and based on the available airspace the liability amounts to R 16 649 222. Therefore, R 6 288 532 represent the change in estimate. The change has decreased as compared to last financial year due to the capping method which was amended to suit the latest environmental legislation.

Humberdale Landfill Site

Landfill Site liability after unwinding interest	(22,937,754)	(12,483,170)
Landfill Site liability as at 30 June 2024	16,649,222	9,439,318
	(6,288,532)	(3,043,852)

57. Segment information**General information**

Notes to the Annual Financial Statements

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57. Segment information (continued)

Identification of segments

The municipality is organised and reports to management on the basis of major functional areas. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

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

Aggregated segments

The municipality operates within its municipal jurisdiction, as per the boundaries and demarcation. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment

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

Reportable segment	Goods and/or services
Segment 1	Roads and Stormwater
Segment 2	Waste Management
Segment 4	Housing
Segment 5	Planning and Development
Segment 6	Recreational Facilities
Segment 7	Libraries and archives
Segment 8	Community halls and facilities

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57. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2024

	Roads and Stormwater	Waste Management	Housing	Planning and Development	Recreational facilities	Libraries and archives	Community halls and facilities	Total
Revenue								
Revenue from exchange transactions								
Service charges	-	11,151,174	-	-	-	-	-	11,151,174
Sale of good and rendering of service	-	-	-	520,829	355,862	30,700	61,285	968,676
Rental of facilities and equipment	-	-	35,772	-	-	122	223,919	259,813
Interest recieved -Investments	-	1,927,156	-	-	-	-	-	1,927,156
Operational Revenue	708,696	-	-	-	-	21,792	-	730,488
Revenue from non-exchange transactions	-	-	-	-	-	-	-	-
Government grant and Subsidies	43,135,601	-	800,000	4,477,914	2,178,584	8,417,000	-	59,009,099
Fines ,Penalties and Forfiets	-	-	-	-	-	1,693	-	1,693
Licences and Permits(Non-exchange)	-	-	-	-	1,668	-	-	1,668
Property Rates - Penalties Imposed	-	-	-	-	-	-	21,080	21,080
Total segment revenue	43,844,297	13,078,330	835,772	4,998,743	2,536,114	8,471,307	306,284	74,070,847

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	Roads and Stormwater	Waste Management	Housing	Planning and Development	Recreational facilities	Libraries and archives	Community halls and facilities	Total
57. Segment information (continued)								
Unallocated - Acturial Gains								1,721,917
Unallocated - Agency Services								2,589,398
Unallocated - Interest recieved -Investments								14,607,648
Unallocated - Operational Revenue								511,620
Unallocated - Rental of Facilities and Equipment								7,360,540
Unallocated - Sale of Goods and Rendering of Services								2,039,134
Unallocated - Fines, Penalties and Forfeits								1,894,609
Unallocated - Government grants & subsidies								175,562,000
Unallocated - Licences and Permits(Non-exchange)								2,950,932
Unallocated - Property Rates								120,535,254
Unallocated - Property Rates - Penalties Imposed								12,130,928
Interest received - Receivables								(50,658)
Donation of Land Recieved								3,669,470
Fines, Penalties and Forfeits								1,196,700
Government grants & subsidies								175,561,999
Licences and Permits(Non-exchange)								2,950,932
Property Rates								132,666,182
Total revenue reconciling items								344,680,720
Entity's revenue								418,751,567

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	Roads and Stormwater	Waste Management	Housing	Planning and Development	Recreational facilities	Libraries and archives	Community halls and facilities	Total
57. Segment information (continued)								
Expenditure								
Employee related cost	(10,304,902)	(14,080,702)	(2,485,159)	(11,342,110)	(7,755,167)	(10,663,123)	(12,735,367)	(69,366,530)
Contracted services	(41,462,319)	(10,874,319)	(621,690)	(4,329,794)	(6,667,986)	(94,300)	(5,081,356)	(69,131,764)
Operational expenditure	(127,727)	(217,249)	(19,687)	(152,209)	(119,350)	(494,757)	(102,530)	(1,233,509)
Depreciation and amortisation	(32,079,322)	-	-	-	-	-	(4,998,259)	(37,077,581)
Inventory Consumed	(2,561,671)	(690,358)	-	-	(141,150)	(350,355)	(243,630)	(3,987,164)
Loss on Disposal of Assets	(10,146)	-	-	-	-	-	(232,777)	(242,923)
Impairment of cash and non-cash generating assets)	(8,718)	-	-	-	-	-	-	(8,718)
Transfers and Subsidies	-	-	-	(1,422,171)	-	-	-	(1,422,171)
Finance cost	-	(921,371)	-	-	-	-	-	(921,371)
Lease rental on operating lease	-	-	-	-	-	(631,115)	-	(631,115)
Total segment expenditure	(86,554,805)	(26,783,999)	(3,126,536)	(17,246,284)	(14,683,653)	(12,233,650)	(23,393,919)	(184,022,846)
Total segmental surplus/(deficit)								258,093,693
Unallocated - Contracted Services								(38,407,775)
Unallocated - Debt Impairment								(24,747,085)
Unallocated - Depreciation and Amortisation								(4,407,551)
Unallocated - Employee Related Cost								(81,331,114)
Unallocated - Impairment of cash and non-cash generating assets								(4,564,022)
Unallocated - Inventory Consumed								(3,069,239)
Unallocated - Loss on disposal of assets								(1,658,459)
Unallocated - Operational expenditure								(51,589,826)
Unallocated - Remuneration of Councillors								(16,330,032)
Unallocated - Transfers and Subsidies								(1,599,285)
Unallocated - Finance Cost								(5,752)
Unallocated - Lease rental on operating lease								(1,802,833)
Total revenue reconciling items								-
Entity's surplus (deficit) for the period								5,215,715

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

57. Segment information (continued)

Assets

	Roads and Stormwater	Waste Management	Housing	Planning and Development	Recreational facilities	Libraries and archives	Community halls and facilities	Total
Segment assets acquisitions	19,511,620	695,634	-	-	49,130	-	21,295,405	41,551,789
Unallocated - Assets								867,599,067
Total assets as per Statement of financial Position								909,150,856

2023

	Roads and Stormwater	Waste Management	Housing	Planning and Development	Recreational Facilities	Libraries and Archives	Community Halls and facilities	Total
Revenue								
Revenue from Exchange transactions	-	-	-	-	-	-	-	-
Service Charges	-	10,575,024	-	-	-	-	-	10,575,024
Sale of goods and rendering of services	-	-	-	655,538	210,497	24,718	43,421	934,174
Rental of facilities and equipment	-	-	35,772	-	-	730	249,649	286,151
Operational revenue	-	-	-	-	-	19,160	-	19,160
Revenue from Non - Exchange transactions	-	-	-	-	-	-	-	-
Fines, Penalties and Forfeits	-	-	-	-	-	592	-	592
Government grant and subsidies	44,632,106	-	-	1,772,000	-	10,268,000	-	56,672,106
Property rates - Penalties and Interest	-	-	-	-	-	-	18,492	18,492
Licences and Permits	-	-	-	-	17,387	-	-	17,387
Total segment revenue	44,632,106	10,575,024	35,772	2,427,538	227,884	10,313,200	311,562	72,519,198

uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

57. Segment information (continued)

Unallocated - Proceeds from Insurance fund (Allocations in kind)	258,368
Unallocated - Actuarial gains - employee benefits	1,902,144
Unallocated - Agency Services	2,087,410
Unallocated - Interest received - Investment	13,513,487
Unallocated - Interest received - Receivables	1,528,041
Unallocated - Rental of facilities equipment	6,889,606
Unallocated - Sale of Goods and Rendering of Services	2,391,783
Unallocated - Fines, Penalties and Forfeits	1,300,950
Unallocated - Government grants & subsidies	164,168,000
Unallocated - Licences and Permits(Non-exchange)	6,846,211
Unallocated - Property Rates	110,977,037
Unallocated - Property Rates - Penalties Imposed	1,451,537
Unallocated - Operational revenue	1,333,261

Total revenue reconciling items	314,647,835
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Entity's revenue	395,201,253
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Expenditure

Employee related cost	(1,117,410)	(2,383,756)	(2,399,176)	(9,424,103)	(6,690,561)	(10,364,142)	(10,631,654)	(43,010,802)
Contracted Services	(61,369,801)	(12,275,111)	(413,589)	(2,793,976)	(3,760,582)	(310,805)	(3,587,952)	(84,511,816)
Operational Expenditure	-	-	(19,087)	(449,505)	(157,675)	(587,908)	(92,330)	(1,306,505)
Depreciation and Armortisation	(15,080,440)	-	-	-	-	-	(3,211,775)	(18,292,215)
Inventory Consumed	(814,198)	(602,885)	-	(68,120)	(182,876)	(309,238)	(71,925)	(2,049,242)
Impairment loss	18,710,440	966,198	-	-	-	-	21,984,759	41,661,397
Loss on disposal of Assets	(3,322,627)	-	-	-	-	-	(795,377)	(4,118,004)
Finance cost	-	(568,958)	-	-	-	-	-	(568,958)
Lease rentals on operating lease	-	-	-	-	-	(228,101)	-	(228,101)

Total segment expenditure	(62,994,036)	(14,864,512)	(2,831,852)	(12,735,704)	(10,791,694)	(11,800,194)	3,593,746	(112,424,246)
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Total segmental surplus/(deficit)	184,943,444
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uMdoni Municipality

Annual Financial Statements for the year ended 30 June 2024

Notes to the Annual Financial Statements

Figures in Rand

	Roads and Stormwater	Waste Management	Housing	Planning and Development	Recreational Facilities	Libraries and Archives	Community Halls and facilities	Total
57. Segment information (continued)								
Unallocated - Bad Debt write off								9,056,499
Unallocated - Contracted Services								38,368,345
Unallocated - Debt Impairment								18,433,565
Unallocated - Depreciation and Amortisation								16,116,868
Unallocated - Employee Related Cost								102,623,330
Unallocated - Finance costs								19,260
Unallocated - Impairment of cash and non-cash generating assets								(1,202,335)
Unallocated - Inventory Consumed								2,662,709
Unallocated - Loss on disposal of assets								(260,122)
Unallocated - Operational expenditure								50,888,518
Unallocated - Remuneration of Councillors								15,270,666
Unallocated - Transfers and Subsidies								649,926
Unallocated - Lease rentals on operating lease								1,422,317
Entity's surplus (deficit) for the period								28,358,423
Assets								
Segment assets acquisitions	23,624,248	8,145,700	-	327,541	-	48,950	17,206,169	49,352,608
Unallocated assets								860,574,472
Total assets as per Statement of financial Position								909,927,080

58. Budget differences

Material differences between budget and actual amounts

Property Rates- The amount accrued on rates amounts to R120.5 million, against the expected R128.6 million. This has resulted in 6% variance. The variance is immaterial as its below 10%.

Notes to the Annual Financial Statements

Figures in Rand	2024	2023
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58. Budget differences (continued)

Refuse Removal - Amount accrued on refuse removal is R11.1 million against the expected R12.9 million. Variance is sitting at 14%. The variance is due to under-collection.

Employee costs - An amount of R151.6 million has been spent to date on employee related costs against the expected R169.2 million. The variance is sitting at 10%. The variance is due to vacant posts not filled resulting from resignations, retirements and deaths. .

Debt impairment - Expenditure is R24.7 million against the expected budget of R7 million. The debt impairment is higher that anticipated.

Investment Revenue

This relates to interest received on the call account deposits held. Interest recognised amounts to R14.5 million against the expected R10.5 million. The variance is 39%. This huge variance is caused by the six months' fixed deposit that matured in January and the higher-than-anticipated interest rates.

Other Own Revenue - Rental of facilities and Equipment: R7.6 million has been recognised instead of the expected R7.1 million. Variance is sitting at 6.6% and immaterial. Fines: R1.1 million has been recognised instead of the expected R1.5 million. Variance is 24.3%. There are system challenges in the traffic fines system which are currently being resolved. Reconciliations by Finance Department will be finalised once the system challenges are resolved and the data will then be loaded into the financial system. Licenses and permits: R2.9 million has been recognised, and the municipality expected to recognise R6.1 million. The variance is sitting at 52%. This variance is due to grade F being conducted instead of Grade A. DOT has not yet allowed full access to the municipality, resulting in fewer transactions being processed. Agency Fees; The amount recognised amounts to R2.5 million and the municipality expected to recognise R2.6 million. Variance is sitting at - 9.3%. The variance is due to over-collection. Operational Revenue: R533 thousand has been recognised instead of the expected R364 thousand. This category includes general revenue sources like building plan fees, subdivisions revenue, campsite fees and scholar patrol revenue. The variance is -46%. The variance is due to activities that that were more than anticipated. Interest earned from receivables: R1.8 million has been accrued instead of the expected R218 thousand. Variance is 760%. The variance is due to the increasing old debt and Sanral debt that is beyond 120 days hence generating huge interest. The impact of the poor economy is affecting the municipality to a greater extent as customers are struggling to pay.

Transfers and subsidies - Expenditure is R2.7 million against the year-to-date budget of R3.9 million. The variance is 30%. An amount of R1.1 million has been budgeted under this category for disaster relief expenses (this occurs as and when required). Spending is low because the budget set aside for the Fire and Disaster had low spending as at end of June.

Operational Costs - This line item includes all other operating expenses such as accommodation, telephone costs, electricity, protective clothing, audit fees etc. Expenditure is R51.3 million against the expected budget of R67.8 million. The variance is 24%. This variance is caused by expenditure such as accommodation, travel cost, hire charges etc. which are incurred only when there is a need.

Contracted Services - Expenditure is R107.3 million against the year-to-date budget of R145.7 million. Variance is 26%.

UMDONI MUNICIPALITY



OVERSIGHT COMMITTEE REPORT

UMDONI MUNICIPALITY
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2024

1. INTRODUCTION

The annual report is a key instrument of transparent governance and accountability. It is a post-financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial year, in this instance 2023/2024. The adoption of an Annual Report is a legislated requirement in terms of the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA).

2. PURPOSE

The purpose of this report is to present to Council for adoption, the final Annual Report for 2023/2024 as well as the Oversight Report on the Annual Report as required in terms of Section 129 of the MFMA.

3. LEGAL FRAMEWORK

Herewith an extract from key legislative requirements as per the Local Government: Municipal Finance Management Act, Act 56 of 2003 (MFMA) relating to the Annual Report: -

1.1. Preparation and adoption of annual reports.

- a) Every municipality and every municipal entity must for each financial year prepare an annual report in accordance with this Chapter. The council of a municipality must within nine months after the end of a financial year deal with the annual report of the municipality and of any municipal entity under the municipality's sole or shared control in accordance with section 129.*

1.2. The purpose of an annual report is—

- a) to provide a record of the activities of the municipality or municipal entity during the financial year to which the report relates;*
- b) to provide a report on performance against the budget of the municipality or municipal entity for that financial year; and*
- c) to promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity.*

1.3. Submission and tabling of annual reports

- a) The mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control.*

1.4. Oversight reports on annual reports

1.4.1. The council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, 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, 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.*

4. ANNUAL REPORT CONSULTATION AND ADOPTION PROCESS BY THE OVERSIGHT COMMITTEE (MPAC)

In terms of Council Resolution, an Oversight Committee (MPAC) was established in terms of Section 79 of the Structures Act, 1998. In terms of the Terms of Reference of this Committee it is, inter alia, responsible to perform oversight over the process of preparing the Annual Report of Council and to produce an Oversight Report based on the Annual Report.

Oversight Committee currently consists of the following members.

- i) Cllr MA Khan (Chairperson)
- ii) Cllr MG Phungula
- iii) Cllr RB Bhoola
- iv) Cllr NT Nzama
- v) Cllr MA Mbanjwa
- vi) Cllr Sookhraj
- vii) Cllr JM Ndlela
- viii) Cllr S Mahomed
- ix) DA Seat (Vacant)
- x) Cllr. Gumede
- xi) Cllr BA Cele
- xii) Mr. S Phakathi – (Public member)
- xiii) Adv. Brijraj (Ward Committee Member)

5. OVERSIGHT REPORT

The adoption of the Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the MFMA required the Council to consider the annual reports of its municipality and to adopt an Oversight Report containing the Council's comments. The oversight report must include a statement whether the Council:

- Has approved the annual report, with or without reservations,
- Has rejected the annual report, or
- Has referred the annual report back for revision of those components that can be reviewed.

National Treasury issued Circular 32 on March 2006 on the preparation of Oversight Reports and provides guidelines on the processes to be followed in the adoption of the Oversight Reports to which this report conforms. The Oversight Report is a separate product from the Annual Report. The Annual Report is submitted to the Council by the Accounting Officer and the Mayor and is part of the process for discharging accountability by the Executive and Administration for their performance in achieving objective goals set by the municipality in the financial year under review. The Oversight Report follows consideration and consultation on the Annual Report and is considered a report of the municipal council.

6. ADOPTION AND PUBLIC CONSULTATION PROCESS

The draft Annual Report 2023/2024 was tabled to Council on 29 January 2025 in compliance with the Municipal Finance Management Act (MFMA), no 56 of 2003 which requires under Section 127(2) that:

“The Mayor of a municipality must, within seven months after the end of a financial year, table in the municipal council the annual report of the municipality.”

The draft Annual Report 2023/2024 was made public on the municipal website after it was noted by Council on 07 February 2025 for a period of 21 days. Members of the community and other stakeholders were invited to submit written comments/inputs into the Draft Annual Report.

The Annual Report was furthermore also submitted in terms of Section 127(5)(b) to the Auditor General of South Africa, Provincial Treasury (KZN) and the Department of Local Government & Traditional Affairs.

The closing date for public comments was on 10 March 2024. No submissions from the public or other institutions have been received to date.

7. COMMENTS BY THE OVERSIGHT COMMITTEE

COMMENTS	ACTION
Members of the oversight committee raised matters to be corrected in the Draft Annual Report on page 27 & 28, and administration to provide information on page 41 subsection 2.9 and 2.10 regarding information on the Municipal website as well as By-Laws.	This information has been subsequently added and corrected by the administration on the Annual Report Ward 9 & Ward 16 Cllrs are included as members of the executive committee in page 24
The oversight committee raised concerns on the plan of corrective measures to address issues of internal controls for the year under review.	The 2023/2024 Audit Action Plan has been included as part of the Annual Report and it addresses corrective action for internal control findings raised by the Auditor General findings for the year under review
Members of the Oversight Committee raised concerns with regards to the performance against the strategic goals of the municipality as well as meeting the service delivery expectations of the community for the year under review.	The 2023/2024 Annual Report is based on the audited Annual Financial Statements and the Audited Annual Performance report which does not overstate achievement of targets during the year under review. Performance targets that have not been achieved have been provided with reasons for variance and plan of corrective measures as per the APR that was audited by the AG.
Oversight Committee raised concerns on the lack of comments/participation on the annual report process by members of the public and made recommendations to administration that in future Ward Committees be used as a platform to engage on the development of the Annual Report so as to receive inputs from the public's representative on the Annual Report	Management noted the recommendation for implementation in the 2024/2025 Annual Reporting cycle regarding the public participation process.
Inclusion of statistics on the management of complaints that have been raised for the year under review	In future management will report on the status of public complaints raised for the year under review.

The process for the finalization and approval of the annual report is set out in the table below:

ACTIVITY DESCRIPTION	PROVIDED FOR BY
Preparation of annual financial statements of the municipality and submission to the Auditor General	MFMA Section 122(1)(2)
Receipt of final report from Auditor General	MFMA Section 126(3)(b)
Tabling of Annual Report in Council by Executive Mayor	MFMA Section 127(2)
Allowing for comment by Community and relevant state organs	MFMA Section 127(5)(a) & (b)
Corrective actions to AG's opinion formulated and tabled in Council	MFMA Section 121(3)(g)
Consideration and adoption of Annual Report and Oversight Report	MFMA Section 129(1)
Submission of Annual Report and Oversight Report to AG, Provincial Treasury and MEC: Local Government	MFMA Section 129(2)(b)
Communication of final Annual Report and Oversight Report (website)	MFMA Section 129(3)

8. CONCLUSION

As Chairperson of the MPAC I would like to thank the MPAC Committee Members, the Mayor and Council, the Municipal Manager and Executive Management Team, as well as the various contributors to the Annual Report 2023/2024 for their diligence and constructive commitment during the oversight period. The MPAC is satisfied that the 2023/2024 Annual Report provides an accurate overview of the process of financial and non-financial performance during the period under review and therefore would like to recommend the adoption thereof.

9. RECOMMENDED RESOLUTIONS TO BE ADOPTED BY COUNCIL

In accordance with Section 129(1) of the MFMA it is RECOMMENDED to Council: -

1. The Oversight Committee having fully considered the Oversight Report on the 2023/2024 Annual Report recommends to Council to ADOPT the Oversight Report.
2. That Oversight Committee, having fully considered the Final Annual Report 2023/2024, attached hereto, recommends to Council to adopt the Annual Report 2023/2024 without any reservations subject to corrections raised by the Oversight committee have been effected to the Annual Report.
3. That the Oversight Report 2023/2024 be made public in accordance with Section 129(3) of the MFMA, and;
4. That the Oversight Report on the Annual Report 2023/2024 be submitted to the Provincial Legislature in accordance with Section 132(2) of the MFMA.

Cllr. MA Khan

Chairperson of the Municipal Public Accounts Committee/Oversight Committee



UMDONI MUNICIPALITY

MISSION/ INHLOSO


Working together in contributing to job creation,
economic viability through sustained local
economic development to ensure the
well-being of our community in a
eco-friendly environment.

Ukusebenza ngokubambisana ekwakhiweni
kwamathuba emisebenzi, ukusimamiswa
komnotho ngokuthuthukisa umnotho wendawo
ukuze kuqinisekiswa inhlaloni yemiphakathi
endaweni eyamukelekayo.

VISION / UMBONO

By 2030 Umdoni will be the JEWEL of
the South Coast

Ngonyaka ka 2030 uMkhandlu dolobha
waseMdoni uyobe uyigugu lezindawo
ezigudle Ugu.


P.O Box 19, Scottburgh, 4180
Cnr Bram Fischer & Williamson Street
Scottburgh


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Umdoni Municipality News



Umdoni Municipality



Umdoni Municipality