

ANNUAL REPORT 2019/2020

This Draft Annual Report is drafted in terms of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003) and the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000).



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GLOSSARY

DEFINITIONS	
Accessibility indicators	Explore whether the intended beneficiaries are able to access services or outputs.
Accountability documents	Documents used by executive authorities to give “ <i>full and regular</i> ” reports on the matters under their control to parliament and provincial legislatures as prescribed by the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996). This includes plans, budgets, in-year and annual reports.
Activities	The processes or actions that use a range of inputs to produce the desired outputs and ultimately outcomes. In essence, activities describe “ <i>what we do</i> ”.
Adequacy indicators	The quantity of input or output relative to the need or demand.
Annual Report	A report to be prepared and submitted annually based on the regulations set out in Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003). Such a report must include the annual financial statements as submitted to the Auditor-General.
Approved Budget	The annual financial statements of a municipality as audited by the Auditor-General and approved by Council or a provincial or national executive.
Baseline	Current level of performance that a municipality aims to improve when setting performance targets. The baseline relates to the level of performance recorded in a year prior to the planning period.
Basic municipal service	A municipal service that is necessary to ensure an acceptable and reasonable quality of life to citizens within that particular area. If not provided, it may endanger the public health and safety or the environment.
Budget year	The financial year for which an annual budget is to be approved – means a year ending on 30 June.
Cost indicators	The overall cost or expenditure of producing a specified quantity of outputs.
Distribution indicators	The distribution of capacity to deliver services.

Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally.
Impact	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
Inputs	All the resources that contribute to the production and delivery of outputs. Inputs are " <i>what we use to do the work</i> ". They include finances, personnel, equipment and buildings.
Integrated Development Plan (IDP)	Sets out municipal goals and development plans.
National Key Performance Areas	Five National Key Performance Areas are: <ul style="list-style-type: none"> • Municipal Transformation and Institutional Development • Basic Service Delivery and infrastructure Development • Good Governance and Community Participation • Cross Cutting Interventions • Social and Economic Development • Financial Viability and Management
Outcomes	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are " <i>what we wish to achieve</i> ".
Outputs	The final products, or goods and services produced for delivery. Outputs may be defined as " <i>what we produce or deliver</i> ". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunisation, or a service such as processing an application) that contributes to the achievement of a key result area.
Performance Indicator	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered).
Performance Information	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.

Performance Standards	<p>The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this employee performance management and development system (EPMDS), performance standards are divided into indicators and the time factor.</p>
Performance Targets	<p>The level of performance that municipalities and its employees strive to achieve. Performance targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.</p>
Service Delivery and Budget Implementation Plan	<p>Detailed plan annually approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.</p>
Vote	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p><i>"(a) One of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p><i>(b) Which specifies the total amount that is appropriated for the purposes of the department or functional area concerned."</i></p>

ACRONYMS

ACRONYMS	
A/PC	Audit/Performance Committee
AIDS	Acquired Immune Deficiency Syndrome
ANC	African National Congress
ANC	Anti Natal Clinic
APR	Annual Performance Report
AQMP	Air Quality Management Plan
ASB	Accounting Standards Board
ACF	Anti-Corruption and Fraud
CBD	Central Business District
CCAP	Climate Change Adaption Plan
CFO	Chief Financial Officer
CIGFARO	Chartered Institute of Government Finance Audit and Risk Officers
CLLR	Councillor
CIP	Comprehensive Infrastructure Plan
RCM	Risk and Compliance Manager
DA	Democratic Alliance
DCOGTA	Department of Co-operative Governance and Traditional Affairs
DED	Department of Economic Development
DoA	Department of Agriculture
DoRA	Division of Revenue Act
DRDLR	Department of Rural Development and Land Reform
ECD	Early Childhood Development
EEA	Employment Equity Act
EFF	Economic Freedom Fighters
EIA	Environmental Impact Assessment
EPWP	Expanded Public Works Programme
FRM	Fraud Risk Management
GIS	Geographic Information System

GRAP	Generally Recognised Accounting Practice
GV	General Valuation
GVA	Gross Value Added
HIV	Human Immunodeficiency Virus
HR	Human Resources
IAS	Invasive Alien Species
IFP	Inkatha Freedom Party
ICT	Information and Communication Technology
IDP	Integrated Development Plan
IEM	Integrated Environmental Management
IGR	Inter-Governmental Relations
INEP	Integrated National Electrification Funding
IOD	Injury on Duty
ISAMAO	Institute of South African Municipal Accounting Officers
ITP	Integrated Transport Plan
IWMP	Integrated Waste Management Plan
KFA	Key Focus Area
KPA	Key Performance Area
KPI	Key Performance Indicator
LED	Local Economic Development
LLF	Local Labour Forum
MM	Municipal Manager
MFMA	Municipal Finance Management Act
MGRO	Municipal Governance Review and Outlook
MICE	Meetings, Incentives, Conferences and Exhibitions
MIG	Municipal Infrastructure Grant
MPAC	Municipal Public Accounts Committee
MPRA	Municipal Property Rates Act
MSA	Municipal Systems Act
mSCOA	Municipal Standard Chart of Accounts
NBR	National Building Regulations

NEMAQA	National Environmental Management Air Quality Act
NEMBA	National Environmental Management: Biodiversity Act
NERSA	National Energy Regulator of South Africa
NGO	Non-Governmental Organisation
NPO	Non-Profit Organisation
NQF	National Qualification Framework
PMS	Performance Management System
PPP	Public Private Partnership
RBIG	Regional Bulk Services Infrastructure Grant
SAHRA	South African Heritage Resources Agency
SALGA	South African Local Government Association
SAPS	South African Police Service
SCM	Supply Chain Management
SDBIP	Service Delivery and Budget Implementation Plan
SDF	Spatial Development Framework
SEDA	Small Enterprise Development Agency
SEM	Staff Employee Monitoring
SMMEs	Small Medium and Micro Enterprises
SO	Strategic Objective
SOP	Standard Operating Procedure
STATSSA	Statistics South Africa
SV	Supplementary Valuation
TASK	Tuned Assessment of Skills and Knowledge
UIF	Unemployment Insurance Fund
WTW	Water Treatment Works
WWTW	Wastewater Treatment Works

CHAPTER 1

MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

COMPONENT A: MAYOR'S FOREWORD



Honourable Mayor: Cllr N.S. Mthethwa

It gives me pleasure to present to you the annual report, annual performance report (APR) and annual financial statement (AFS) for 2019/2020 financial year which is a detailed account of the Municipal performance. The report is in line with the requirements of the Municipal Finance Management Act, 56 of 2003 and other relevant pieces of legislation that dictate transparency and accountability in execution of the Municipal mandate and it is in this context that this report is prepared.

Umhlabuyalingana Municipality Council adopted its vision, mission, core values and key strategic objectives to meet the Municipality's rapidly changing and growing needs. The Municipality's vision is aligned to the National Development Plan (NDP), KwaZulu-Natal Provincial Growth and Development Strategy (PGDS), District Growth and Development Plan (DGDGP) that seeks to create an enabling environment for growth, development, employment and job creation as well as sound financial management.

Vision:

"To be a people centred premier socio-economic development and environmentally friendly service delivery municipality by 2030"

Mission Statement:

"Creating an enabling environment and sustainable development which promotes quality of life".

Table-1- Core Values:

Integrity	Courtesy	Transparency
Redress	Quality service	Learning
Benchmarking	Good governance	Dialogue and Diversity
Commitment	Honesty	Partnership and Professionalism
Interpersonal skills	Responsibility	Consultation/Participation
Accessibility	Accountability	

The year 2019/20 was a tough and challenging year for local government in general and the eruption of the novel Corona Virus and other disruptions which affected the operations of our municipality. Municipalities, due to their proximity to communities, have a central role to play in the government's response to combat the spread of the virus. As such, regulations and directives issued by respective Ministers, have a direct impact on the execution response of municipalities.

The pandemic and lockdown have resulted to job losses and reduced income, which ultimately affected municipal revenue. Our municipality was already struggling to collect revenue from service charges and rates and this situation has worsened as a result of the pandemic. The COVID-19 pandemic is impacting all aspects of our society and require unprecedented action on the part of the government, across all three spheres, to curb the spread of the virus. The impact of the national 'lockdown' has far-reaching implications for municipalities who are at the coalface of the delivery of essential services. The impact of the virus will be felt by municipalities far beyond the lockdown period.

Notwithstanding the above, the year 2019/2020 was a progressive period albeit presented the Municipality with a plethora of challenges. However, tangible effort was made to deliver the Municipality's priority programmes as outlined in the broader Municipal Integrated Development Plan (IDP). As such significant strides were made to address service delivery backlogs which hindered positive narrative on service delivery.

During the financial year (2019/2020), the municipality also continued with the implementation of several projects such as access roads. Further to that the municipality procured its own grader, tipper truck and water tanker to reduce costs associated with hiring

the plant from service providers. Moreover, several electrification projects were planned in the following wards 7, 10, 12, and 16, however only one project was successfully completed which is Mahlangu extension in ward 10. In terms of electrification, uMhlabuyalingana has the highest backlog of electricity supply of all municipalities in South Africa (81.5%), with 7 329 households having access, versus 32 285 which don't. The municipality has to do more towards improving the lives of our people through the introduction of more electrification projects. We were also unable to finish several infrastructure projects, in particular access roads due to disruptions caused by community protests, COVID 19 lockdown and Amadela Ngokubona organisation. The municipality has applied for a roll-over of funds to complete the projects during the 2020/21 financial year.

The Municipality continued to align its operations to the Sustainable Development Goals, National Development Plan 2030, Provincial Growth and Development Strategy, National Infrastructure Plan, National Government Outcomes, Provincial Priorities, District Growth & Development Strategy and other strategies guiding municipal development socially and economically. In line with PGDS Goal 1 of Job creation the Municipality implemented the EPWP project and created numerous job opportunities, in which it appointed unemployed graduates from our various wards both male and females thus ensuring they have access to experiential learning.

The Municipality aligns to all the six goals of the PGDS and this is articulated in our Integrated Development Plan. As part of the preparations for the fifth generation Integrated Development Plan (IDP) which caters for the 2017/18 to 2021/22 Financial years, the municipality has ensured that the objectives of the municipality are aligned to all the relevant national, provincial and local strategies.

The Municipality's Integrated Development Plan is a five-year strategic plan, where the many interests, wishes and preferences of the community are mediated and put into action. The municipality's budget allocates resources to this plan. Each year, municipalities review their IDPs and pass a budget for their financial year, which runs from 01 July to 30 June. The corona virus pandemic has disrupted the regular flow of one key governance process, which is budget public participation process, normally held in April. As a result, this crucial period coincided precisely with an unprecedented lockdown. This immediately made it impossible for the municipality to convene community meetings. An initiative was taken to present the 2020/2021 budget through local community radio station and distribution of pamphlets to the community.

On a final note one would like to highlight that there is a performance management system

in place to ensure that we deliver on the set strategic objectives and targets. The Management reports against planned targets monthly and these are audited every quarter by our internal audit unit. It is evident that our municipality will continue to work in unison with provincial and national government to deliver essential services during this period.

Cllr N.S Mthethwa

Mayor-Umhlabyalingana Municipality

COMPONENT B: EXECUTIVE SUMMARY

1.1 MUNICIPAL MANAGER'S OVERVIEW



Municipal Manager: Mrs Nonhlanhla Patricia Gamede

One must acknowledge that 2019/2020 was a challenging and difficult year for the municipality because of a number of disruptions which occurred. At the beginning of year 2020, there were community protests (*about cross-border crime*) which lasted for weeks and had crippling effect on service delivery. Towards the end of our financial year, the country was confronted with novel corona virus pandemic. The coronavirus pandemic has disrupted the regular flow of key governance processes and provision of services to the community.

During COVID-19, municipalities were given an additional opportunity to pass an adjustments budget. Municipalities were permitted to pass a special adjustment to their 2019/20 budgets. These have to be tabled by 15 June 2020. This enabled municipalities to legalise expenditure related to COVID-19 which had not been catered for in their 2019/20 budgets. These adjustments may only relate to funding for COVID-19 related responses.

This Annual Performance Report will primarily focus on the achievements and constraints experienced with the implementation of corrective measures during the financial year under review, which had many challenges as mentioned above. Furthermore, this Annual Performance Report serves as a record of and accounting mechanism to communities on the institution's achievements and challenges in fulfilling its strategic objectives contained in the

Integrated Development Plan (IDP), Organisational Scorecard and Service Delivery and Budget Implementation Plan (SDBIP) approved by Council for the year under review. Annual Performance Report also highlights mitigation and remedial measures implemented to address the challenges. While it reflects that progress has been made in service delivery, there are undeniably challenges.

It must be noted that the institutional performance is influenced by three key aspects, namely, leadership, financial and performance management and governance, as they are the pillars of ensuring that a municipality is functioning at its optimum level and beyond.

A 19% decline in performance has occurred for year 2019/2020 (63%) compared to the 2018/2019 financial year which was 82%. Furthermore the municipality has continued to sustain good relationship with other organs of State, co-operative governance as well as intergovernmental Relation Framework Act through cooperatively engaging other sector departments in the integrated Development Planning Forum meetings as well as Intergovernmental Relations meetings with municipalities in the uMkhanyakude District. These advancements have seen the coordinated development, although there is room for improvement, in uMhlabuyalingana, especially from the sector departments.

Laws and compliance for local governments include the various regulations and requirements that dictate how the municipality should operate. Our municipality has complied with most of the legislation and regulations, especially in terms of adopting crucial documents, i.e. Annual budget, Annual / Quarterly reports, and performance reviews.

On a final note it is worth mentioning that the municipality lost a clean audit opinion during 2018/19 financial year. Our endeavour is to regain the clean audit status for 2019/2020 financial year as the municipality commits to working tirelessly and diligently during the next financial year, minimising and eliminating administrative inadequacies thus increasing public confidence in public service.

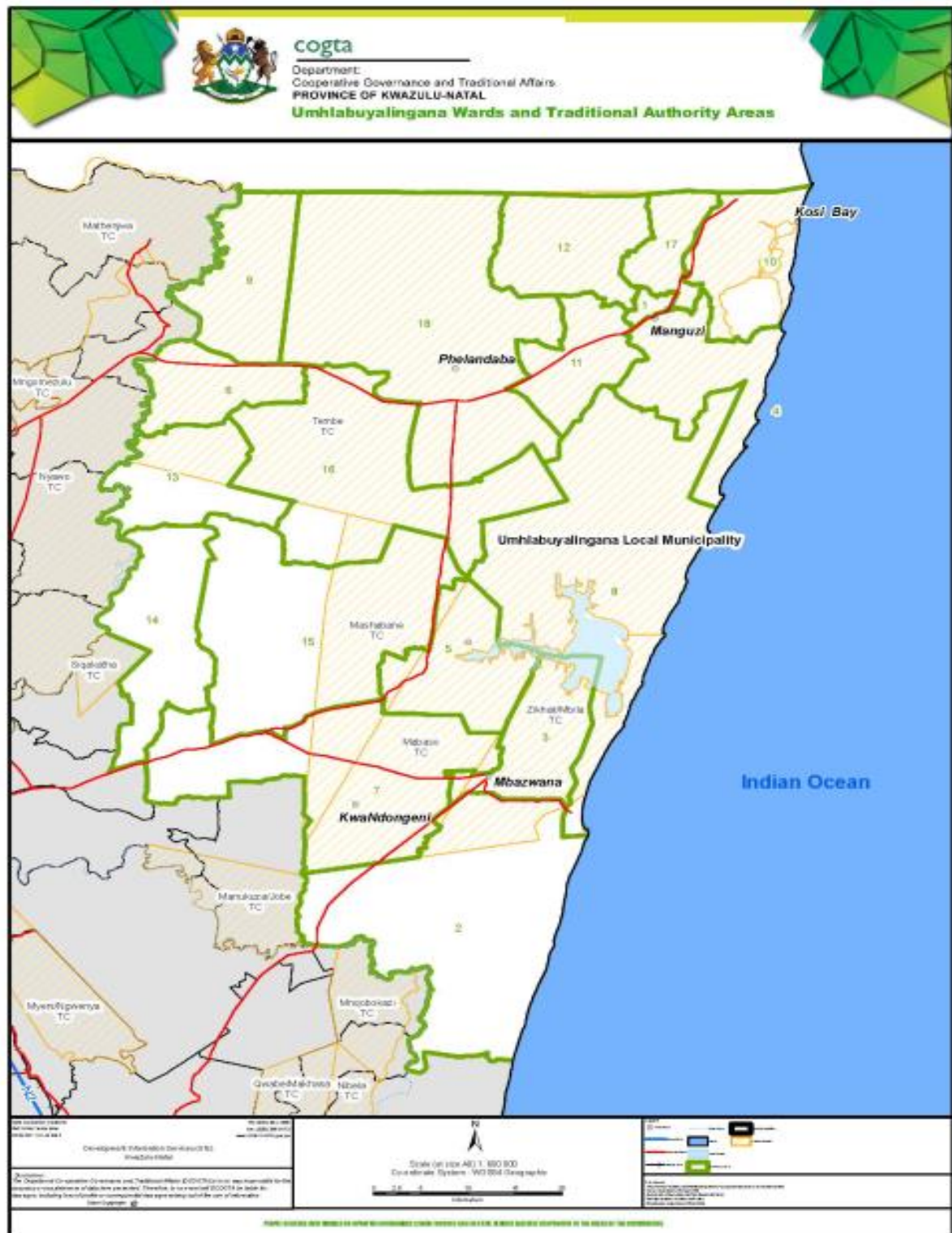
As the Accounting Officer of the institution, I would like to extend my heartfelt appreciation to the political leadership and staff of uMhlabuyalingana Local Municipality for their hard work and dedication, which culminated in the progress made by the institution during the 2019/2020 financial year.

Municipal Manager: Mrs N.P. Gamede

uMhlabuyalingana Municipality

1.2 MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

Map-1-Umhlabuyalingana LM Locality



SOURCE: KZN COGTA GIS UNIT

uMhlabuyalingana Local Municipality is one of the five municipalities in the jurisdiction of uMkhanyakude District Municipality, situated in the north-eastern part of KwaZulu-Natal Province in South Africa. It is located along the border with Mozambique to the north, the Indian Ocean to the east, Jozini Municipality to the west, the Big Five Hluhluwe Municipality to the south and Mtubatuba Municipality along the northern coastal belt of KwaZulu-Natal. This municipality is predominantly rural, with the population spread amongst the 18 municipal wards and the four traditional council areas (Tembe, Mashabane Mabaso and Zikhali).

Access to UMhlabuyalingana is achieved mainly through the MR439 also known as the Lubombo Spatial Development Initiative. This provincial corridor runs in a north/south direction and serves as a major link between South Africa and Mozambique along the coast.

1.2.1 Municipal Powers and Functions

The municipality derives its powers and functions from the prescripts of the Constitution, Schedule 4, part B read in conjunction with Section 152, which contains the objects of local government. Municipal transformation and institutional development relate to a fundamental and significant change in the way the municipalities perform their functions, deploy resources and the institutional strategies applied to achieve optimum results for delivery of quality services to the communities served.

Transformation and institutional development is expected to take shape where the following is addressed as part of our strategic planning and direction.

Table-2- Municipal Powers and Functions

DISTRICT MUNICIPAL FUNCTIONS	SHARED FUNCTIONS DISTRICT AND LOCAL	LMs FUNCTIONS
Potable Water Supply	Fire Fighting services	Air Pollution
Sanitation Services	Local Tourism	Building regulations (National Building Regulations)
Electricity Reticulation	Municipal Airports	Child Care Facilities
Municipal Health Services	Municipal Planning	Pontoons, Ferries, Jetties, Piers and Harbours
Regional Airport	Municipal Public Transport	Storm Water Management System in Built up areas
	Cemeteries, Funeral Parlours and Crematoria	Trading regulations
	Markets	Beaches and Amusement Facilities
	Municipal Abattoirs	Billboards and the Display of advertisement in Public places
	Municipal Roads	Cleansing
	Refuse Removal, Refuse Dumps and Solid Waste	Control of Public Nuisances
		Facilities for the Accommodation, Care and Burial of Animals
		Fencing and Fences
		Licensing of Dogs
		Local amenities
		Local Sport Facilities
		Municipal Parks and Recreation
		Noise Pollution
		Pounds
		Public Places
		Street Trading
		Street Lighting
		Traffic and Parking

1.2.2 Population Profile

To reflect how the municipality relates to other municipalities within the District, tables and analysis in some instances may reflect information relating to the District family of municipalities, this was done to present UMhlabuyalingana Local Municipality and also compare with other municipalities within the family. Due to the unavailability of statistics for the newly merged/ formed Bigfive Hlabisa Local Municipality the document makes reference to the former the Bigfive False Bay Local Municipality and the former Hlabisa Local Municipality.

According to the 2016 Community survey, the municipal area has a total population of 172 077. This represents about 25% of the district's population, which is the third largest in the district. It is noted that the population growth rate between 2001 and 2011 was at 0.95% per annum (Stats SA, 2011). With the increase in the municipal population size, the municipality has to strengthen its planning to ensure appropriate service delivery and fight the backlog by meeting the demands of the increasing population, while at the same time maintaining the existing infrastructure. This population is spread on an approximate area size 3621 m²

Table-3- Population Figures

Municipality	Total Population			Growth Rate
	2001	2011	2016	%
DC27: UMkhanyakude District	573, 341	625, 846	689, 090	9,2%
KZN271: Mhlabuyalingana Municipality	142, 565	156, 736	172, 077	8,9%
KZN275: Mtubatuba Municipality	145, 820	175, 425	202, 176	3,2%
KZN272: Jozini Municipality	184, 206	186, 502	198, 215	5,9%
KZN273: Big Five Hlabisa Municipality	31482	107, 183	116, 622	8,7%

Source: Stats SA, 2001, 2011 & 2016

1.2.3 Population Details

UMhlabuyalingana Municipality has, over the last few years, experienced phenomenal population growth. The table below shows the population distribution by gender and age for the years 1996 and 2001 and 2011.

Table-4- Population by age and gender for 1996, 2001 and 2011

KZN271 Umhlabuyalingana Municipality									
Age	1996			2001			2011		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
0 – 4	9 236	9 226	18 461	9 727	9 738	19 464	11 291	10 989	22 281
5 – 9	9 897	9 875	19 771	10 556	10 777	21 333	10 181	9 794	19 974
10 – 14	8 972	9 122	18 094	10 602	10 831	21 433	10 697	9 982	20 679
15 – 19	7 262	7 938	15 200	9 027	9 539	18 565	10 014	10 030	20 044
20 – 24	4 768	6 319	11 087	5 477	6 724	12 201	6 855	8 057	14 912
25 – 29	3 144	5 379	8 523	3 421	5 690	9 111	4 699	6 614	11 313
30 – 34	2 359	4 196	6 554	2 964	5 079	8 043	3 346	5 261	8 608
35 – 39	2 103	3 517	5 620	2 657	4 445	7 102	3 060	4 465	7 525
40 – 44	1 519	2 253	3 772	2 024	3 396	5 421	2 586	4 170	6 756
45 – 49	1 288	1 907	3 195	1 385	2 356	3 741	2 347	3 682	6 030
50 – 54	857	1 279	2 136	1 224	1 949	3 173	1 739	2 777	4 515
55 – 59	947	1 652	2 599	913	1 380	2 293	1 374	1 876	3 250
60 – 64	745	1 771	2 516	971	1 966	2 937	1 130	1 790	2 920
65 – 69	951	2 218	3 169	579	1 745	2 324	735	1 215	1 949

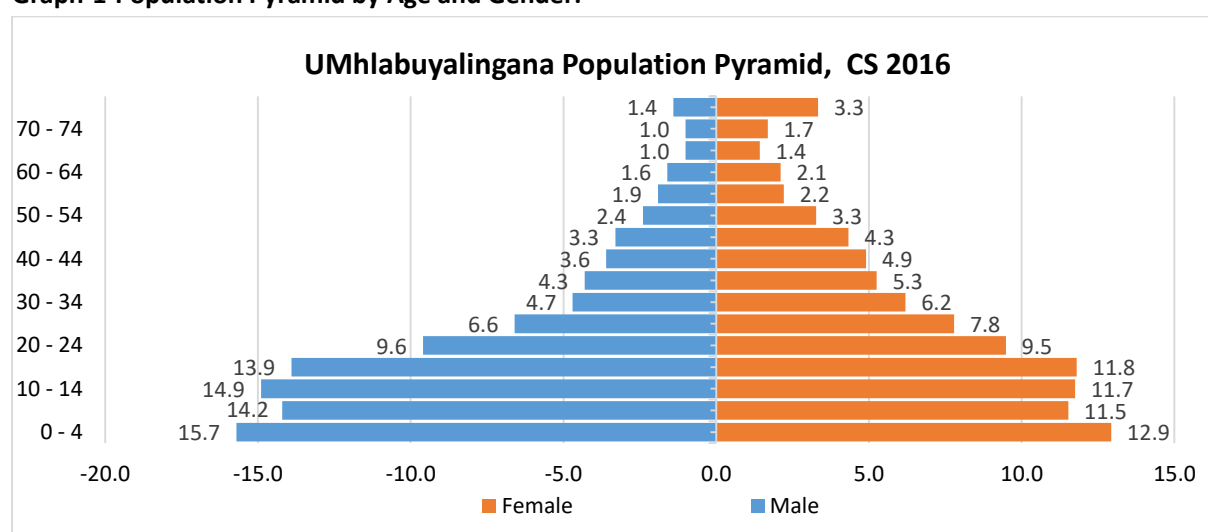
70 – 74	548	946	1 493	753	2 059	2 812	735	1 433	2 168
75 – 79	426	696	1 121	372	815	1 187	326	1 082	1 408
80 – 84	179	237	415	321	593	914	373	1 087	1 460
85 +	135	230	365	163	348	511	281	663	945
Total	55 333	68 759	124 092	63 134	79 431	142 565	71 769	84 967	156 736

Source : Stats SA, 1996, 2011 & 2016 Census Data

The population of Umhlabuyalingana is very young with more than 57 percent falling under the 20-year age category and 34 percent officially defined as youth (15–53 years). This has a huge implication for service delivery, education and job creation in the municipality, which has to be prioritised on account of such a young population.

A relatively young population implies a high dependency rate on the working population to meet the needs of this young generation. As such there is significant pressure on the working population to take care of the youth and the elderly. To further exacerbate the problem, not all the people within the economically active category are employed. A relatively high representation of very young people in Umhlabuyalingana has serious implications for service delivery, education and job creation in the area.

Graph-1-Population Pyramid by Age and Gender:



Source: Statistics South Africa: Community Survey 2016

1.2.4 Households Details

Table-5- Household Types and No. of Households by Municipality

Municipality	Number of Households	Main Dwelling		
		Formal Housing	Informal Housing	Traditional Housing
U姆hlabuyalingana	39, 614	27, 731	968	10, 896
Jozini	44, 584	29, 196	1 681	13, 111
Mtubatuba	41, 792	31, 439	1 843	7, 443
Big 5 Hlabisa	25, 255	17, 724	536	6, 856
DC 27: U姆khanyakude	151, 245	106, 090	5 028	38, 306

Source: Stats SA, 2001, 2011 & 2016

The municipality has a total number of 39 614 households (with an average household size of 4.3 people per household), this has increased by 13% when compared to 2011 when there were 33 857 households. It is not surprising that the average household size has decreased from 4.6 in 2011 to 4.3 in 2016 seeing that the number of households has increased, thus the main reason for the decrease in household size could be that some households member are moving out to start their own households. The increase in number of households mean that there is a need to extend services to cover the previous backlog and providing the new households. With the increase in the number of households also has a spatial planning implication as it deals with spatial distribution, thus the municipality has to plan properly for future expansion.

Table-6- Average Number and Size of Households

Municipality	Total Population			Number of Households			Average Household Size		
	2001	2011	2016	2001	2011	2016	2001	2011	2016
u姆hlabuyalingana	142 565	156 736	172 077	24 826	34 909	39 614	5,2	4.6	4.3

Source: Stats SA, 2001, 2011 & 2016

The municipality's average household size has decreased by 0.7 in 2011 (4,5) from 5,2 in 2001. This may be caused by people moving out the municipality for work and study opportunities or mortality.

Table-7- Female Headed Households by Municipality

Municipality	No. of households headed by women			% of female headed households		
	2001	2011	2016	2001	2011	2016
UMkhanyakude	51785	69101	123075	51.0	53.9	54.2
UMhlabuyalingana	13 597	18 250	39, 614	51.7	53.9	53.9
Mtubatuba	11 706	18 420	41,792	47.2	52.8	52.3
Big Five Hlabisa	3 077	4 149	25, 255	49.5	56.2	55.5
Jozini	50.9	38, 849	44, 584	58.6	55.7	55.3

Source: Stats SA, 2001, 2011 & 2016

Within the District, uMhlabuyalingana recorded a second lowest female headed households in 2011, similar to the 2001 Census while Hlabisa Municipality has the highest, approximately 59% of households are headed by women.

Table-8- Distribution of Child Headed Households by Municipality

Municipality	No. of households headed by children			% of child headed households		
	2001	2011	2016	2001	2011	2016
UMkhanyakude	1 288	2 032	2 330	1.2	1.6	3.1
uMhlabuyalingana	374	466	634	0.8	1.4	3.3
Jozini	454	692	652	0.7	1.8	3.4
Big Five Hlabisa	284	297	515	1.9	2.9	5.6
Mtubatuba	187	576	528	0.4	1.7	

Source: Stats SA, 2001, 2011 & 2016

uMhlabuyalingana recorded higher child headed households in 2011 compared to 2001 Census recording the lowest households headed by children. This has implications on the dependency of children on government social welfare system, and this is also believed to be caused by the high rate of HIV/Aids.

Table-9- Employment Status

Municipality	Employed			Unemployed			Unemployment Rate		
	2001	2011	2016	2001	2011	2016	2001	2011	2016
UMkhanyakude	38 124	56 900	58 924	64 335	43 483	13%	62,8	42,8	
uMhlabuyalingana	7 272	11 705	12 050	16 186	10 559	12%	69,0	47,1	47.1

Source: Stats SA, 2001, 2011 & 2016

Despite the diversified nature of the local economy, unemployment in the municipal area is of concern as only 13% of the total labour force is employed. Unemployment rate is currently estimated at 22% while 65% of the total labour force is not economically active (Stats SA,

2011). The unemployment rate has decreased over the years however it is still high, and this shows that there is a great need for the municipality to look into economic opportunities which will lead to job sustainable job creation.

1.2.5 Socio-Economic Status

According to the District Health Plan for 2018/19, UMkhanyakude has five district hospitals, 57 clinics, including five gateway clinics, 17 mobile clinics servicing 238 mobile stopping points, and seven high transmission area (HTA) sites (two fixed and five mobile). The new Jozini Community Health Centre (the first in the district) opened in the first quarter of 2018/19. Social vulnerability in the province is said to be very high due to the following driving forces:

- a) It has the highest malaria prevalence in the country;
- b) Twenty to thirty percent (20-30%) of adults are HIV positive. The HIV prevalence rate is at 41.1%, higher than both the provincial and national average of 37.4% and 29.5% respectively. UKDC is the second highest amongst the districts in the province;
- c) Tuberculosis is a major cause of mortality
- d) The increase and occurrence of severe malnutrition of children younger than 5 years
- e) A large number of people from the neighbouring countries cross the border receive healthcare in Umkhanyakude .

There is high prevalence rate of HIV in the population of Umhlabuyalingana jurisdiction area. Some of the impacts of the disease in Makhathini Flats are the decrease in life expectancy and increase in the dependency ratio and the number of orphans, as well as the slowing down of the population growth rate (increasing mortality and morbidity) . Developmental impacts include a loss in social skills and changes in the distribution of income. A result is an increased demand for healthcare facilities and a reduction in school entrants. The impact of HIV/AIDS

on municipalities is likely to be present in all aspects of the municipality's functions but may lead to an increase in the need for poverty alleviation and underutilization of infrastructure in the long run.

The leading contributory cause of maternal deaths is HIV and AIDS, with AIDS-related infections being the leading causes of maternal deaths, followed by obstetric haemorrhage, indicating where attention needs to be applied to further reduce maternal mortality. The decrease might also be due to effective monthly perinatal reviews, training of professional nurses by Region 4 Specialists in the management of major conditions leading to maternal deaths, and training of CCGs on the MCWH Community Care Framework in order to strengthen MCWH services in the community.

There is a steady improvement in early ANC attendance and the proportion of eligible women started on HAART, which should enhance PMTCT and reduce maternal mortality. There continues to be room for improvement in the ante natal Nevirapine uptake rate, although data collection.

COVID-19 PANDEMIC: The COVID-19 pandemic is impacting all aspects of our society and require unprecedented action on the part of the government, across all three spheres, to curb the spread of the virus. The impact of the national 'lockdown' has far-reaching implications for municipalities, in particular, who are at the coalface of the delivery of essential services. The impact of the virus will be felt by municipalities far beyond the lockdown period.

The KZN province currently has public mortuaries in all the Districts and three (3) are located in the Umkhanyakude District in the towns of Mtubatuba, Mkuze and Manguzi. These mortuaries are said to be at various levels of capacity and operation; and therefore require further formal confirmation from the Department of Health (DoH) on their readiness for use for the COVID-19 pandemic mortal remains.

Poverty Dimensions : Umkhanyakude District is considered amongst the 10 districts in South Africa with the highest Multi poverty index (MPI). The majority of the population live below the poverty line. As such there is high occurrence of malnutrition in children younger than 5 years. The table below depicts poverty measures for Census 2001 and Census 2011 at municipal level in the district.

Table 10: Poverty dimensions

	Census 2001			Census 2011		
	Headcount (H)	Intensity (A)	SAMPI (HxA)	Headcount (H)	Intensity (A)	SAMPI (HxA)
Jozini	43,0%	43,6%	0,19	22,3%	42,6%	0,09
Big Five	36,0%	43,6%	0,16	17,5%	42,1%	0,07
Hlabisa	33,5%	43,7%	0,15	16,1%	41,8%	0,07
Mtubatuba	27,2%	43,9%	0,12	11,6%	41,5%	0,05

Source: STATS SA

Table-11- Distribution of Households by Type of Main Dwelling

Municipality	Formal Dwelling			Informal Dwelling			Traditional Dwelling		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
KZN271:	4 5	9 4	19	101	1 0	130	14	15	13
UMhlabuyalingana	23	57	525		19		581	698	865

Source: Stats SA, 2001, 2011 & 2016

Table-12- Type of Dwelling

Type	Total
House or brick/concrete block structure on a separate stand or yard or on a farm	18 329
Traditional dwelling/hut/structure made of traditional materials	13 865
Flat or apartment in a block of flats	964
Cluster house in complex	52
Townhouse (semi-detached house in a complex)	37
Semi-detached house	13
House/flat/room in backyard	91
Informal dwelling (shack; in backyard)	104
Informal dwelling (shack; not in backyard, e.g. in an informal/squatter settlement or on a farm)	26
Room/flat let on a property or larger dwelling/servants quarters/granny flat	38
Caravan/tent	54
Other	284
Unspecified	–
Not applicable	–
Total	33 857

Stats SA: Census 2011

By using the backlog figures for water and sanitation supply, it is estimated that the backlog is 8 806 housing units. Although Mbazwana and Manguzi are still rural towns and subject to the dictates of the Ingonyama Trust Act, they are urbanising at a fast rate and present new challenges in terms of housing development. Housing needs in these areas include rental stock, middle income housing and the traditional low-income housing. A relatively high representation of informal rental housing stock suggests many people who occupy backyard shacks, cottages and other rented accommodation. Introduction of town planning in these areas will help to direct growth and ensure that the area develops in accordance with the National Housing Development Policy – sustainable human settlement.

The municipality has initiated a process towards the compilation of an Indigent Register to implement free basic services policy. It is expected that the process will be completed during this financial year. It is noted that UMhlabuyalingana is located within a poverty node and has a relatively high number of households who cannot afford basic payment for services. Ward Councillors and Community Development Workers are playing a major role in the identification of deserving households and the compilation of a register.

Table-13--: Overview of Neighbourhoods within UMhlabuyalingana

Settlement Type	Households	Population
Towns		
Manguzi (Ward 17)	2274	9496
Mbazwana (Ward 2)	1755	7744
Skhemelele (Ward 6)	2745	13064
Sub Total	6774	30304
Townships (No Townships)	0	0
Sub Total		
Rural Settlements		
Ward 1	1151	4709
Ward 2	1755	7744
Ward 3	2068	11400
Ward 4	2916	12089
Ward 5	2045	8888
Ward 6	2745	13064
Ward 7	1952	9796
Ward 8	1948	8493
Ward 9	2582	11841
Ward 10	1552	7189
Ward 11	2230	9587
Ward 12	1594	7333
Ward 13	1663	8918
Ward 14	1676	8112
Ward 15	2198	10400
Ward 16	1509	7616
Ward 17	2274	9496
Ward 18	No data profile available	No data profile available
Sub Total	33 858	156735
Informal Settlements: There are no informal settlements within the municipality	0	0

Stats SA: Census 2011**Table-14- Natural Resources**

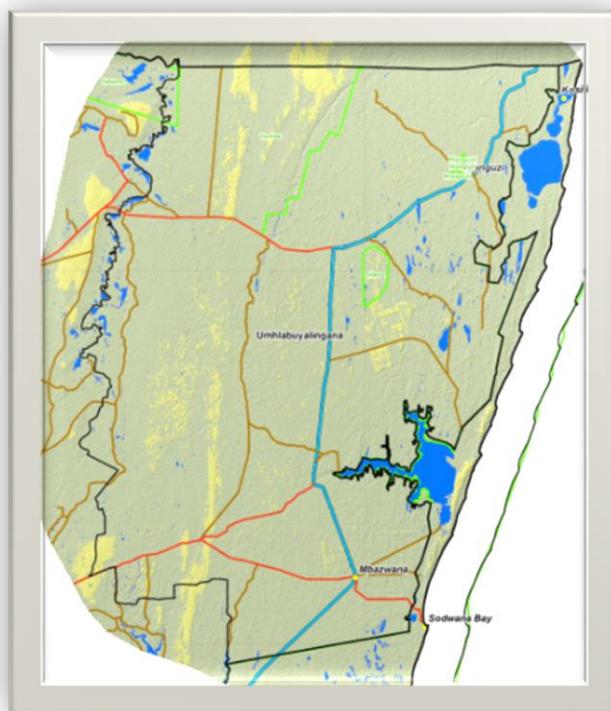
Natural Resources	
Major Natural Resource	Relevance to Community
Sand Mining	Job creation and community development
Marula Farming	Job creation and community development

1.2.6 Environmental Overview

The **Environmental Overview** is discussed below as follows:

- The general topography within uMhlabuyalingana Municipal area is flat to gentle rolling. This normally implies that there are limited hindrances to development as far as topography or slope is concerned. The slope in the area is gentle and within acceptable limits for development. However, given the sandy nature of the topsoil, any removal of ground cover may result in erosion, especially in areas that are moderately sloping. It is advisable that when planning the developments, activities that involve significant removal of vegetation or the land cover be avoided in the areas that are sloping. It is also advisable that development-specific geotechnical investigations be undertaken to determine the subsoil stability for the intended activity in the planning of specific developments.

Map-2- Topography



The maximum elevation of land within the uMhlabuyalingana LM is 200m above sea level (see areas indicated in yellow). This constitutes some 5% of the total area of the Municipal Area. The remaining 95% of the Municipal Area is between 0m and 100m above sea level.

Topography (Metres AMSL)

0 - 100
100.0000001 - 200
200.0000001 - 300
300.0000001 - 400
400.0000001 - 500
500.0000001 - 600
600.0000001 - 700
700.0000001 - 800

- The soil type in the area is varied. However, the most predominant is sandy soil. Sandy soils by their very nature are very unstable and are susceptible to erosion. Thus, the soils in the area are sandy and erodible. These soils tend to have accelerated erosion under poor land uses and in areas where the topsoil is exposed. This accounts for the extensive erosion evident in parts of the transformed areas. It would be necessary to

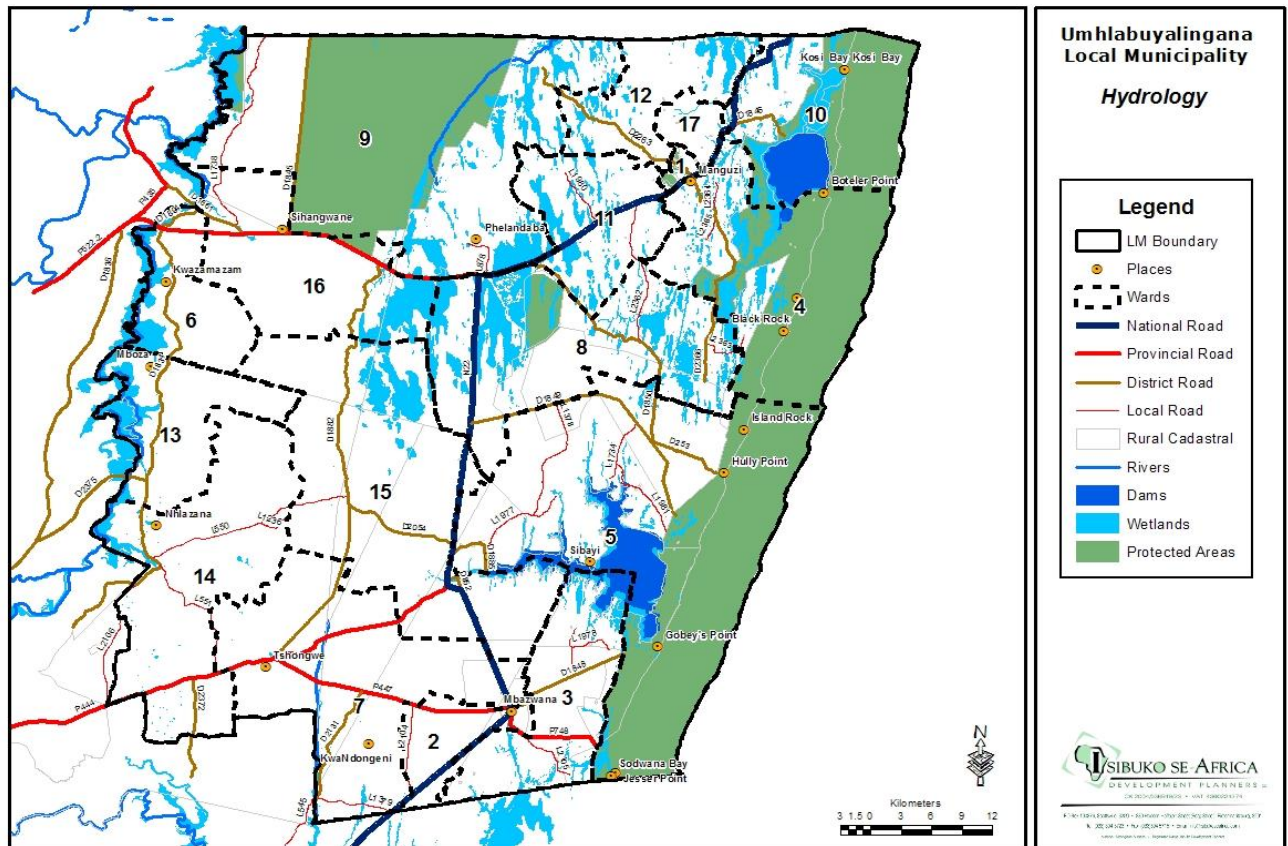
The geology of the central part of uMhlabuyalingana comprises sandy Aeolian (wind-blown) deposits that were deposited during the Quaternary Age. This formation generally comprises poorly consolidated yellowish or greyish sands extending to depths more than 30 metres below existing ground level and is characterized by the presence of a shallow water table. The uppermost portion of these soils (i.e. +/- 3m below existing ground level) is usually very loose to loose in consistency and becomes progressively medium dense to dense with depth. The sandy Aeolian soils are anticipated to classify as a fair sub grade material (i.e. G9 and poorer in terms of TRH14 classifications).

Map-3-Geology



Source: Umhlabuyalingana Municipality SDF

Map-4- Hydrology

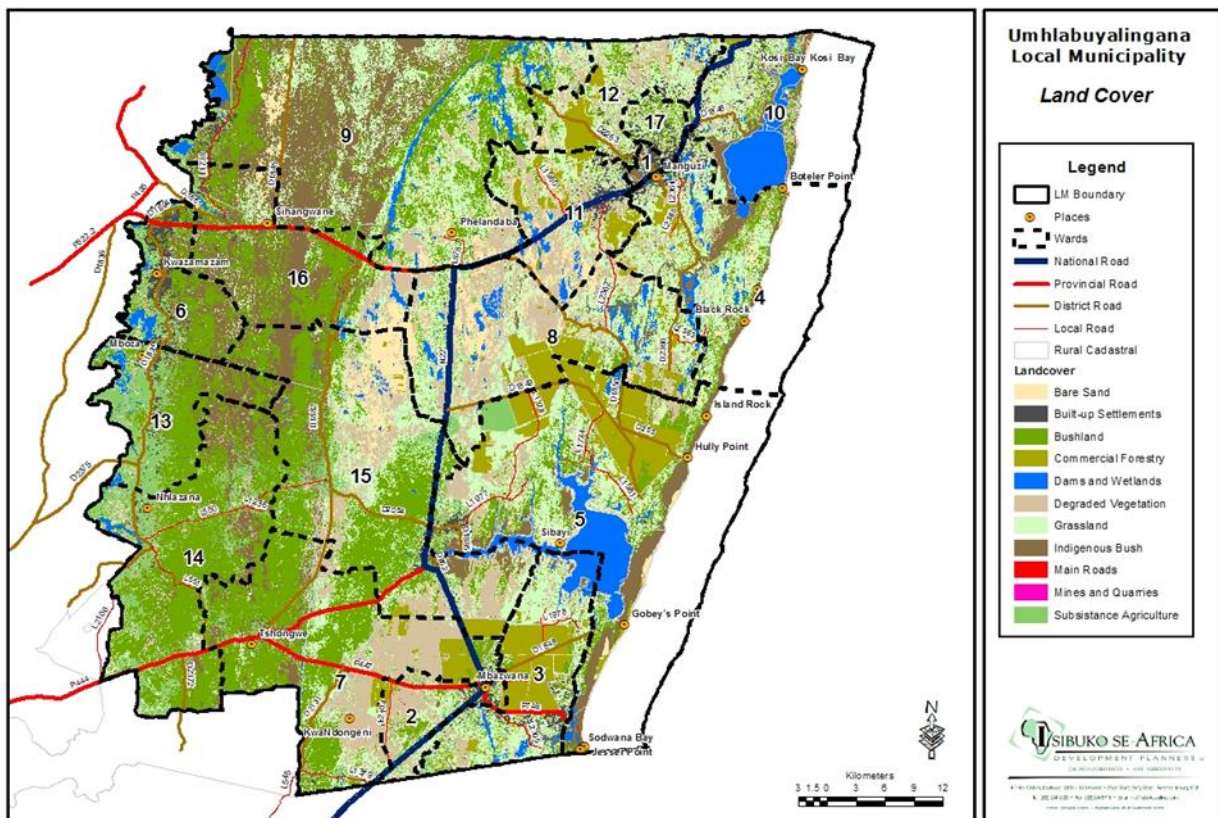


Source: Umhlabuyalingana Municipality SDF

- The area has limited drainage lines and rivers with exception of Pongola River that runs on western edge of the municipal boundary. However, there are extensive wetlands, with the presence of typical wetland vegetation species like the Jancus species (Nncema.) These hydrologically sensitive areas are mainly on the central and eastern sections of the municipal area under investigation. There are also patches of wetlands along the R22 Mbazwana bound road. The typically wet areas may be underlain by clayey sandy soils.

The most significant hydrological system in the area is wetland. Most of the wetlands in the area appear to be functional wetlands with little disturbances. It is known that wetlands function to provide several ecosystem goods and services which for the area under investigation will to a large extent, be provision of grass for crafts and households use and flood attenuation. Thus, maintenance of the integrity of the wetland and assurance of its functionality are important management considerations during development planning for the area.

Map-5-Land Cover



Source: Umhlaluyalingana Municipality SDF

- The general vegetation type of the area is described as Maputaland Coastal Thicket. This vegetation type is said to be vulnerable to KZN province. According to KZN Wildlife vegetation classification, the province has an estimated 148,840 ha of this vegetation type of which 11.2% is protected. It is estimated that approximately 9.684% of this vegetation type in the province is completely transformed and a further 17.44% degraded. It is said that a total of approximately 73.25% of this vegetation type is still untransformed. In view of these statistics, this vegetation type is classified as vulnerable and therefore care need to bet taken in order protect its conservation significance in the province and in the country.

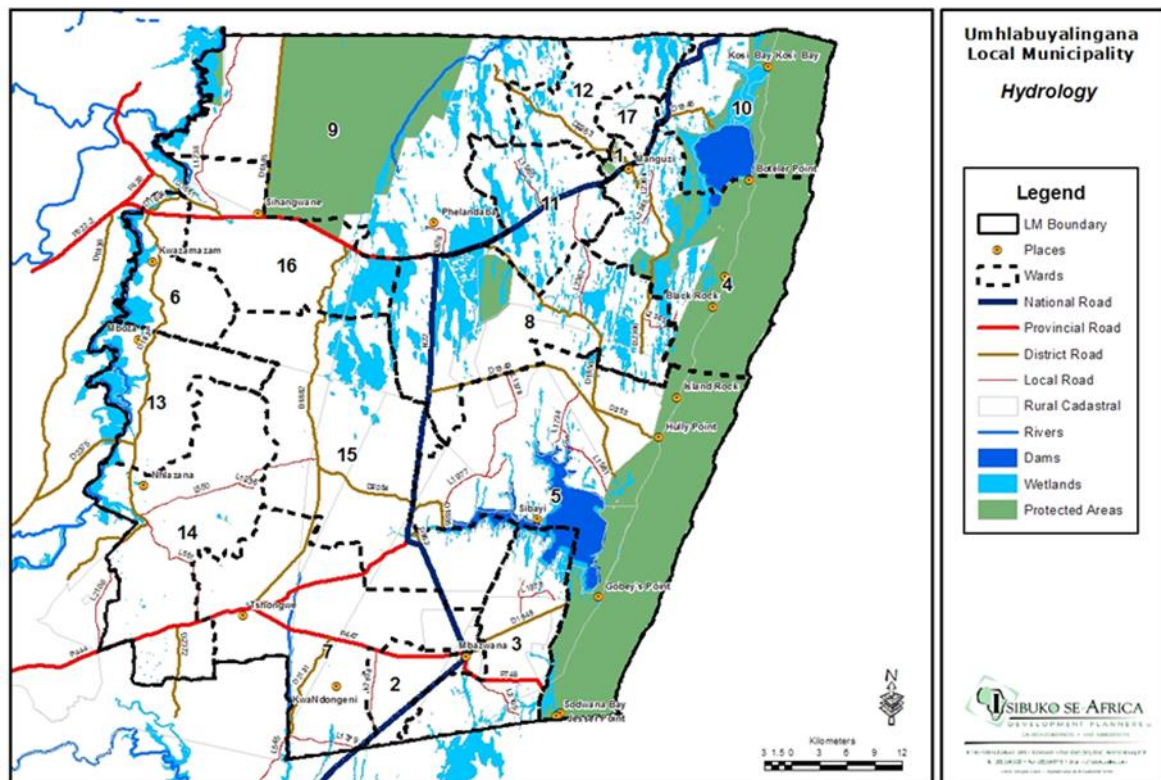
It is noted that a fairly large portion of this vegetation type within the project areas especially along the main roads and tracks is degraded or completely transformed. From this majority of the project area still have fairly untransformed Maputaland Coastal Thicket, which is said to be vulnerable. From this assessment also, it was noted that the Maputaland Coastal Thicket is dominated by grassland. Portions of this grassland are still in good condition. The settlement activities in the area have resulted in a significant degradation of the vegetation especially within around Phelandaba and Mbazwana. This confers 'a reduced' conservation significance on the site. However, in

terms of environmental legislation, development of any site greater than 1 hectare (whether in a suitably good vegetation condition or derelict), requires authorization from the Provincial Department of Agriculture and Environmental Affairs.

Given the status of the vulnerable vegetation at a municipal level, care needs to be taken in the planning of developments so that unnecessary disturbances would not occur on the untransformed thicket and grassland. Development of any untransformed or derelict area may be subject to an environmental impact assessment. The key environmental issues may be removal of vegetation if the transformation or the size of the development is more than the allowed size in hectares and degradation of wetland vegetation and subsequent reduction in its functionality.

- UMhlabuyalingana comprises 16 different wetland types, including:
 - Shallow marine waters
 - Coral reefs
 - Sand/shingle shores
 - Estuarine waters
 - Tidal mudflats, including intertidal flats and salt flats
 - Salt marshes
 - Mangrove/tidal forest
 - Coastal brackish/saline lagoons
 - Coastal fresh lagoons
 - Deltas
 - Freshwater lakes: permanent
 - Freshwater lakes: seasonal/intermittent
 - Saline/brackish lakes/marshes: permanent
 - Saline/brackish lakes/marshes: seasonal/intermittent
 - Freshwater marshes/pools: permanent
 - Freshwater marshes/pools: seasonal/intermittent

Map-6-Hydrology Coastal Management

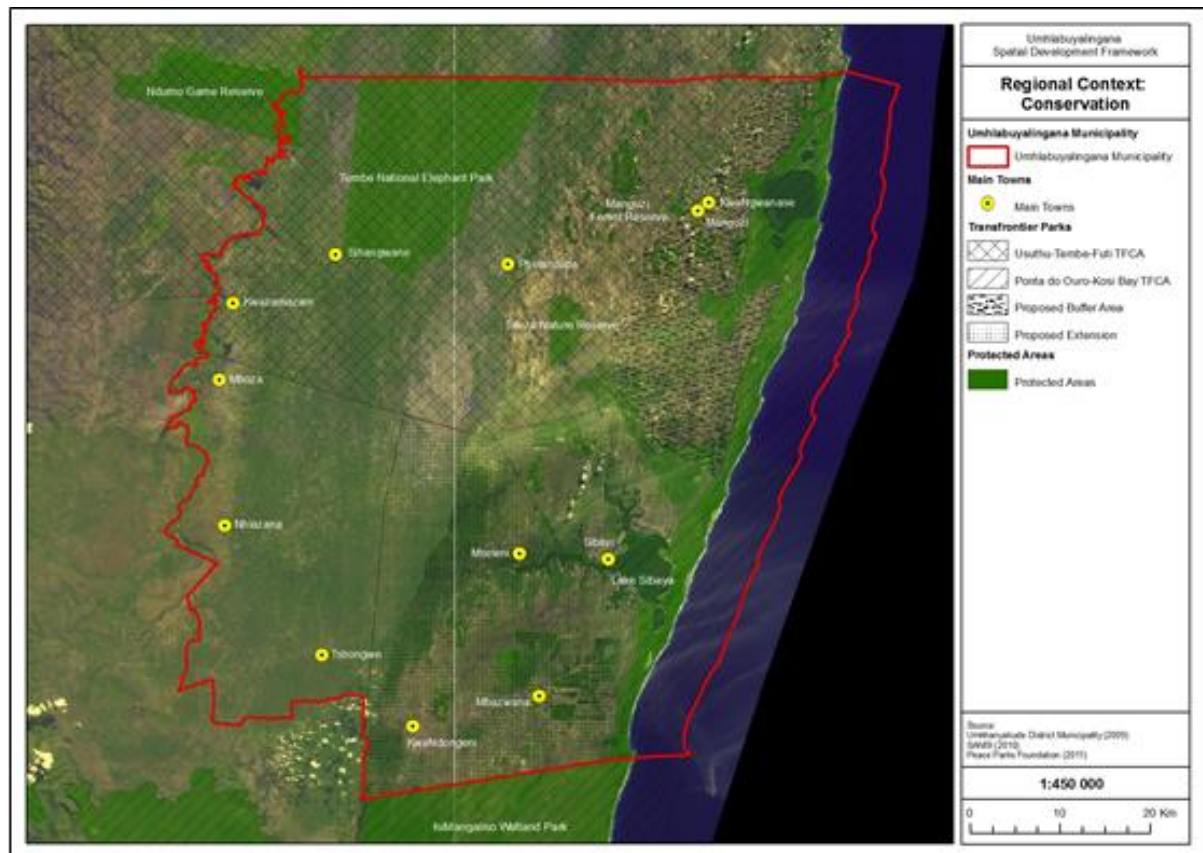


Source: Umhlabuyalingana Municipality SDF

- The coastal area of UMhlabuyalingana was proclaimed as a nature reserve in 1987. South Africa currently has 16 and by 2007 they total to 19 wetlands designated as wetlands of international importance in accordance with the Ramsar Convention, one of which is the Isimangaliso wetland park system. The site is a Nature Reserve administered by the KZN Wild Life Under the communally owned land falling under the Tembe, Mabaso, Mbila and Mashabane Traditional Council.

Formally protected areas and TFCAs within and surrounding the UMhlabuyalingana

Map-7-Regional Context Conservation



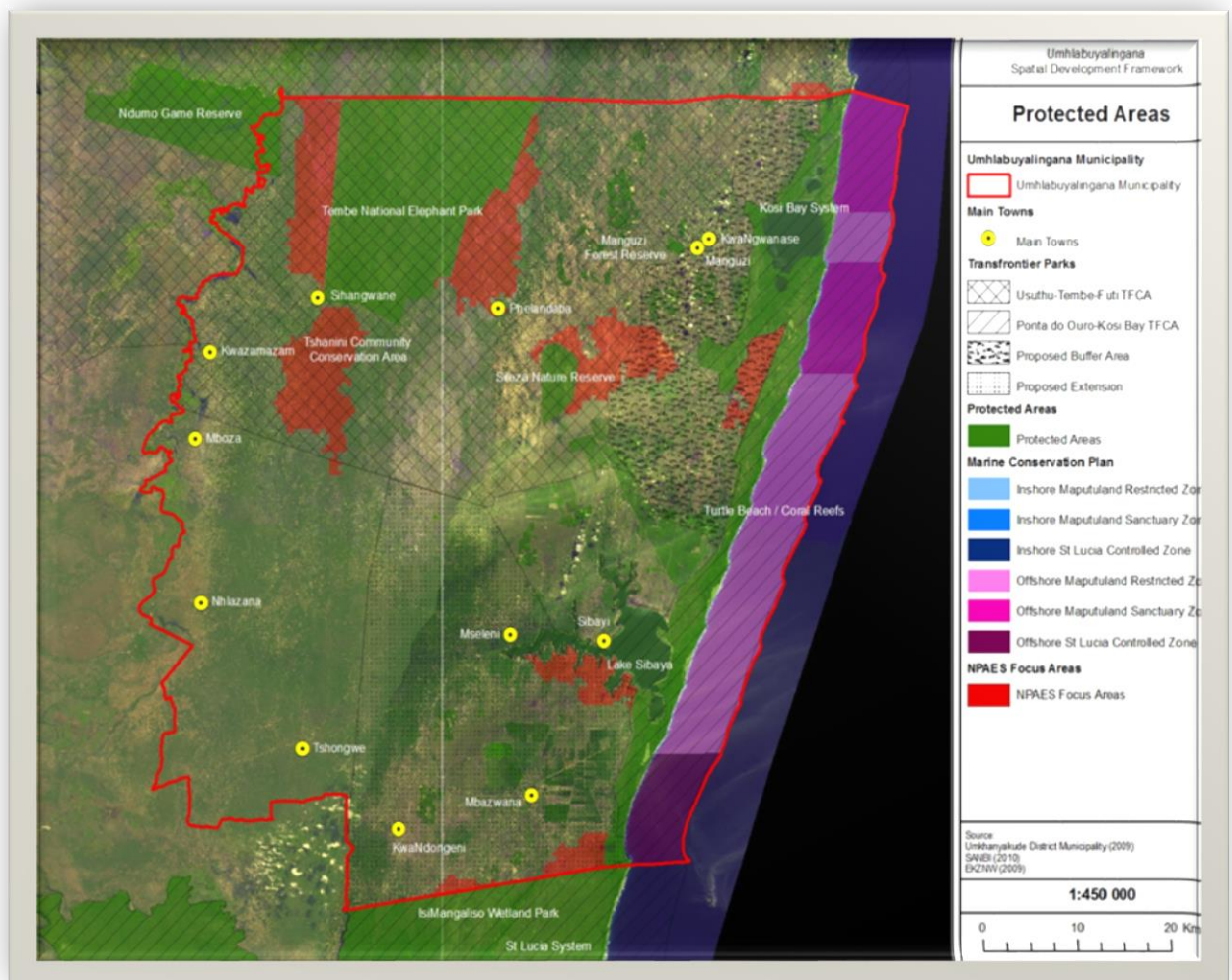
The Spatial Environment is discussed below and presents a short description of each of the five formally protected areas within the uMhlabuyalingana LM.

- The Tembe Elephant National Park is situated on the Mozambique border in close proximity to Ndumo Game Reserve. The park is approximately 30,000 ha in extent and managed by Ezemvelo KZN Wildlife. The park is situated within the sand veld ecological zone and consists mainly of closed woodland and secondary thicket formation, with clumps of Sand Forest. The zone falls within a transition area between tropical and sub-tropical forms and therefore is home to a great diversity of vegetation. This results in high diversity of birdlife (340 bird species). The park is also home to approximately 220 elephants, some of which are among the largest in the world.
- The Manguzi Forest Reserve is situated on the outskirts of the Manguzi urban centre. The reserve is 237 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects the last significant patch of KwaZulu-Natal Coastal Forest, an Endangered

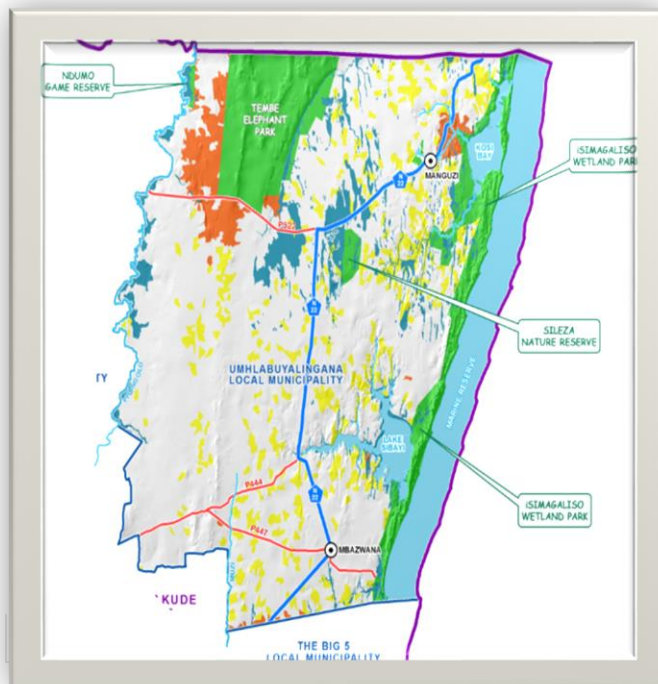
Ecosystem, to the north of Lake Sibaya. There are currently no facilities for visitors to the reserve.

- The Sileza Nature Reserve is situated south-west of Manguzi. The reserve is 2,125 ha in extent and managed by Ezemvelo KZN Wildlife. The reserve protects a large portion of Maputuland Wooded Grassland, which is classified as Vulnerable. There are currently no facilities for visitors to the reserve.
- The Tshanini Nature Reserve is a community conservation area to the south of Tembe National Elephant Park. The reserve is approximately 3,000 in extent and managed by the local Tshanini community, with assistance from the Wildlands Conservation Trust. The reserve largely protects areas of Tembe Sandy Bushveld and Sand Forest.
- The Ndumo Game Reserve is a registered Ramsar Site which is situated on the Mozambique border. It is located at the confluence of the Great Usutu, which forms its northern boundary, and the Pongola River. The reserve is approximately 11,860 ha in extent and comprises a variety of ecosystems, including floodplain pans, wetlands, reedbeds, savannah and sand forest. It has the highest bird count in South Africa with 430 recorded bird species. This includes several aquatic species, such as Black Egret, Pygmy Geese, and Pelicans, as well as several species of interest, such as the Pell's Fishing Owl, Broadbill, and Southern Banded Snake Eagle. The reserve is home to a number of game species, including Nyala, Bushbuck, Impala, Red Duiker, Suni, Black and White Rhino, Hippopotamus and Crocodiles.
- The ISimangaliso Wetland Park is South Africa's first UNESCO World Heritage Site. The 332,000-ha park contains three major lake systems, most of South Africa's remaining swamp forest, Africa's largest estuarine system, 526 bird species, and 25,000-year-old coastal dunes. The park also includes an extensive Marine Reserve which protects 190,000 km of the South African coastline. There are also four RAMSAR sites, namely the Kosi Bay System, Turtle Beaches / Coral Reefs, Lake Sibaya, and the St Lucia System within the park.

Map-8-Protected Areas

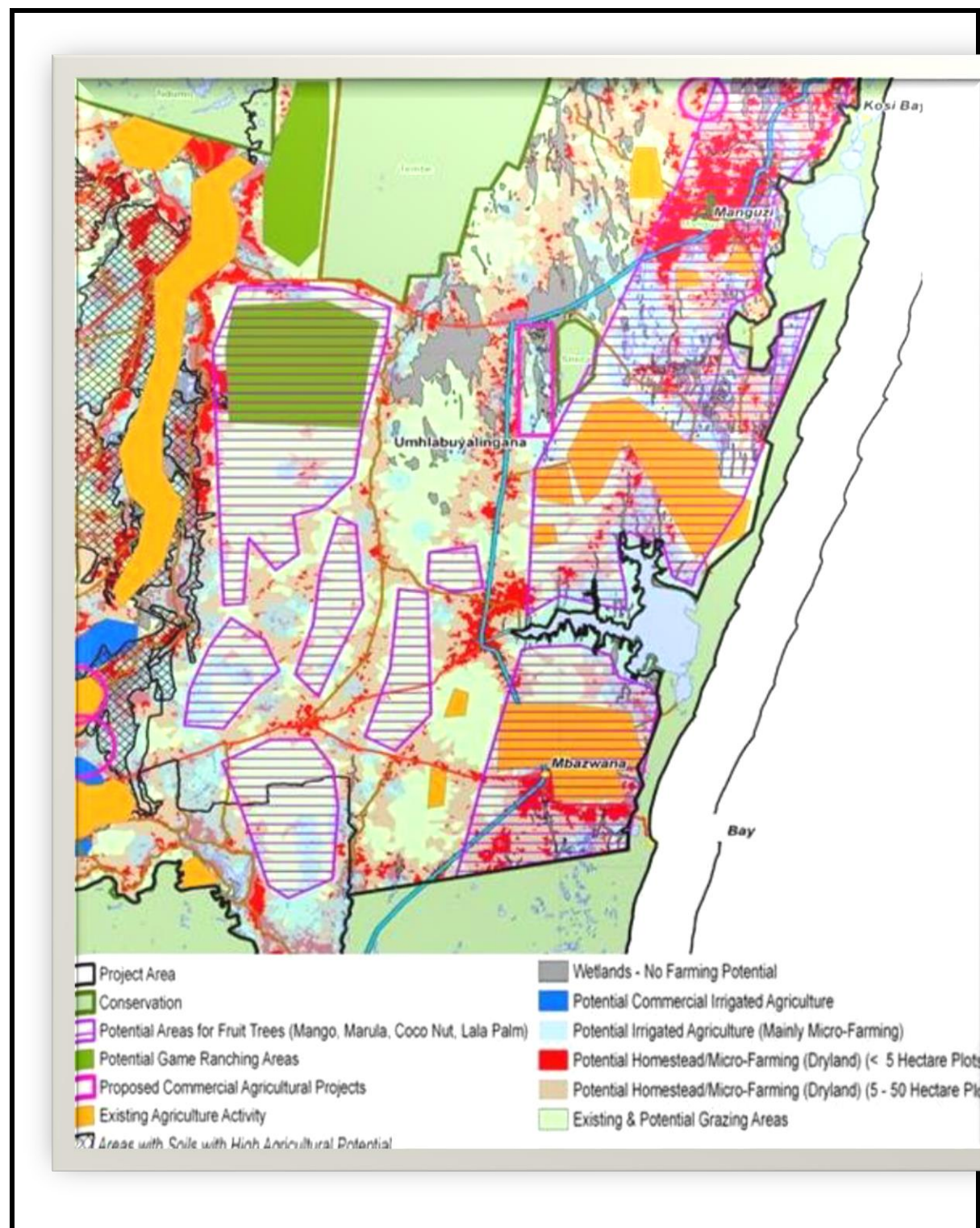


Map-9-Environmental Sensitive Areas



- The environmentally sensitive corridor along the coastline in the eastern part of the Municipality (mainly the iSimangaliso Wetland Park);
- The Makhathini flats along the Pongola River, which forms the western boundary of the Municipal area;
- The Tembe Elephant Park between the P522 provincial road and the Municipality's border with Mozambique, in the north-western part of the Municipal Area.

Map-10-Environmental Sensitive & Agricultural Potential in Umhlabuyalingana



SOURCE: URBAN-ECON, AGRICULTURAL POTENTIAL MAP - MAKHATHINI INTEGRATED DEVELOPMENT PLAN 2007

Agriculture is one of the two key drivers of economy in UMhlabuyalingana LM, the other being tourism. The majority of the population in UMhlabuyalingana LM is involved in these two sectors. Agriculture in the municipality is based on commercial agriculture and consumption agriculture which is directed towards meeting consumption needs the population.

The UMhlabuyalingana LM consists of 9 bio resource units. It has fairly flat land with good soil conditions with weather conditions that influences the agriculture production in this municipality. The UMhlabuyalingana LM also falls under the Makhathini Flats area which is also characterized by its flat land and rich soils which make it suitable for agricultural production. Commercial farming has become a key area where investment has been directed in the Makhathini Flats and there has been much focus on development and job stimulation in the agricultural sector in this area.

The Makhathini Integrated Development Plan is one such programme that is being implemented the area which is focused on the provision of agricultural infrastructure to optimize opportunities for crop and animal production in the Makhathini Flats. Although this programme started in the 2009/2010 financial year, efforts for infrastructure development intensified in the 2010/2011 financial year. According to the MEC Johnson's Budget Speech (2011)¹, the main infrastructure projects supported in 2010/2011 include improvement of farm access roads, refurbishment of pumps and irrigation infrastructure, construction of drainage canals and construction of livestock centres in Jozini and UMhlabuyalingana Municipalities. Improvement of irrigation infrastructure will stop water-losses due to leaking pipes while the construction of drainage canals will address water logging currently affecting 2500ha. Livestock centres aim to support livestock farmers in the Makhathini Flats to improve animal production and enhance local economic development. Implementation of these infrastructure projects created 192 job opportunities for the local people.

The agricultural potential of the land varies throughout UMhlabuyalingana LM, where relative to the eastern sea board the area with high potential for dry land agriculture is closest to the sea and the one with low potential furthest from the sea with the moderate potential area falling in-between agricultural development in areas in UMhlabuyalingana LM that have a high agricultural potential are hindered by the limited availability of land due to the sandy nature of the soils, by the settlements present in these areas and the fact that these areas often fall within the environmentally protected spaces of the municipality.

Access to water resources also plays an important role in both commercial and consumption agriculture and determines what types of crops that can be grown and where it can be grown. The limited and lack of access to water can further hinder development in the agricultural sector. The major surface water resources in UMhlabuyalingana LM are as follows.

The Pongola River- which provides opportunities for irrigation along the Pongola floodplains. It is also evident that the Pongola floodplains has been a draw card for settlements that have settled informally and have increased in density in areas close to the floodplains which reinforces the fact that people are dependent on natural resources for their survival in the UMhlabuyalingana LM. Usutu River which runs along the north-western boundary of

UMhlabuyalingana LM. The coastal freshwater lakes and swamps which includes Lake Sibaya and Kosi Bay

Water sources, in the form of large water bodies, reside on the peripheral ends of the Municipality and include areas such as the Kosi lake system, Lake Sibaya, Bhangazi and the St Lucia system¹³. In recent years efforts have been made to improve the irrigation systems in the Makhathini Flats area however research has indicated that the lack of reliable sources of water for irrigation poses a major constraint on commercial agriculture projects such as the Mboza groundnuts project.

The predominant and forms of agricultural activities that take place in UMhlabuyalingana can broadly be categorized as follows:

Homestead and community gardens dominated by the production of fresh vegetables. Crop production systems (groundnuts, maize, cassava, cowpea, taro (amadumbe), sweet potato (red, white & yellow), jugo (izindlubu and sugar beans). Forestry Plantations (pine and eucalypt); Livestock farming; and Commercial forestry plantations

There is evidence of commercial forestry plantations that are located at Mbazwana and Manzengwenya along the coast. Although the predominant commercial agriculture activities are limited to the production of cashew nuts, ground nuts and a few other niche products is poorly developed, there is potential to expand and this is dependent on a number of factors such as improving the accessibility to water, access to defined blocks of land that are designated to agricultural activities, etc. As consumption agriculture is important activity in the UMhlabuyalingana LM area, community garden initiatives have been established in UMhlabuyalingana LM and play an important role in alleviating poverty and ensure food security. The community gardens are the important generators for fresh vegetables in the area that is directed toward consumption needs. However, the poor design of these community gardens have resulted in a number of problems such and range from lack of infrastructure and funds to group dynamics

Production systems are considered to include the activities that are coordinated either by the government or private companies and such activities in UMhlabuyalingana include the production of:

- Cotton which is concentrated mainly in the Makhathini Flats area
- Pineapples which are in a process of being introduced in the UMhlabuyalingana
- Ground nuts
- Essential oils
- Honey
- Cashew nuts.

Households involved in consumption agriculture are involved in the production of a range of crops for household consumption which includes crops such as maize, amadumbe, sweet potatoes, etc. The type of crops grown in the various households throughout UMhlabuyalingana is again dependent on accessibility water resources and the type of soil conditions. Research has indicated that there is potential to commercially produce these crops, but this is dependent on technology and the supply of water, for example, the provision of water irrigation systems. Livestock production also forms an integral part of community activities that ensure food security and also as an income generating resource includes livestock such as chickens, cattle and goats.

The areas for potential agricultural development in UMhlabuyalingana LM. it is evident that the full potential of the agricultural sector has not been fully realized in UMhlabuyalingana as the areas of existing agricultural activities is small in comparison to the areas that have agricultural potential. It is evident that UMhlabuyalingana has the opportunity to expand its agricultural sector in the following areas:

- Fruit tree farming - fruits that can be grown in the municipality include mango, amarula, coconut and lala palm
- Game ranching - such a development can impact on both the agriculture sector and the tourism sector.
- Irrigated farming
- Homestead farming in areas that have plot sizes of less than 5 hectares
- Homestead farming in areas that have plot sizes of between 5 and 50 hectares

Cashew nuts is an important part of the commercial agriculture sector in UMhlabuyalingana and it is grown in the areas around UMhlabuyalingana LM where the soils are most favourable. Cashew nuts have been in production in the Maputaland area since the 1980.s and began as part of a research project the Industrial Development Corporation. A joint partnership with Ithala Development Corporation was formed and Coastal Cashew (Pty) Ltd. Was established. In 1994 the scheme of this venture under Coastal Cashew (Pty) Ltd was extended into Manguzi in 1994 to include and is still in operation today. The development of the cashew nuts out grower block has stimulated development and interest in other agricultural production initiatives for the UMhlabuyalingana LM and surrounding areas in the Maputaland region which includes:

- Essential oils
- Peanuts
- Honey
- Cashews
- Ground nuts

The favourable coastal climate and sandy soils increases the potential for ground nuts production in the Maputaland area. Ground nuts projects have currently been established in UMhlabuyalingana LM where large tracts of land have been made available for this type of projects in areas such as Mboza.

According to the MDIC (2012) bee keeping and honey production activities have been exclusively practiced the community in the forests that are owned by Sappi and Mondi in the UMhlabuyalingana LM. The MDIC further indicates that honey production can be a lucrative business venture for community development [as] it has very little initial capital cost, little management is required [and it] promotes the retaining of indigenous trees in the area. It is ideal for resource poor farmers, as it requires low cost technology, minimum infrastructure and no land ownership. Eucalyptus trees provides excellent source for pollen and these are found extensively in the [uMkhanyakude] District and another opportunity exists in the natural forests in the game parks.

UMhlabuyalingana LM is notable for the prolific growth of palms in this area. These palms are used by the local people for the manufacturing of handcrafts, while a significant quantity of the palm fronds (in particular the Lala Palm) is exported to other regions for use by craft workers. The sap of Wild Date Palm, and in particular the Lala Palm is used to produce palm wine. The over-harvesting of palm could be a problem, but current controls and active planting of palms are ensuring their sustainability. However, sale of palm material for craftwork outside of the district should be restricted.

A number of constraints that impede or limit commercial agricultural development in UMhlabuyalingana LM were identified in UMhlabuyalingana LM. Local Economic Development Strategy in 2007 and includes, but is not limited, to the following:

Access to adequately sized agricultural land is limited. Dispersed settlement patterns with no formal defined areas designated for agricultural production further limits agricultural production activities as well as access to sufficient land in areas under traditional leadership is limited. Settlements which are dense also occur primarily in high potential agricultural areas, limiting land availability for agricultural activities.

Land Claims - large portions of land under state authority cannot be developed until land claim issues are resolved. This is largely limited to the coastal forestry reserve and the Pongola flood plains.

Management and control of communal grazing areas for livestock. The management and stock of communal grazing land is difficult. This is largely due to overstocking of livestock in some areas which leads to the degeneration of land, the land that is available for grazing is not managed or maintained, livestock are often not contained in a specific area and their movements are not controlled and negatively impact on other areas such as croplands and conservation areas.

Consumption agriculture - Food security is naturally the prime motivation for crop selection and general agricultural practice. The change to producing a commercial cash crop has real risks associated with it, and it is difficult to overturn the habits and rituals of many generations. Way of minimizing risks and appropriate ways of introducing commercial ventures into the areas where consumption agriculture is practiced need to be employed.

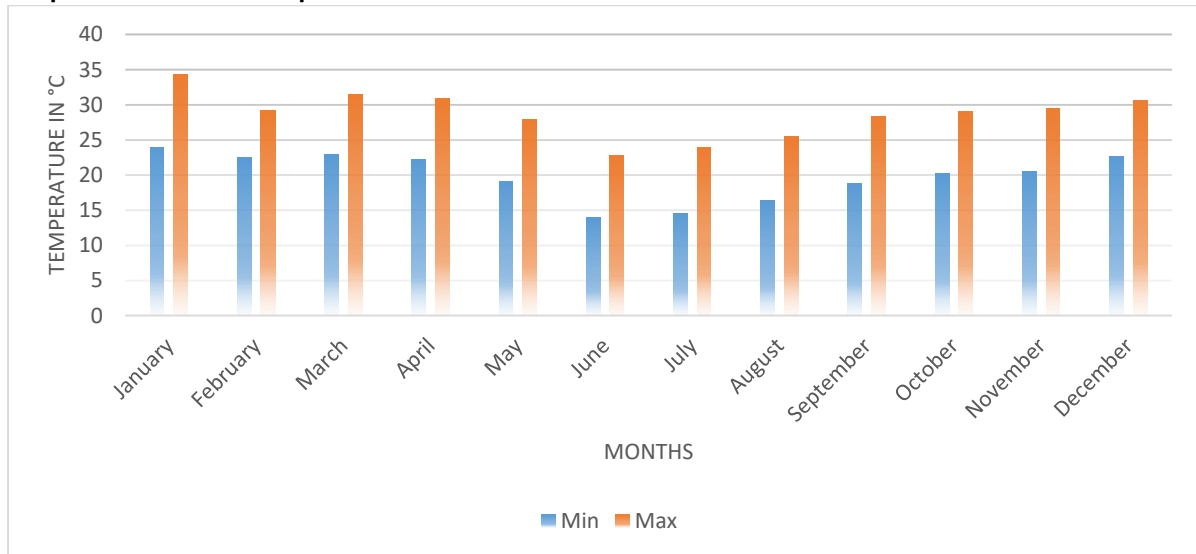
Technical and financial support there is a lack of technical expertise and knowledge where the production of high value cash crops or niche market products is required.

Lack of sector strong organization. Although farmers groups do exist, and some activities such as ploughing may rely on the sharing of resources, there are generally not strong and effective agricultural organizations within the tribal areas. This denies the farmers benefits that could be derived from joint buying of seeds or fertilizer's, collective use of machinery, collective marketing and transport strategies.

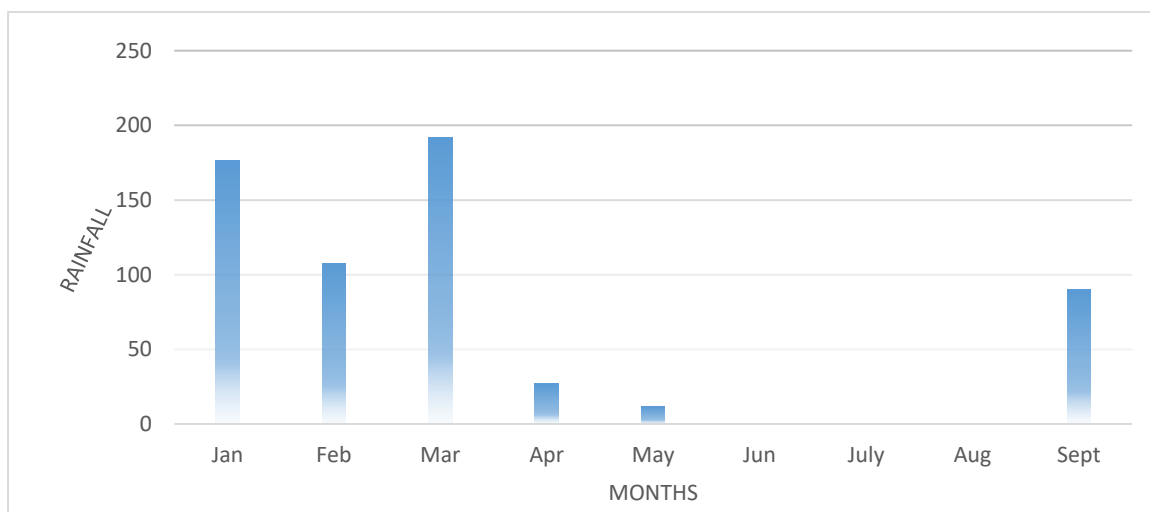
Inadequate Processing and Storage Facilities. Processing and storage facilities are absent or lacking within UMhlabuyalingana LM, especially if high valuable, perishable and/or produce requiring processing is required. This is particularly so in the more remote, north eastern parts of the area, where the conditions are most conducive to tropical fruit production and aquaculture, where these facilities would be in the most demand (PS2 Consortium 2001:78 in UMhlabuyalingana LM 2007).

There is no data for air quality and will be incorporated during 2021/2122 financial year. The climate condition of UMhlabuyalingana Municipal area is always warm and humid and is normally frost free.

Graph-2-Min & Max Temperatures



Graph-3- Graph Indicating a Rainfall Recorded from January to December 2011:



1.3 SERVICE DELIVERY OVERVIEW

1.3.1 Basic Services

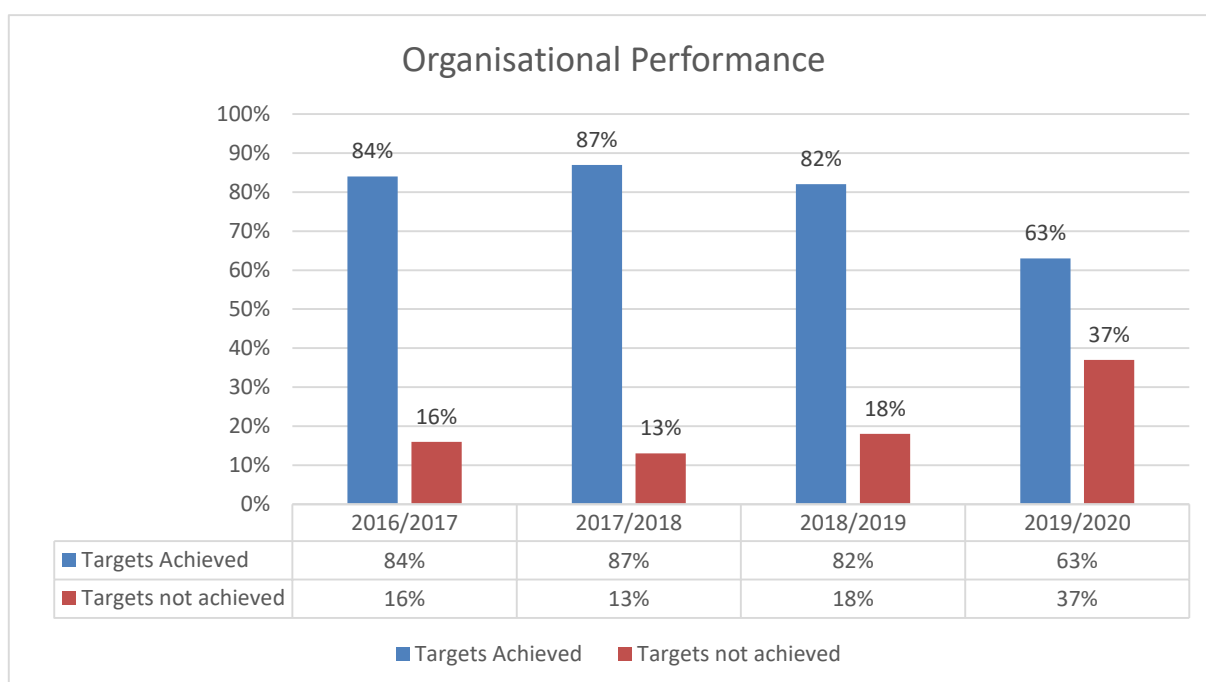
One of the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to the communities of Umhlabuyalingana Municipality is electricity, waste management, roads and stormwater. Water and sanitation services are provided by the Umkhanyakude District Municipality. Other services are development and spatial planning, local economic development, environmental, housing, library, cemeteries, community, sports and recreation, traffic as well as fire and disaster services. These services are discussed in detail in Chapter 3 of the Annual Report.

1.3.2 Service Delivery Performance Highlights

The Municipality adopted a new approach in implementing the Organisational Scorecard for the 2019/2020 financial year. The Municipality resolved to focus on key tangible deliverables that produce impeccable results. Therefore, it meant that the number of indicators and targets had to be reduced drastically in each KPA so that the Organisational Scorecard reports become more focused and strategic. It is against this background that the actual performance for the year under review decreased comparatively (82% for 2018/19 and 63% in 2019/20).

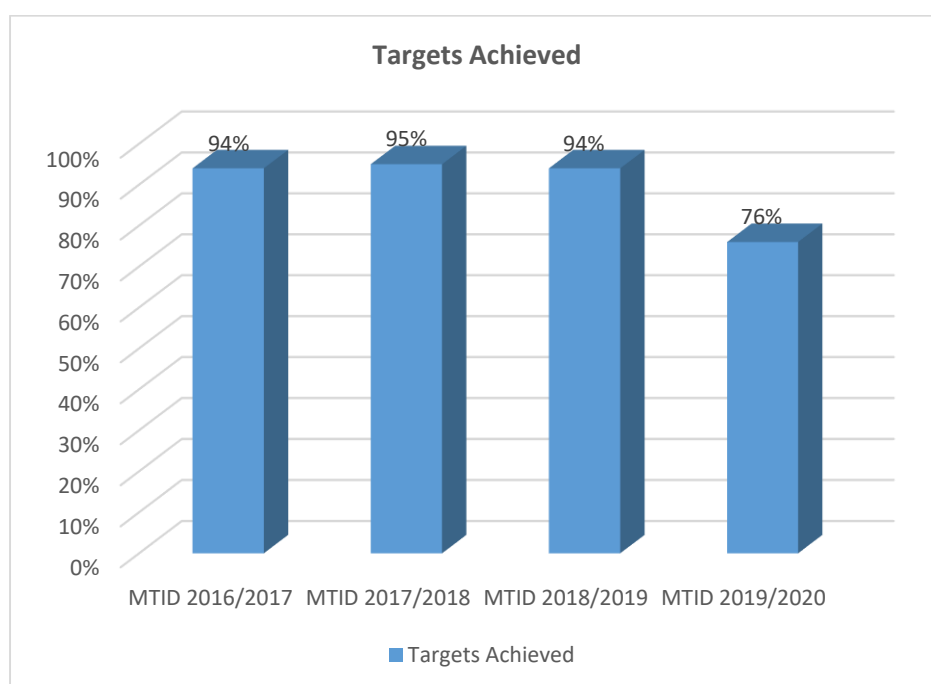
In terms of the actual deliverables, for the 2019/2020 organizational scorecard, the Municipality had a total number of 97 targets and 61 were fully achieved, this translates to 63% of the archived targets. Only 37% of the targets were not fully achieved in the year under review and therefore some were rolled over to the 2020/21 financial year. However, this performance is lower as compared to the previous financial year (2018/19) which was at 82%. This performance must be viewed within the context of the fact that the Municipality adopted a new paradigm ship in the Municipal performance management where emphasis is not on chasing numbers but on tangible and concrete results that add value on service delivery. Furthermore, there were many lessons learnt and lessons produce better people that make better organizations.

Graph-4- Comparative Analysis for Organisational Performance Over 4 Years



Source: Umhlabuyalingana Annual Performance Report, 31 October 2020

Graph-5- Comparative Analysis for MTID Performance Over 4 Years



Source: Umhlabuyalingana Annual Performance Report, 31 October 2020

Table 15 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2019/2020 performance for the Municipal Transformation and Institutional Development KPA.

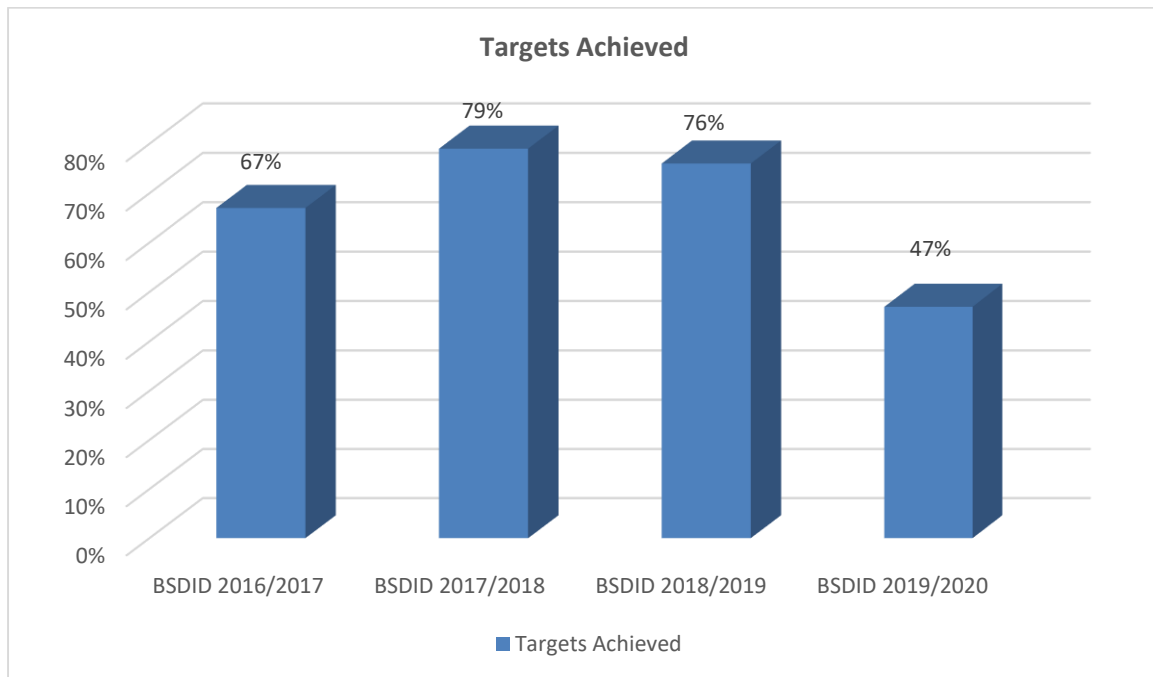
Table-15- Performance Highlights, Challenges and Planned Measures:

Highlights	Challenges	Measures to improve performance
<p>In the 2019/2020, Corporate Services Department managed to submit job descriptions to the Job Evaluation Committee, this was achieved despite challenges experienced and it was an exercise that was long overdue.</p> <p>The department was able to review Employment Equity Committee and Training Committee. Section 54/56 performance contracts were signed and placed on the municipal website.</p>	<p>Corporate Services experienced lot of labour unrest resulting in strikes which occurred in the period between the end of the first quarter of the financial year and the better part of the second quarter. The labour unrest was due to demands around travelling allowances for certain categories of positions. This was the most difficult time for the management as productivity time was lost.</p> <p>Matters that were referred to SALGBC (Bargaining Council) and CCMA which had a bearing on legal costs and time spent attending to these matters.</p> <p>To spend 1% of municipality's payroll budget on implementing WSP continues to be a challenge</p>	<p>Review Subsistence and Travelling Allowance policy to clearly outline the categories that should benefit from travelling allowance:</p> <p>Capacitate management on labour relations and disciplinary matters to deal best with the labour relations issues.</p>

2) Basic Service Delivery and Infrastructure Development:

The Basic Service Delivery and Infrastructure Development performance is made up of Technical Services and Community Services annual performance. The overall score for the KPA dropped from 76% of the previous year (2018/19) to 47% for 2019/2020, which indicates a drop of 29%.

Graph-6- Comparative Analysis for BSDID Performance Over 4 Years:



Source: Umhlabuyalingana Annual Performance Report, 31 October 2020

Table 16 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2019/2020 performance for the Basic Service Delivery and Infrastructure Development KPA.

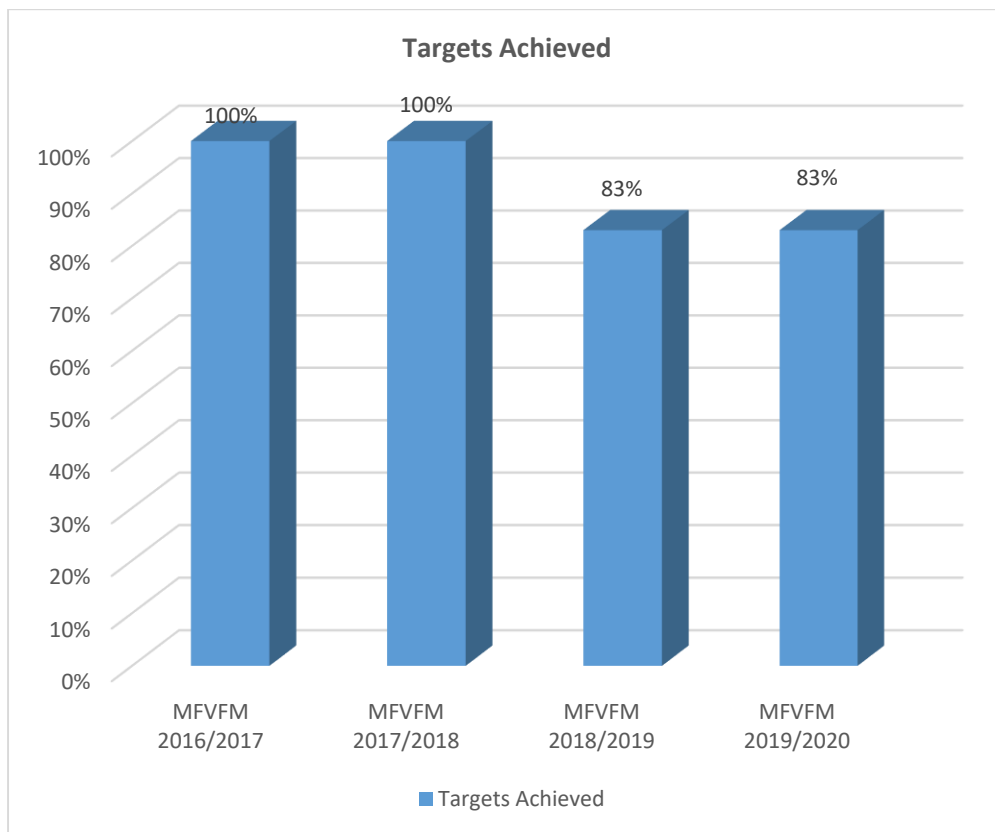
Table-16- Performance Highlights, Challenges and Planned Measures:

Highlights	Challenges	Measures to Improve Performance
<p>2019/2020 has been a challenging year when it comes to provision of basic services to the community. Two electrification projects (Mahlungulu extension and Mahlungulu Phase 2) were completed within time.</p> <p>The municipality was also able to provide refuse removal services to the community despite a number of challenges during the course of the year.</p>	<p>COVID-19 pandemic is impacting all aspects of our society and the President's decision on the 23rd of March to direct a 21 days national 'lockdown' has far-reaching implications for municipality, in particular, on infrastructure projects and in general, the delivery of essential services. The impact of the virus will be felt by municipalities far beyond the 21-day lockdown period.</p> <p>Currently the Municipality has a huge infrastructure project backlog. This emanates from projects that were not completed during the 2018/19; this becomes problematic since these projects need to compete with those of the ensuing years within the Municipal limited resources. Budget constraints to fast track implementation of other projects affect service delivery projections in the Municipality. A number of planned projects were not completed due to community protests that took place in the early part of year 2020, disruption of work at project sites and intimidation of service providers by Amadela Ngokubona organisation and finally, the national lockdown regulations.</p> <p>Provision of services at our Drivers Licensing Testing Centre was also greatly affected by the early closure of offices due to Covid 19 resulting in a huge backlog. A number of planned targets were also not achieved. The ripple effects of Covid 19 will continue to affect the operations of the DLTC even in the upcoming year 2020/21.</p>	<p>The municipality has applied to National Treasury for roll-over of funds to 2020/2021 financial year. If the application is approved those incomplete projects will then be implemented. Meetings have also been held with Amadela Ngokubona organization to find an amicable solution to their grievances.</p> <p>The municipality has also engaged the services of its Attorneys to try and secure court interdict against disruption of service delivery by Amadela Ngokubona forum.</p>

3) Municipal Financial Viability & Management:

The overall achievement for the KPA is 83% for 2019/2020 financial year, which indicates no movement from 2018/2019 financial year.

Graph-7-Comparative Analysis for MFVFM Performance Over 4 Years:



Source: Umhlabuyalingana Annual Performance Report, 31 October 2020

Table 17 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2019/2020 performance for the Municipal Financial Viability and Management KPA.

Table- 17 - Performance Highlights, Challenges and Planned Measures:

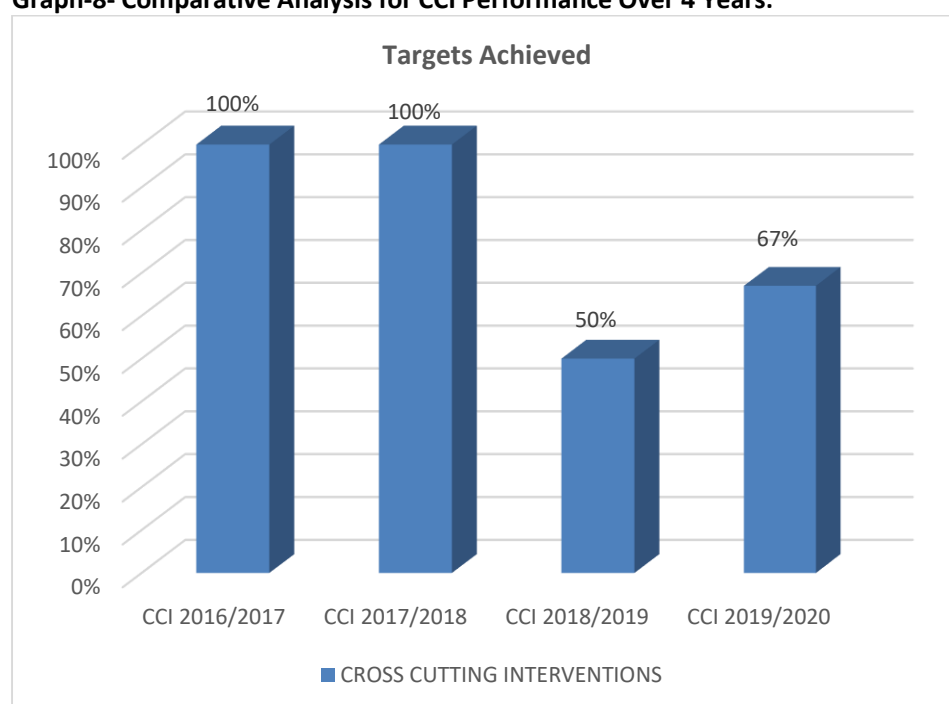
Highlights	Challenges	Measures to Improve Performance
<p>Statutory compliance reports were adequately adhered to in prescribed time frames. These among others involve the Annual Report, Midterm Budget Adjustment Report, and Monthly Section 71 reports.</p>	<p>Revenue collection remains a major challenge which dates back from the previous financial years. The situation was further exacerbated by lockdown regulations. The Covid-19 pressures add to the existing revenue collection challenges faced by our municipality. Ratepayers would struggle to pay property rates while the number of indigent households, to which the municipality is required to provide basic services, would also increase as unemployment spiked.</p> <p>The Department of Finance has also encountered challenges with finalisation of the Revenue Enhancement Strategy which was scheduled for completion in the period under review. The percentage of non-collected current debt relating to the Municipal rates remains a challenge.</p>	<p>The Department of Finance has already facilitated engagements with the Local business together the Rate Payers/ Association around the Municipality to find amicable ways to deal with non-payments as part of the measures for revenue enhancement. To this effect there is a proposal already for 60% rebate, but this is still under discussion by the relevant structures.</p>

4) Cross-Cutting Interventions:

For the year under review, the overall performance achieved was 67%, which indicates 17% upward movement from 2018/2019 (50%) financial year. It is imperative to mention that the Municipality has established Risk Management unit by appointing Risk and Compliance Manager.

The municipality successfully appointed the independent and external chairperson of the Risk Management Committee that meets on a quarterly basis. The Risk Management Committee is now fully operational, and it comprises of all Head of Departments, Internal Audit Manager, PMS Manager, IDP Manager, Risk & Compliance Manager, External Independent Chairperson, IT Manager and Risk Champions

Graph-8- Comparative Analysis for CCI Performance Over 4 Years:



Source: Umhlabuyalingana Annual Performance Report, 31 October 2020

Table 18 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2019/2020 performance for the Cross-Cutting Interventions KPA.

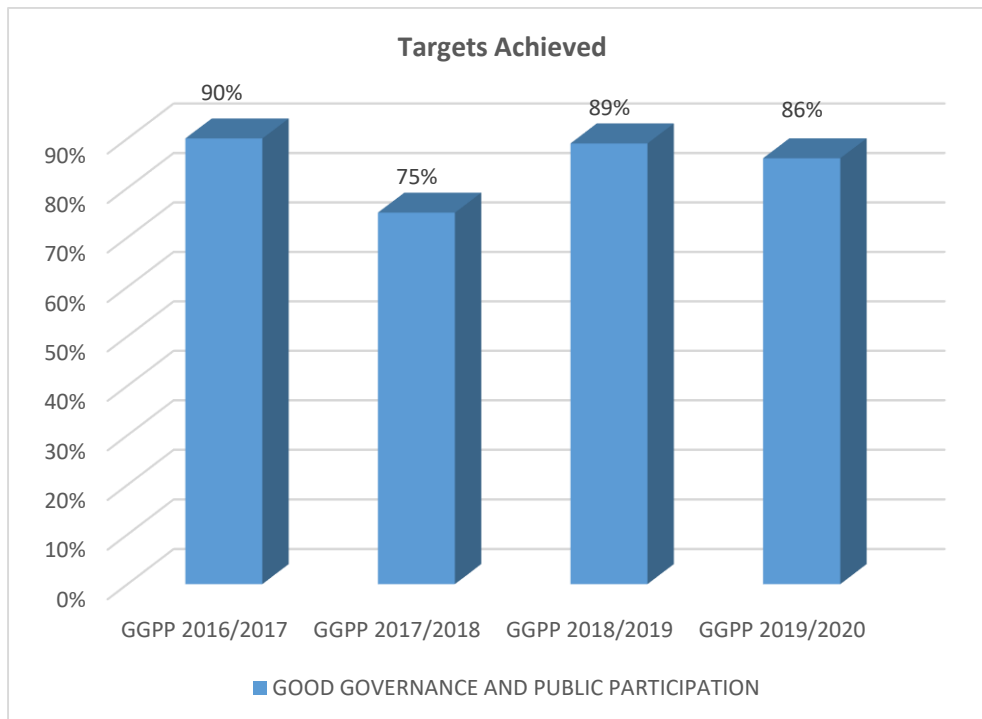
Table-18- Performance Highlights, Challenges and Planned Measures:

Highlights	Challenges	Measures to improve performance
<p>The municipality established a risk management unit; through which strategic risk management documents have been developed</p> <p>Establishment of the Risk Management Unit and appointment of the Risk and Compliance Manager.</p> <p>The municipality successfully appointed an independent and external chairperson of the Risk Management Committee. The committee meets on quarterly basis and is now fully operational. The RMC implemented the following activities:</p> <ul style="list-style-type: none"> • The RMC held three (02/09/2019, 02/03/2020, 22/05/2020) meeting during the period of reporting • The annual risk plan was also discussed and recommended for Council approval • Progress in implementation of the risk management action plans for 2019/20 was monitored and recommendations for improvement in 2019/20 were made. • As per the National Treasury, the municipality has obtained level three (3.9) of Risk Maturity level • As per the National Treasury, the municipality has obtained level three (3.9) of Risk Maturity level 	<p>The top ten (10) risks facing the municipality were also identified as follows:</p> <ul style="list-style-type: none"> • Ineffective monitoring of (Compensation for injuries and diseases act) COIDA legislative provisions • Ineffective and inadequate control over handling of finances at traffic department • Ineffective Occupational Health and Safety (OHS) management • Inadequate and incomplete indigent register • Unauthorised access to systems • Exposure of critical data and systems to acts of irregularity • Unconducive working environment (unreliable supply of water and other essentials at dumpsite) • Inadequate and unsuitable office space (OHS non-compliant) • Nonalignment of procurement plan/Annual Performance Plan/Budge • Inability to maximise revenue 	

5) Good Governance and Public Participation

Despite many challenges encountered, oversight committee (MPAC) managed to carry out its responsibilities. Audit committee reports and oversight reports were tabled to council for noting and adoption. Internal audit also managed to complete the internal audit plan for the year 2019/2020.

Graph-9- Comparative Analysis for GGPP Performance Over 4 Years:



Source: Umhlabuyalingana Annual Performance Report, 31 October 2020

Table 19 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2019/2020 performance for the Good Governance and Public Participation KPA.

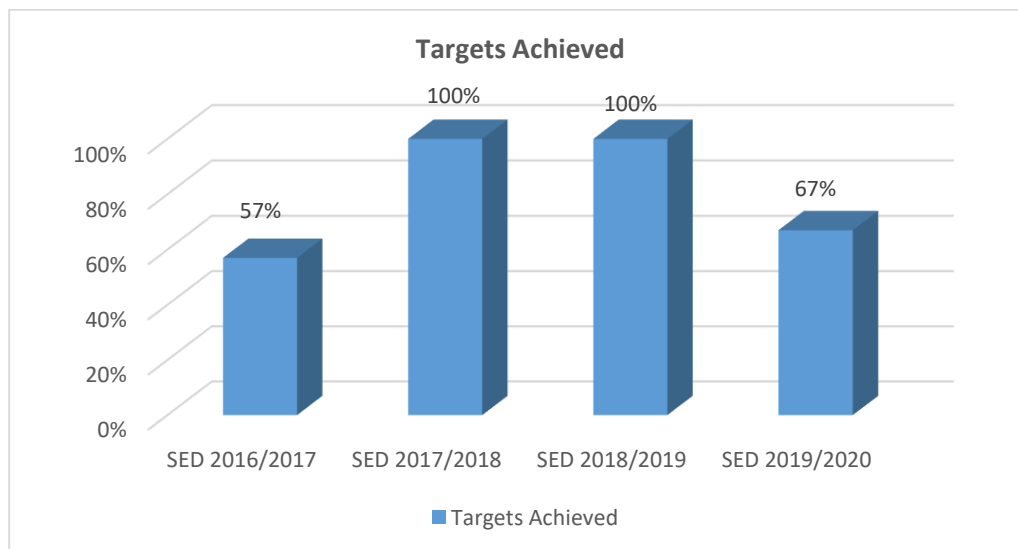
Table-19- Performance Highlights, Challenges and Planned Measure:

Highlights	Challenges	Measures to improve performance
<p>Communication section was able to review the following communication policies and were adopted by council on the 30th June 2020.</p> <ul style="list-style-type: none"> • Communication Strategy • Complaints Management policy • Batho Pele policy, procedure manual and Service delivery charter 	<p>Internal audit continues to face challenges with management's co-operation in the audit process, namely slow response by management to internal audit findings and the non-implementation of internal audit recommendations.</p> <p>The implementation of the Service Delivery Improvement Plan remains a challenge up this end. There is no indication from the communications section that the target will ever be achieved, nor there is convincing remedial action.</p> <p>Public participation meetings could hold be held due to prohibition of gatherings as per disaster management regulations.</p>	<p>The municipality has reviewed its communication policies and have taken into consideration the Covid19 pandemic and in order to meet legislative requirements in terms of public participation.</p> <p>Service Delivery Improvement Plan-A request will be sent to Cogta for assistance to develop SDIP and training of municipal senior management and staff.</p>

6) Social and Economic Development

For the year under review, the overall performance achieved was 67%, which indicates a decline of 33% compared to 2018/2019 financial year which was 100% achievement.

Graph-10- Comparative Analysis for SED Performance Over 4 Years:



Source: Umhlabuyalingana Annual Performance Report, 31 October 2020

Table 20 below presents a summary of the actual performance highlights, challenges and planned measures to improve the 2019/2020 performance for the Social and Economic Development KPA.

Table-20- Performance Highlights, Challenges and Planned Measure:

Highlights	Challenges	Measures to improve performance
130 EPWP temporary employment opportunities were created for unemployed graduates. EPWP participants were provided with various skills working with the private sector.10 cooperatives were also trained on business management skills.	Lack of funding to provide formal training with accredited certificates and to procure material for Co-operatives to start their businesses.	The municipality has requested EDTEA to assist and prioritize the registration of Co-operatives and provision of forma training.

Table-21- Service Delivery Shortfalls

MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT		
NO.	CHALLENGES	INTERVENTIONS
1	Implementation of Retention Strategy and OPMS Framework IPMS Policy-	<p>The municipality has explored different strategies which are articulated in the Retention strategy, one of which is reviewing travelling allowance, this will retain the employees taking into consideration the topography of the municipality and the conditions and accessibility of the roads and the locations of the municipal boundaries. This will motivate the employees to perform their duties to the best of their abilities.</p> <p>The Municipality is implementing the Performance Management system in phases. This is helping realize the achievable result in 2018/19; the municipality is implementing the system to Deputy Directors and all managers reporting to Heads of Departments.</p> <p>In the 2019/20 financial year the system will be implemented to all municipal officers</p>
2	Limited funding towards structured trainings and capacity building programmes which will assist the employees to enhance capacity.	<p>There is an on- going consultation with relevant stakeholders like LGSETA to apply for grant funding where possible and to cease opportunities where stakeholders like SALGA and COGTA can provide such assistance. The funding set aside from municipal budget is inadequate to cover all training needs. The establishment and sustainability of government funded training institutions will have positive impact in overcoming this challenge.</p>
BASIC SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT		
1.	Electricity capacity constraint	ESKOM is putting infrastructure in place to boost electricity capacity.
2.	Water shortages due to poor planning at a district level, i.e. alignment of RBUBIG and MIG	COGTA has intervened in the District municipality to the extent that UMGENI Water and UMHLATHUZI Water are appointed as support entities in the entire district
3	Sanitation backlog	District function

4.	Poor coordination between the local and provincial sphere (department of Transport) thus leading to unsatisfactory road conditions in uMhlabuyalingana, this despite the efforts from the local municipality	To invite the department of transport to portfolio committee meeting and other forums
5.	Poor maintenance of existing public facilities	Maintenance Plan has been developed and will be monitored quarterly
LOCAL ECONOMIC DEVELOPMENT		
1	High rate of the economically active population receives either no income, or less;	Introduction of more responsive training opportunities to capacitate the business population.
2	Household income levels in the municipality are extremely low;	Identification and implementation of more labour-intensive catalytic projects
3	Unsustainable agricultural economy and reduced tourist length of stay due to restrictions on various tourism experiences.	Development of an inclusive LED strategy monitoring plan with clear institutional arrangements that will focus on agricultural production sustainability while also unlocking tourist experience in a responsible manner.
4	Non-compliant business operators and high rate of illegal immigrants taking over on local enterprises.	Enforcement of trading by-laws to enhance competitive and compliant trading environment.
5	Limited energy supply which compromises investment rate;	Enforcement of a responsive renewable energy technology plan to boost the current gap between energy supply and demand private sectors
FINANCIAL VIABILITY AND FINANCIAL MANAGEMENT		
1	Low revenue base and highly dependent on Grant Funding owing to financial constraints.	Implementation of revenue enhancement strategy.
2	Poor revenue enhancement strategy	Implementation of revenue enhancement strategy.
3	Un-co-operative business community in the implementation of the MPRA	Awareness campaigns that aim to educate and involve the business community on the impact thereof.
GOOD GOVERNANCE AND PUBLIC PARTICIPATION		

1	Poor functioning of IGR structures	Promote participative, facilitative and accountable governance. Policy and strategy co-ordination IGR
3	Functionality of ward committees is not consistent across all wards	Improve the administration of ward committees through reviewing the organogram to reflect the administrative aspect of ward committees
CROSS CUTTING INTERVENTION		
1	Lack of intergovernmental linkages	Improve IGR participation
2	Slow progress in the formalization of towns (Manguzi and Mbazwana) as approved by the KwaZulu Natal Cabinet in 2011	UMhlabuyalingana Spatial Development Framework identifies important nodes, such as Mbazwana (Primary Node), Manguzi (Primary Node), etc. Obviously, these nodes have different functions or roles in the development of UMhlabuyalingana. The successful development of Manguzi and Mbazwana Towns would have many economic benefits for the people of UMhlabuyalingana. In five years' time, UMhlabuyalingana would have made significant progress in terms of attracting investors to the towns, thereby creating a platform for a sustainable revenue base for the municipality.
3	Response to climate change	Sound and effective disaster management Increase productive use of land resource.
4	UMhlabuyalingana is currently experiencing problems with poor response public involvement in the implementation of the land use scheme and land management.	Preparation of the wall to wall scheme as required in terms of the KwaZulu Natal Planning and Development Act is set to be underway in 2016/17 financial year.

1.3.3 Proportion of Households with Access to Water

The table below illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water, although the majority of households still rely on natural resources for their water supply. Only 10 percent of households have access to piped water inside their dwellings.

Table-22- Distribution of households by access to piped (tap) water for 1996, 2001 and 2011:

Municipality	Piped (tap) Water inside Dwelling/Yard			Piped (tap) Water on a Communal Stand			No Access to Piped (tap) Water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
UMhlabuyalingana	1 149	3 394	10107	1 633	4 974	9 278	16382	17955	14472

(Stats SA: Census)

1.3.4 Proportion of Households with Access to Sanitation

The type of sanitation facility utilised by households is illustrated in Table 21. There are very few households which have access to the flush toilet sewer (including flush septic tank). A positive trend between 2001 and 2007 has been the decrease in the number of individuals who do not have access to any form of sanitation facility.

Table-23-Distribution of households by type of toilet facility for 1996, 2001 and 2011:

Municipality	Flush or Chemical Toilet			Pit Latrine			Bucket Latrine			None		
	1996	2001	2011	1996	2001	2011	1996	2001	2011	1996	2001	2011
UMhlabuyalingana	214	3 159	7 400	5 461	4 615	18 933	122	218	476	13 542	18 333	6 226

(Stats SA: Census)

1.3.5 Electricity

The energy source used by households for cooking and lighting purposes. It is estimated that only 2 480 and 3 474 households have a supply of electricity for cooking and lighting purposes respectively.

1.4 FINANCIAL HEALTH OVERVIEW

Umhlabuyalingana Municipality has a low revenue base and is highly dependent on grants; however, the municipality is trying its level best to enhance its own revenue generation within its area of jurisdiction. A revenue enhancement strategy was reviewed by the municipality and will be presented to the relevant stakeholders. As part of the implementation of the revenue enhancement strategy, the management developed strategies to encourage business community and property owners to pay for services and taxes, wherein several meetings were held between the municipality and property owners to discuss discounts and certain write offs. The municipality has also appointed legal firms to assist the municipality with recovery of amounts owed to the municipality.

The municipality purchased the asset management system which will be utilized to record municipal assets. The municipal assets is performing in the manner that will ensure compliance with the GRAP standards. The asset verification was performed, and the Council was advised accordingly to take necessary resolution to write off assets that are eligible to be written off from the asset register.

During 2018/2019 financial year, the municipality obtained an unqualified audit opinion while the other past four financial years the municipality obtained clean audit opinion. An action plan was developed to address the issues which were raised as matters of emphasis. The administration was also tasked to develop clean audit sustainability plans which will assist the municipality to sustain the good results. The oversight is performed monthly by councilors during the council meetings because clean audit is a standing agenda item.

The Sustainability and Liquidity of the Municipality: The cash/ cost coverage ratio of the municipality is 2 months and the norm is 1-3 months. This ratio is an indication that the municipality is able to meet its monthly fixed operational commitments from cash and short-term investments without collecting any additional revenue during month.

Current ratio of the municipality is 1.64 and the norm ranges between 1.5 to 2.1. This ratio indicates that the municipality is able to pay back its short-term liabilities with its short-term assets, which is cash, inventory and receivables.

The Municipality does not have any loans. The Municipality has introduced a revenue management, expenditure management and cost containment programme to raise and collect all revenue due to the Municipality. Included in the programme is a focus on expenditure management and cost containment to ensure that available resources are optimised for quality service delivery.

The Municipality has not defaulted on payment of its creditors, i.e. Eskom (bulk electricity purchases), SARS (VAT and PAYE), third party payments (pension and medical aid funds) and any other trade creditors.

The municipality's own revenue in 2019/2020 financial year reflect 6% decrease as compared to 2018/19 and this is largely due to decrease in licensing income by 36% decrease in interest received from bank accounts by 3% interest received from outstanding debtors decreased by 56% and fine decreased by 44%. The main reason for these decreases was COVID-19 pandemic which forced the country to be under lock down for almost 5 months.

Table-24- Current Ratio's Over 3 Years:

	2019/2020	2018/2019	2017/2018
Current assets/Current liabilities	1.64	1.92	1.92

This ratio is used to assess the ability of the municipality to pay back its short-term liabilities with its short-term assets which is cash, inventory and receivables. The norm ranges between 1.5 to 2:1. The ratio indicates that the municipality is still capable of paying back its short-term obligations although the ratios has decreased when compared to the prior year ratios from 1.92 to 1.64.

Table-25-Cash/Cost Coverage Ratio's Over 3 Years:

	2019/2020	2018/2019	2017/2018
Cash and cash equivalents-unspent conditional grants-overdraft+ short-term investments/monthly fixed operational expenditure excluding depreciation, provision for bad debts, impairments and loss on disposal of assets	3 months	3 months	3 months

This ratio indicates the municipality's ability to meet at least its monthly fixed operating commitments from cash and short-term investments without collecting any additional revenue during that month. The ratio has not changed when compared to the prior years it has remained 3 months meaning that the municipality is currently not in the risk of not being able to meet its obligations to provide basic services or meet its financial commitments.

Debtor's Collection

Table-26-Collection Rate:

	2019/2020	2018/2019	2017/2018
Gross debtors closing balance + Billed revenue - Gross debtors opening balance - Bad debts written off/Billed revenue x 100	96%	59%	68%

This ratio indicates level of payments received from debtors, and it measures increase or decrease in debtors relative to annual billed revenue. Collection rate has improved when compared to the prior years although debtors balance has slightly decreased in the current financial year when compared to the prior year.

Liability Management: The municipality does not have any borrowings therefore, liability and/or borrowing ratios cannot be calculated.

Revenue Management, Expenditure Management and Cost Containment Measures: The Municipality has introduced a revenue management, expenditure management and cost containment programme to raise and collect all revenue due to the Municipality. Included in the programme is a focus on expenditure management and cost containment to ensure that available resources are optimised for quality service delivery.

The municipality has managed to implement the MSCOA as per the National Treasury requirements by the 1st of July 2017. The financial system being used by the municipality is MSCOA compliant, since the municipal IDP and SDBIP has been captured onto the system and successfully managed to develop the budget chart on the system. On the 1st of July 2017 the municipality managed to go live on MSCOA and is able to transact on the financial system.

The municipality's own revenue in 2019/2020 financial year reflect 1% decrease as compared to 2018/19 and this is largely due to decrease in traffic fines income and public contributions and donations as well as interest received from bank accounts. The operating expenditure for current year has increased by 7% when compared to 2018/19 financial year which is due to a significant increase in contracted services which increased by 14% when compared to prior year.

Table-27-Financial Overview

Financial Overview 2019-2020			
	Original budget	Adjustment budget	Actual
Income			
Grants	209,412,000	212,195,022	196,467,450
Taxes, levies and tariffs	26,977,968	25,474,312	21,114,011
Other income	10,692,888	31,821,549	10,620,629
sub-total	247,082,856	269,490,883	228,202,090
Expenditure	(203,608,255)	(224,948,135)	(227,021,619)
Net total	43,474,601	44,542,748	1,180,471

Sources: Umhlabuyalingana Municipality

Employee costs represent 37% of the total operating expenditure, which is somehow within the norm. The Repairs and Maintenance 3% of property plant and equipment book value and Finance charges 1% of the total operating expenditure.

Table-28-Operating Ratios:

Operating Ratios	2019/2020	2018/2019	2017/2018
Detail	%	%	%
Employee Cost	37%	38%	40%
Repairs & Maintenance	3%	3%	2%
Finance Charges & Impairment	1%	1%	1%

Sources: Umhlabuyalingana Municipality

Table-29-Total Capital Expenditure:

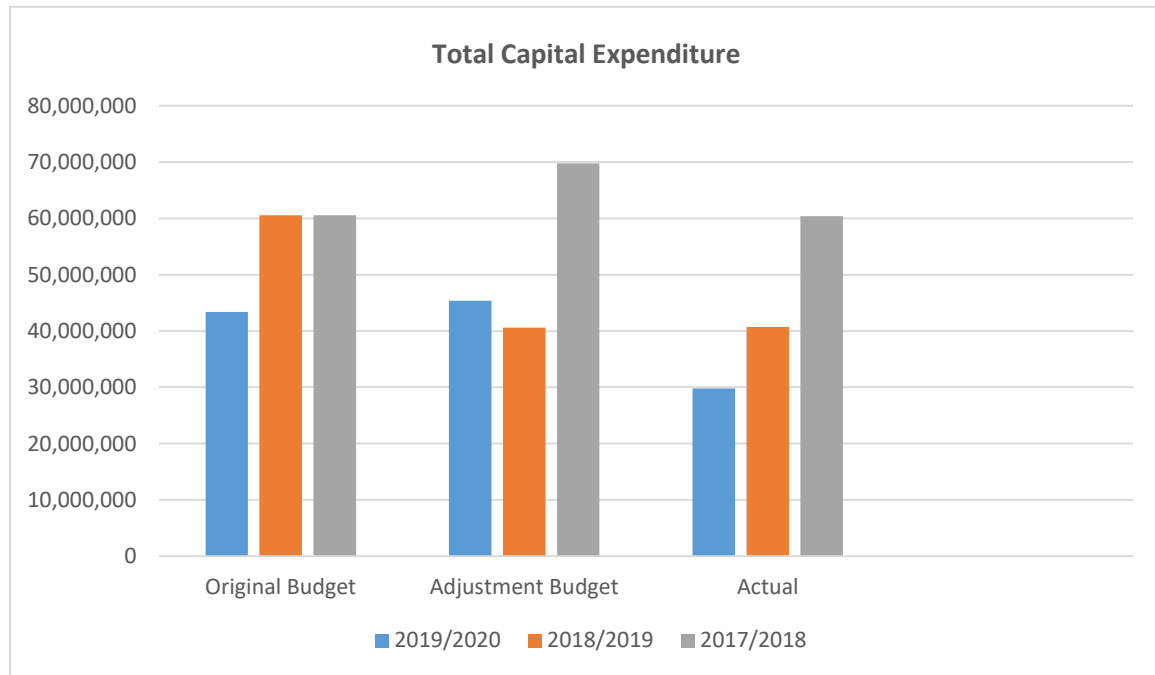
Total Capital Expenditure Over 3 Years			
	R' 000		
	2019/2020	2018/2019	2017/2018
Original Budget	43 378 000	60 587 330	60 587 330
Adjustment Budget	44 548 904	40 600 863	69 784 796
Actual	29 824 243	41 516 325	60 382 705

Sources: Umhlabuyalingana Municipality

The variance between the Original Budget vs the Actual expenditure is 69% and the variance between the Adjustment budget vs the Actual expenditure is 67% which means there was an under expenditure in Capital Budget. Under expenditure was caused by various factors one

of them was community strikes that happened in October 2019 and in February 2020 as well as COVID 19 virus outbreak in March 2020, which lead to the country being placed under National Lockdown from March 2020.

Graph-11-Total Capital Expenditure:



Comment on Capital Expenditure: The variance between the Original Budget vs the Actual expenditure is 69% and the variance between the Adjustment budget vs the Actual expenditure is 66% which means there was an under expenditure in Capital Budget

Low expenditure in capital budget is a result of delays in the implementation of capital budget because of community strikes that happened during the month of February 2020 due to high theft of vehicles in the area as well as national lock down that started in March till the end of the financial year due to COVID-19 pandemic.

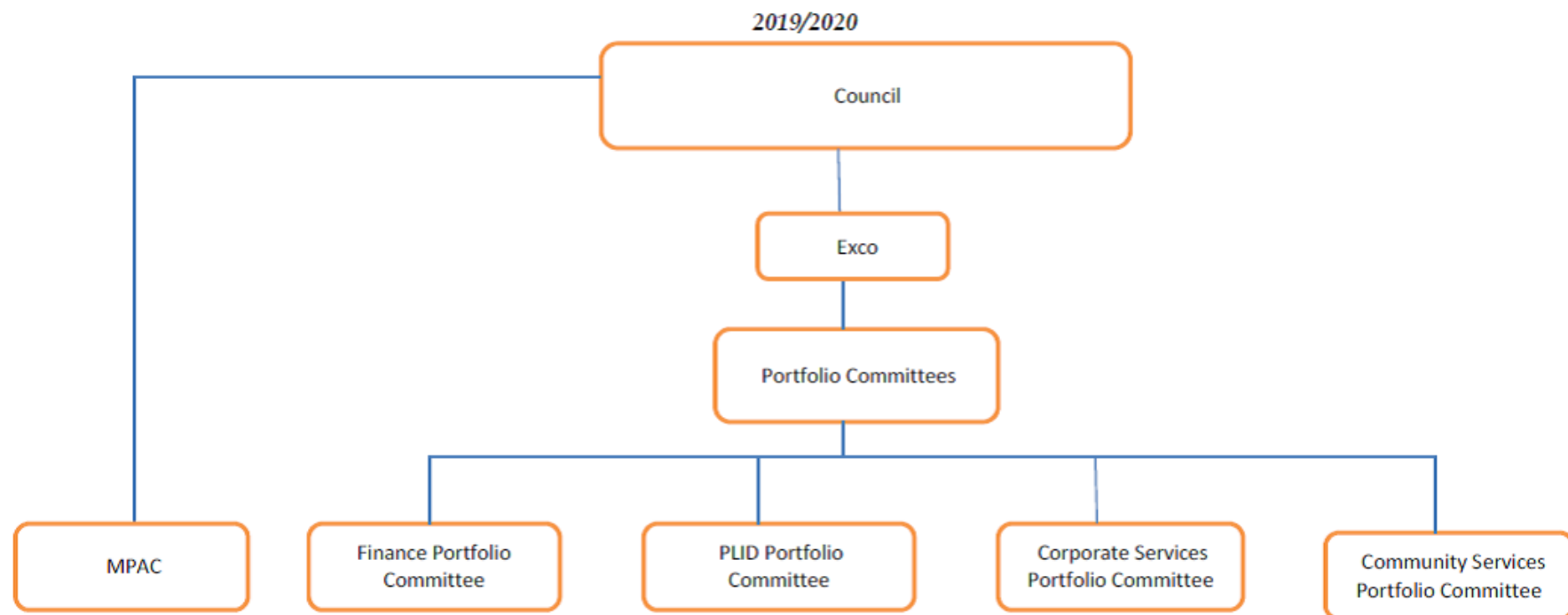
1.5 ORGANISATIONAL DEVELOPMENT OVERVIEW

The Council approved organizational structure / organogram that aligns to the long-term development plans of the municipality as reflected in the IDP, as well as the Powers & Functions of the Municipality and the need for effective administration. The vacancy rate is indicated as well as the filled positions. The organogram defines organisational structure and makes provision for the following departments and strategic programmes:

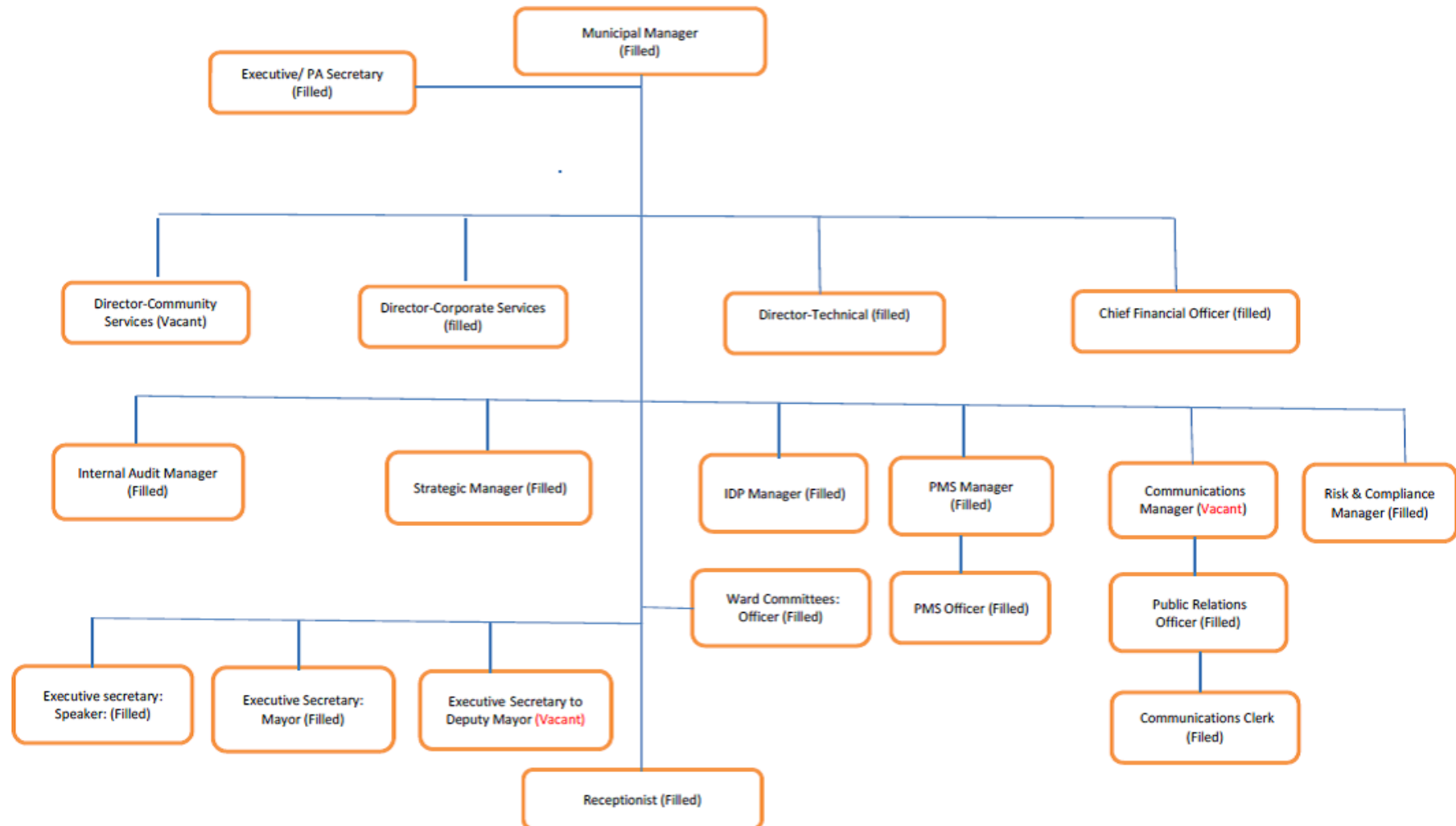
- The Office of the Municipal Manager
- Corporate Services Department
- Technical Services Department, Planning and Local Economic Development
- Finance Department
- Community Services Department

The implementation of the organogram is a priority for the municipality given a need to create sufficient capacity to implement the IDP and render services effectively. The organogram is revised annually to cater for the changing needs of the municipality. However, the key challenge is to attract and retain qualified and experienced personnel. This could be ascribed to the remote location of the area in relation to major urban centres and the limited resources available to the municipality for staff remuneration. All critical positions are filled, and the municipality has a staff complement of 497 employees.

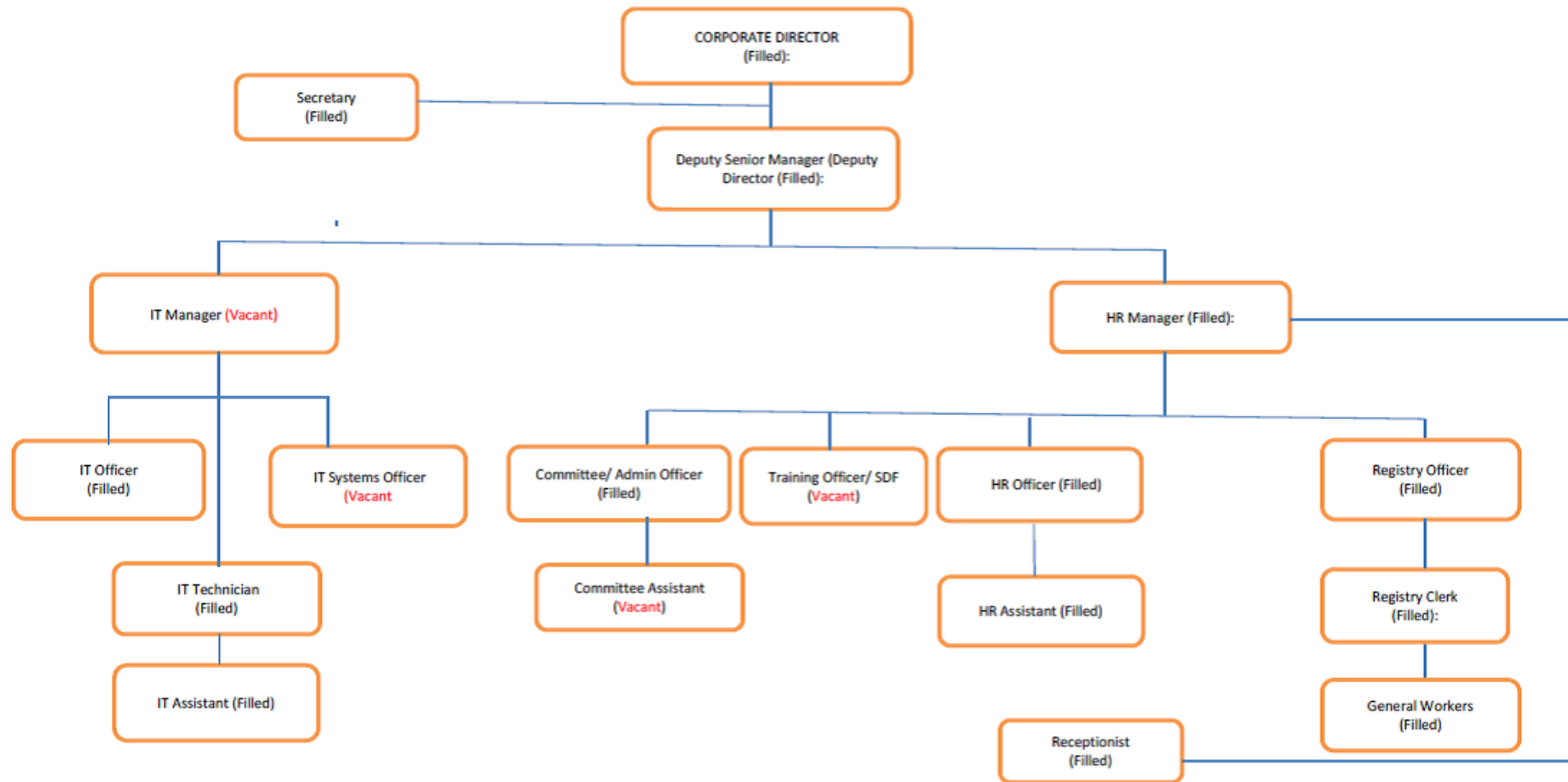
UMHLABUYALINGANA MUNICIPAL ORGANOGRAM



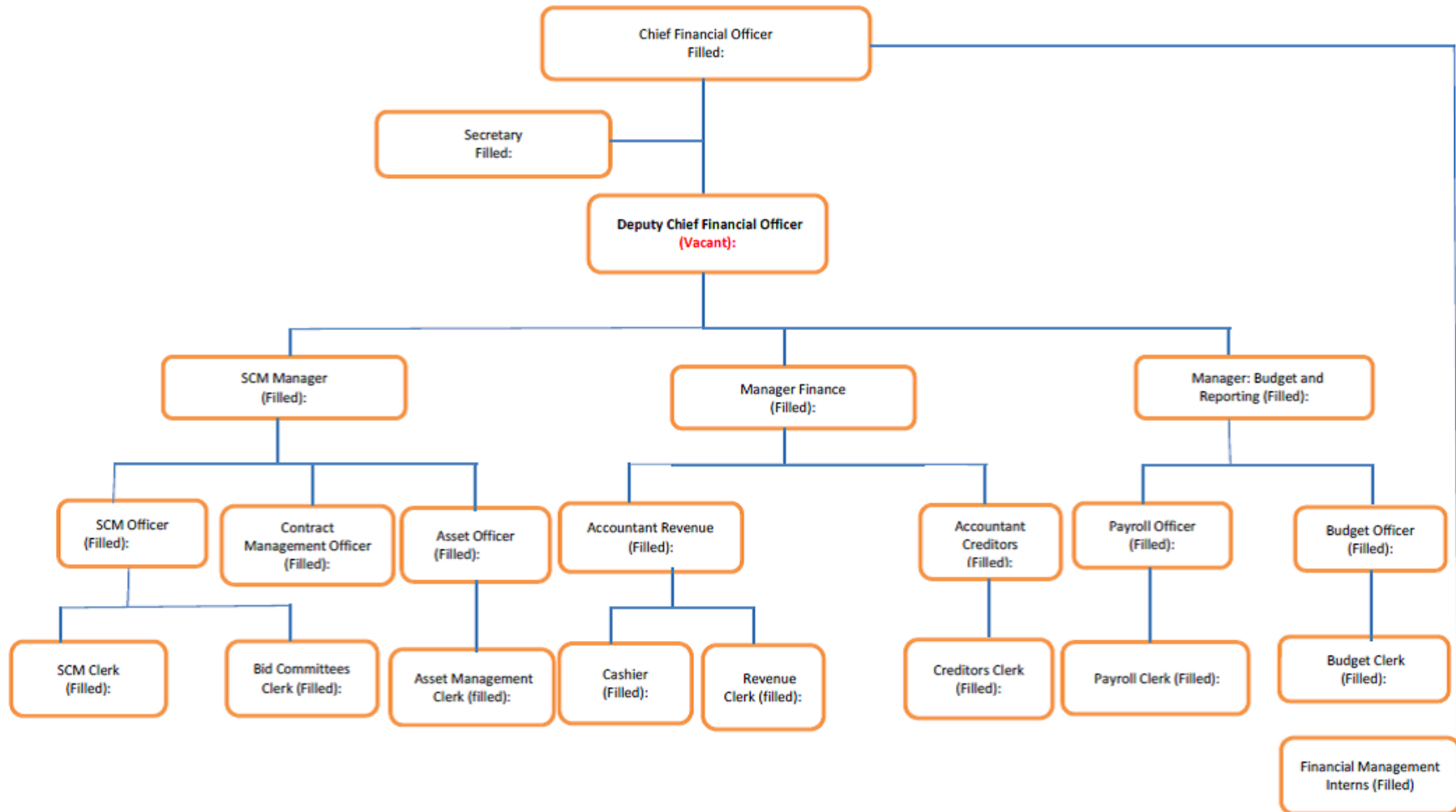
CURRENT ORGANOGRAM FOR: MANAGEMENT DEPARTMENT:



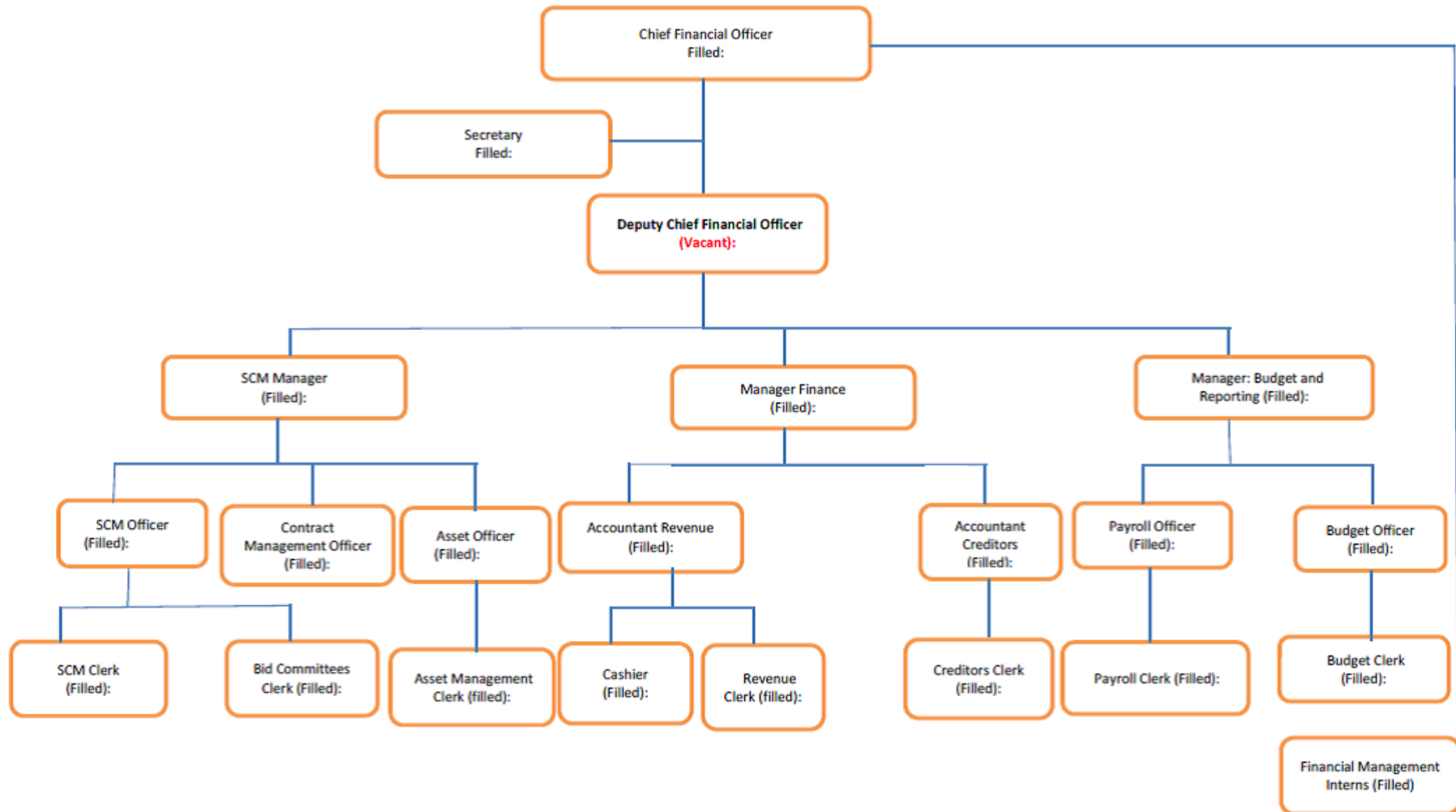
ORGANOGRAM FOR CORPORATE SERVICES:



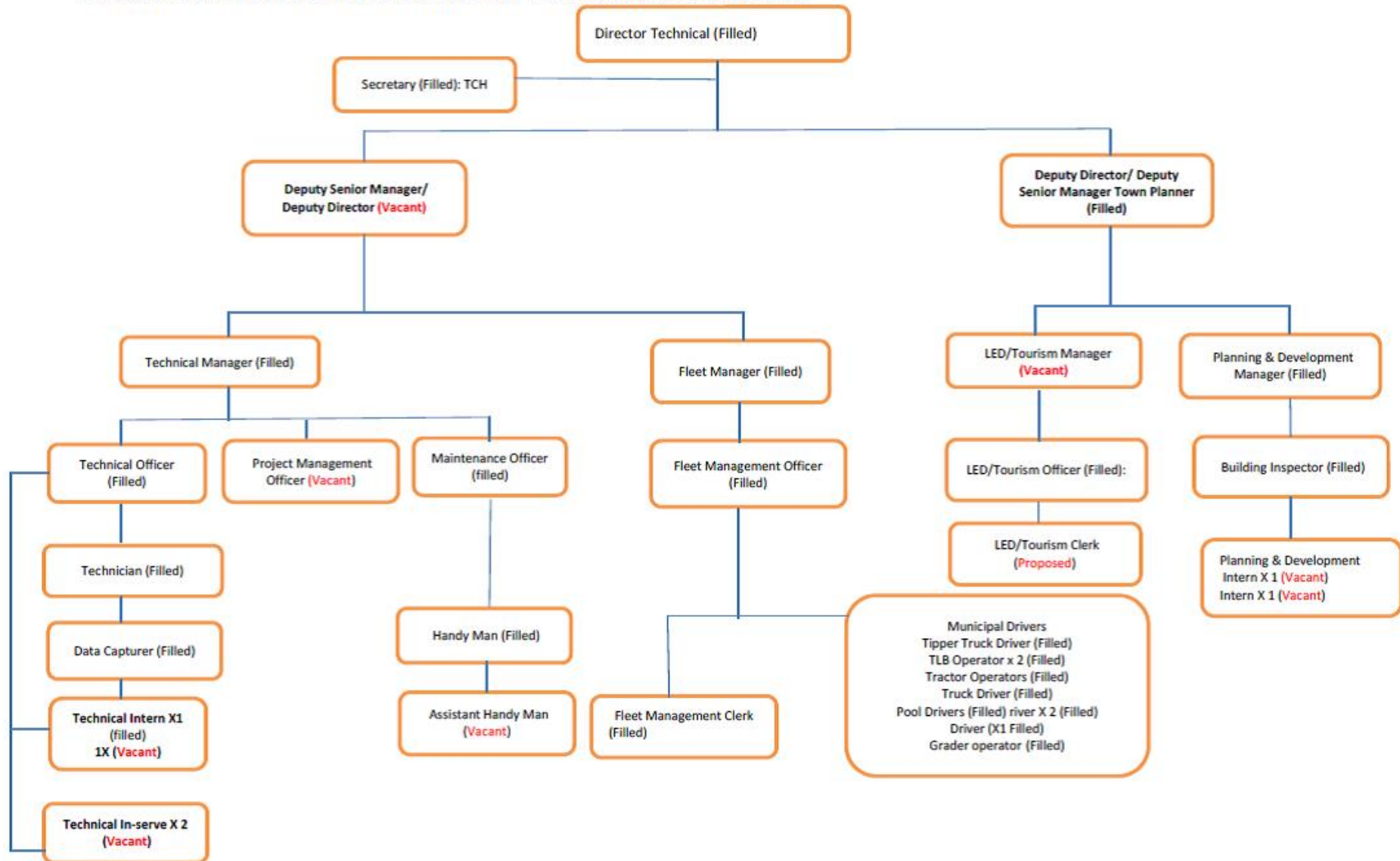
CURRENT ORGANOGRAM FOR FINANCE DEPARTMENT:



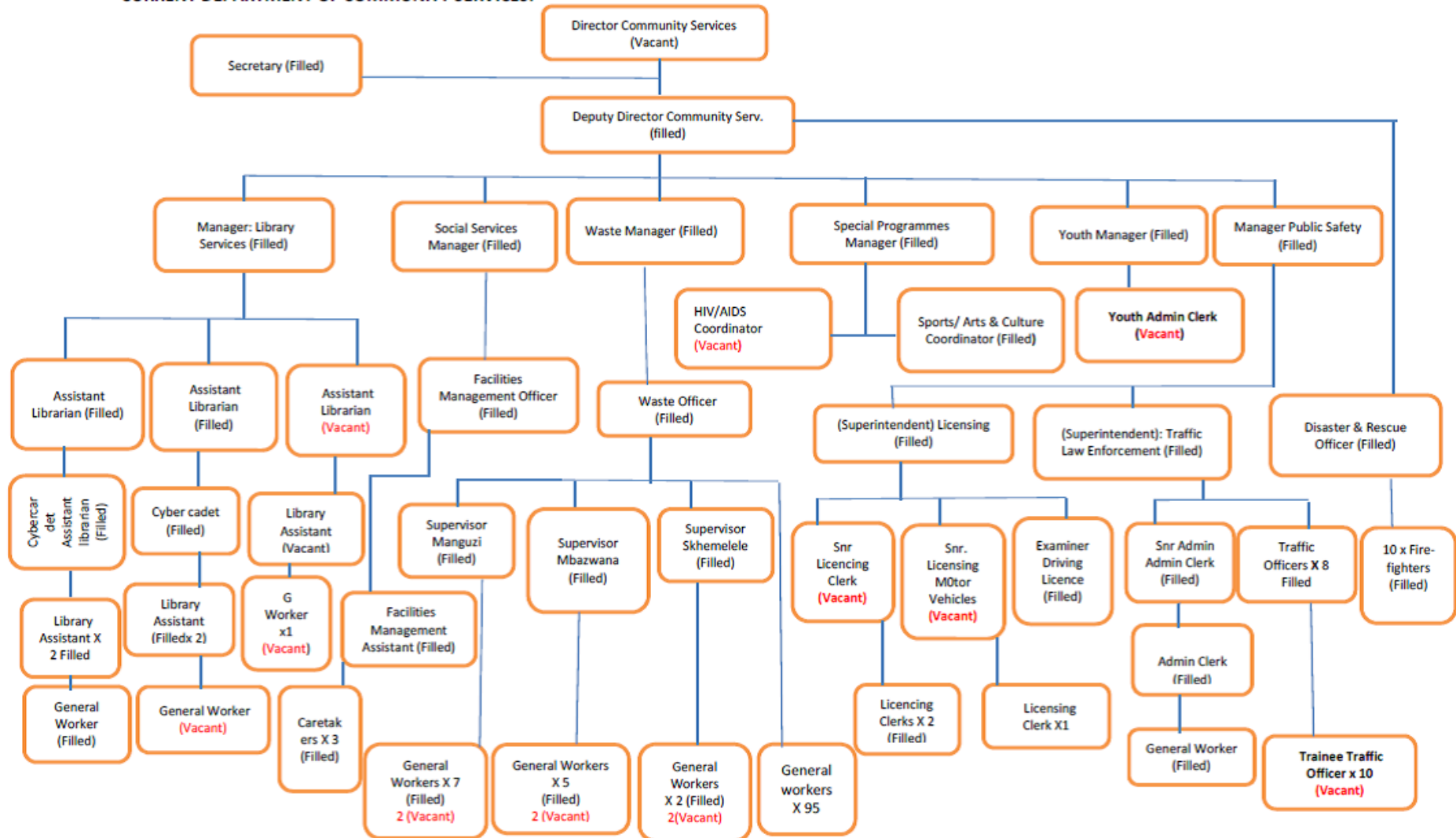
CURRENT ORGANOGRAM FOR FINANCE DEPARTMENT:



CURRENT ORGANOGRAM: DEPARTMENT OF TECHNICAL SERVICES:



CURRENT DEPARTMENT OF COMMUNITY SERVICES:



1.6 AUDITOR GENERAL'S REPORT

Umhlabuyalingana Municipality received an unqualified audit opinion during 2019/2020 and 2018/2019 financial years. This audit report is contained in Chapter 6 of this annual report. This was achieved with in-house capacity and with assistance of the appointed consultants. The audit opinions received for the past 5 financial years clearly indicate an improvement in leadership and control on the matters that the Auditor-General focuses on during its audits:

1.6.1 Audit Outcomes

- 2019/2020 Unqualified audit opinion
- 2018/19: Unqualified audit opinion
- 2017/18: Unqualified audit opinion
- 2016/17: Clean audit opinion
- 2015/16: Clean audit opinion

The clean, unqualified, and qualified audit opinions have to do with the Annual Financial Statements. The other matters deal with predetermined objectives and legislative compliance issues. Further details can be found in the Audit Outcome/s Improvement Plan attached as Volume III to the Annual Report 2019/2020.

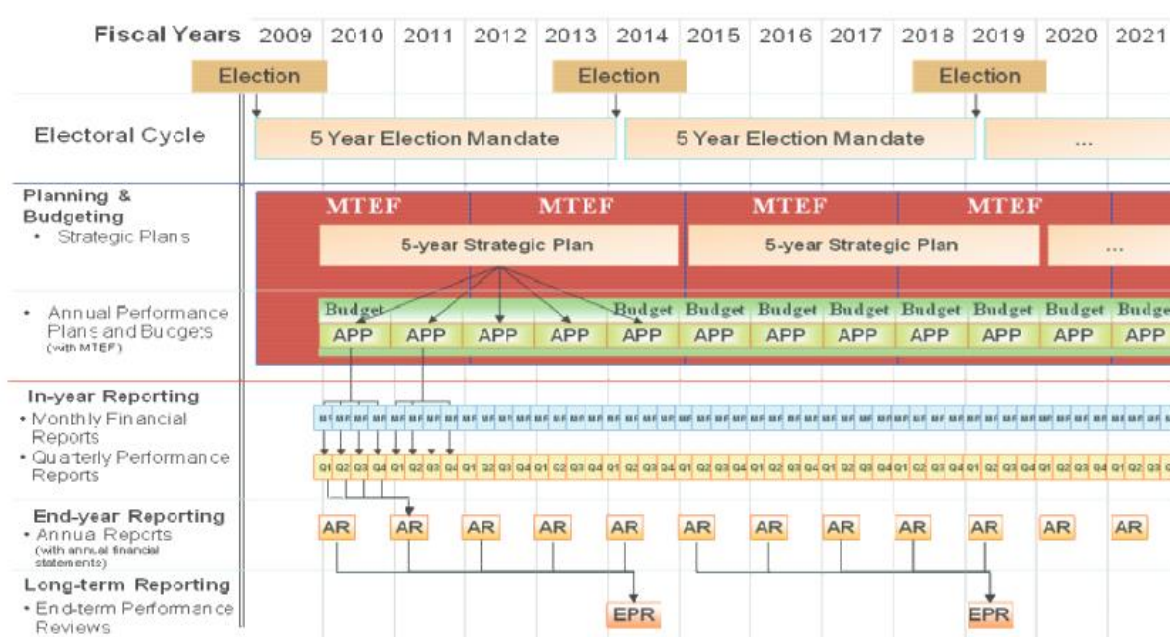
1.7 STATUTORY ANNUAL REPORT PROCESS

The statutory processes followed in compiling this annual report is presented in the table below. The process starts in July each year with the compilation of the Annual Report and continues until the end of March the following year when Council accepts the Annual Report and the Oversight Report on the Annual Report.

Table-30-Annual Report Statutory 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
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 0 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
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	
12	Municipalities receive and start to address the Auditor General's comments	September – October
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	
17	Oversight report is made public	November
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	
		December
		January
T 1.7.1		

The Relationship and Timing of the Different Accountability



Strategic Plans: The municipality conducts the strategic planning sessions annually, setting out the municipality's policy priorities, programmes and project plans for a five-year period, as approved by its executive authority, within the scope of available resources.

The strategic plan focused on strategic outcomes-oriented goals for the municipality as a whole, and objectives for each of its main service-delivery areas aligned to its budget programmes and, where relevant, also its budget sub-programmes.

A strategic plan covers a period of five years, ideally from the first planning cycle following an election, linked to the identified outcomes of the Presidency. Although plans may have a longer timeframe, they are revised every five years, and a draft new or revised strategic plan was prepared for consideration. Departments tabled their strategic plans for budgeting purpose. Linked to a strategic plan is the consideration of the MTSF, the provincial growth and development strategies, IDPs of the municipality, Performance Agreements and Service Delivery Agreements entered into in terms of the broad strategic outcomes and any other relevant long-term government plans. The municipality's resources and capabilities were also considered. The document lays the foundation for the development of Annual Performance Plans.

Annual Performance Plans/ SDBIPS: The Annual Performance Plans set out what the municipality intends doing in the upcoming financial year and during the MTEF to implement its strategic plan.

The SDBIPs sets out performance indicators and targets for budget programmes, and sub-programmes where relevant, to facilitate the municipality realizing its goals and objectives set out in the Strategic Plan. Where appropriate, the plan has quarterly breakdown of performance targets for the upcoming financial year.

To simplify performance tracking, in-year changes to the plan should be made during the mid-year review. Where the municipality's performance exceeds or misses targets due to in-year budget changes or for another reason, this is noted and documented in the mid-year report. In-year monitoring of the Annual Performance Plans/SDBIPs is conducted through the quarterly performance reports and end-year reporting is made in the programme performance section of the institution's annual report.

Legal Requirements and Guidelines: Chapters 5 and 30 of the Treasury Regulations set out the legal requirements.

Annual Budget and MTEF: The annual budget sets out what funds an institution is allocated to deliver services. The Annual Performance Plan shows funded service-delivery targets or projections. The annual budget indicates the resource envelope for the year ahead and sets indicative future budgets over the MTEF. The budget covers the current financial year and the following two years.

Quarterly Performance Reports: Quarterly performance reports provide progress updates on the implementation of the municipality's Annual Performance Plan/SDBIPs in the previous quarter, with reference to monitoring delivery against quarterly performance targets.

A quarterly performance report provides with information on performance against plans. It also provides the accounting officer with an opportunity to indicate measures that will be taken to ensure that implementation of the Annual Performance Plan remains on track.

Timeframes: Quarterly reports were prepared for each quarter. Changes to planned targets are not made in quarterly performance reports. The quarterly performance reports for the second and third quarters provide information on the present year's performance to be taken into consideration in the development of the Annual Performance Plan and annual budget for the following year. Legal requirements and guidelines Chapters 5 and 30 of the Treasury

Regulations set out the legal requirements. This Framework provides guidance on the processes relating to the production of such reports.

Annual Reports: The Annual Report provides information on the performance of the institutions in the preceding financial year for the purposes of oversight. It looks at the municipality's performance relative to the targets set in the Annual Performance Plan/SDBIPs and provides the audited annual financial statements. It reveals how the budget was implemented and the state of the institution's financial management systems and should include relevant background statistics and administrative data series.

The timeframes are set out in the MFMA and the Treasury Regulations. Linked to The Annual Report should be linked to the implementation of the Annual Performance Plan/SDBIPs and budget. All in-year reports assist in the drawing up of the Annual Report, which should be subjected to an annual review and oversight process. Recommendations emerging from the review would feed into the planning and budgeting process for the following year.

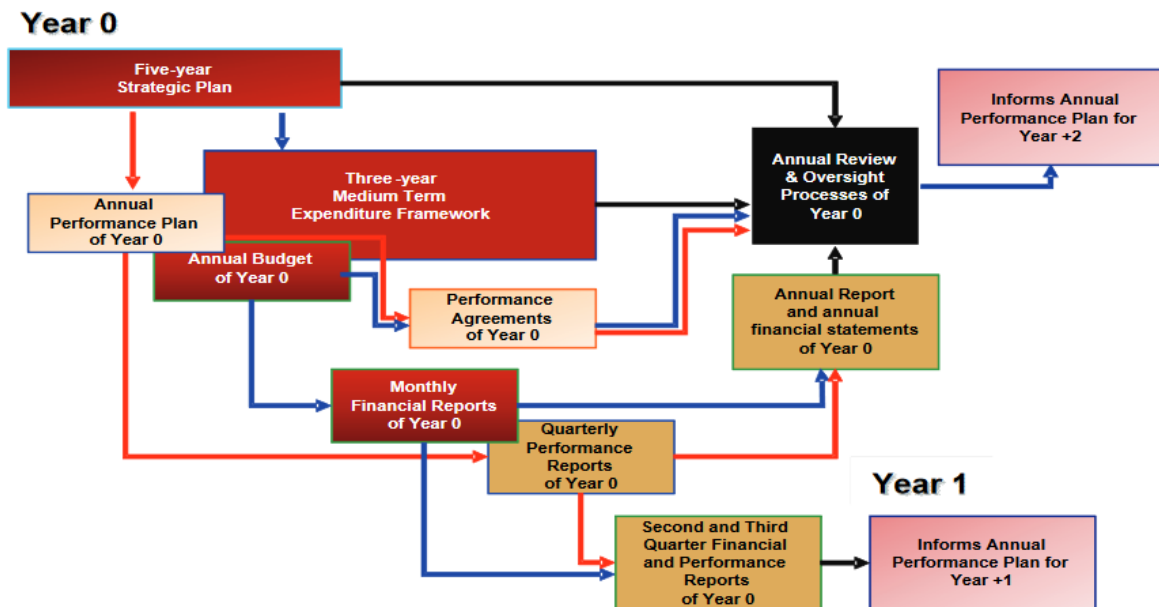
Performance Agreement: A performance agreement summarises the official duties and responsibilities that are attached to an appointment or position and include a performance-related incentive and reward system for managing an official's job performance. A performance agreement specifies individual performance targets for the accounting officer and other HODs.

Performance agreements are signed by the end of July. Linked to Performance Agreements should be linked to the achievement of the Strategic Plan, the implementation of the Annual Performance Plan, and the annual budget. At the end of the financial year each official's performance are reviewed in relation to the agreement.

End-Term Reviews: The municipality conducts an end-term review towards the end of the period covered by its Strategic Plan. The review follows the format of the plan. The municipality reports on the extent to which it has succeeded in achieving each of the strategic outcome-oriented goals and objectives set at the beginning of the five-year period, as well as on any other evaluations conducted during the period.

Information Flow and Relationship Between Plans and Budgets: The graph below shows the link between the various accountability documents, performance agreements and oversight processes, as well as the link to future planning.

Graph-12-Link Between Planning, Budgeting and Reporting:



At the end of the financial year, the accounting officer compiles annual financial statements reporting on the implementation of the budget, and an annual report on the implementation of the Annual Performance Plan. All information contained in the annual report, and information on the evaluation of managers' individual performances, are incorporated into an annual review and oversight process involving the Public Accounts Committee. Recommendations are made about future performance targets which would feed into the planning and budgeting process for the following year.

CHAPTER 2

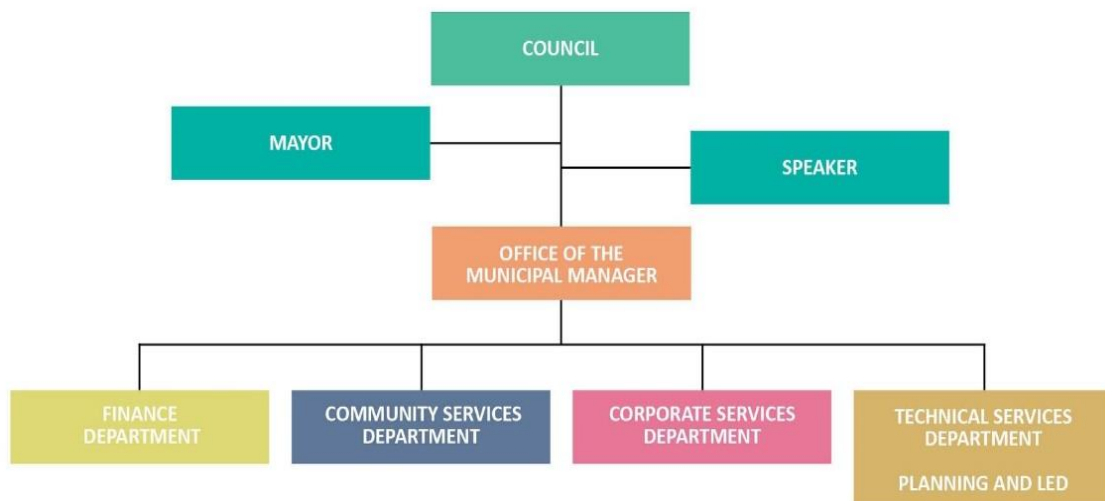
GOVERNANCE

COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

2.1 POLITICAL GOVERNANCE

UMhlabuyalingana political governance structure consists of Portfolio Committees, EXCO, MPAC and Council.

ADMINISTRATIVE GOVERNANCE STRUCTURE



The Council is constituted by 5 political parties in a form of public representation, which is as follows:

Table-31-Representation of Political Parties:

Political Party	Number of Representatives/Councillors
African National Congress	22
AIC	1
Inkatha Freedom Party	10
Democratic Alliance	1
Economic Freedom Fighters	1
TOTAL	35

Executive Committee



**CLLR NS MTHETHWA -
MAYOR**



CLLR BN NTSELE



**CLLR FG MLAMBO -
DEPUTY MAYOR**



**CLLR MD
MATHENJWA**



**CLLR MZ
MHLONGO**



CLLR NS TEMBE



**CLLR ZM
MHLONGO**



CLLR BT TEMBE

WARD COUNCILLORS



Ward-1:
CLLR KO Tembe



Ward-2:
CLLR BN Ntsele



Ward 3:
CLLR TN Magagula



Ward 4:
CLLR LD Tembe



Ward 5:
CLLR TJ Nxumalo



Ward 6:
CLLR DM Mathenjwa



Ward 7:
CLLR ET Nxumalo



Ward 8:
CLLR GS Mthembu



Ward 9:
CLLR D Tembe



Ward 10:
CLLR MI Mthembu



Ward 11:
CLLR NS Mthethwa



Ward 12:
CLLR N Vumase



Ward 13:
CLLR JB Gwala



Ward 14:
CLLR NJ Ndabeni



Ward 15:
CLLR NC Mdletshe



Ward 16:
CLLR EG Mhlongo



Ward 17:
CLLR NS Tembe



Ward 18:
CLLR JE Sithole

PR COUNCILLORS



CLLR:
BC Zikhali



CLLR:
ZM Mhlongo



CLLR:
BT Tembe



CLLR:
BJ Tembe



CLLR:
FG MLAMBO



CLLR:
MZ Mhlongo



CLLR:
SM Ndlovu



CLLR:
SP Mthethwa



CLLR:
SS Gumede



CLLR:
TL Mlambo



CLLR:
HK Gumede



CLLR:
JG Ngubane



CLLR:
LE Mkhwanazi



CLLR:
MD Mathenjwa



CLLR:
MJ Mthembu



CLLR:
TS Khumalo



CLLR:
TS Myeni

2.2 ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the Accounting Officer of the Municipality and the Head of the Administration. Her primary function is to serve as chief custodian of service delivery and the implementation of political priorities.

She is assisted by four (4) Head/s of Departments (HoD's) which comprises of the Directors Corporate Services, Technical Services, Community Services and Chief Financial Officer as per the approved organogram. Management meetings are held at least on a weekly basis to discuss current priorities, strategic interventions to improve service delivery and new initiatives based on feedback from political leadership, departments and the local community

Top Administrative Structure



**MRS. N.P. GAMEDE-
MUNICIPAL MANAGER**



**MR. M.S. QWABE -
DIRECTOR - TECHNICAL
SERVICES DEPARTMENT**



**MR. N.P.E. MYENI -
CHIEF FINANCE OFFICER**



**MS. NVF MSANE -
DIRECTOR CORPORATE
SERVICES DEPARTMENT**



**MR. S.T SHANGE –
DIRECTOR COMMUNITY
SERVICES DEPARTMENT**

COMPONENT B: INTER-GOVERNMENTAL RELATIONS

2.3 INTERGOVERNMENTAL RELATIONS

National Inter-Governmental Relations: Umhlabuyalingana Municipality participates in a range of intergovernmental activities, both formally and informally. Key staff members participate in professional institutes that govern the interests of various fields of work. Examples of such interaction and cooperation are:

National Intergovernmental Structures

- National Government Departments
- Accounting Standards Board (ASB) – Public Sector Accounting Forum
- Electricity Distribution Regulation and Tariff Setting (NERSA)
- Chartered Institute of Government Finance Audit and Risk Officers (CIGFARO)
- Institute of Fire and Emergency Safety of South Africa
- Institute of Internal Auditors
- Institute of Municipal and Licensing Officers of South Africa
- Institute of South African Municipal Accounting Officers (ISAMAO)
- National Government SETA Skills Development Forum
- National Municipal Managers Forum
- South African Local Government Association (SALGA)
- South African Tourism Services Association (SATSA)

Provincial Inter-Governmental Structures: Interaction with KZN Government Departments and municipalities is valuable in ensuring better coordination and cooperation. At these sessions, there is lot information and best practices that is shared. These structures provide important support and guidance to staff in maintaining and enhancement of professional work standards. Issues pertaining to service delivery and matters of common interest are discussed at the following forums:

- Accounting Standards Board (ASB) – Public Sector Accounting Forum
- CFO Forum
- KwaZulu-Natal Government Departments
- Disaster Management Forum/s
- EPWP coordinating meetings
- Provincial IDP Managers' Forum
- MIG coordinating meetings

- Ministerial Mayors' Forum
- Municipal Governance Review and Outlook (MGRO)
- Municipal Managers' Forum
- Municipal Planning Forum
- Premier's Coordinating Forum
- Provincial Local Government SETA Skills Development Forum
- Provincial Speakers' Forum
- Public Participation and Communications Forum
- Records Management Forum
- SALGA Working Groups

Relationship with Municipal Entities: No municipal entities have been established in Umhlabuyalingana Municipality.

District Inter-Governmental Structures: All service delivery matters involving other government departments, private sector, development agencies, etc. are co-ordinated through the District IGR-Forum. Other Forums that are established at District Level are Mayors' Forum, Municipal Managers Forum, Planners Forum, Finance Forum, Technical Services Forum, Corporate Services Forum, etc. A revised Terms of Reference for all these committees is in place and annual calendar for forum meetings is prepared by the District. UMhlabuyalingana Local Municipality has its own IGR to address local services delivery matters with the relevant sectors.

The Provincial Department COGTA provided grant funding to support Umkhanyakude family of municipalities in strengthening their IGR functions. Necessary forums required to facilitate IGR have been established and terms of reference to facilitate smooth operations for these forums have been developed. Dates of IGR meetings are incorporated in the District Events Calendar. Protocol Agreements were signed by all the Mayors and Municipal Managers in December 2013. Technical Forum and Sub Committee are meeting frequently. Local municipalities have appointed IGR Champions to strengthen communication.

OVERVIEW OF PUBLIC ACCOUNTABILITY

In terms of Section 6 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) the administration of a municipality must:

- “(a) Be responsive to the needs of the local community;*
- (b) Facilitate a culture of public service and accountability amongst staff;*
- (c) Take measures to prevent corruption;*
- (d) Establish clear relationships, and facilitate cooperation and communication between itself and the local community;*
- (e) Give members of the local community full and accurate information about the level and standard of municipal services they are entitled to receive; and*
- (f) Inform the local community how the municipality is managed, of the costs involved and the persons in charge.”*

To comply with the above, the Municipality has established the legislatively required structures such as Section 80 Portfolio Committees advising the Mayor as well as Council committees such as the Municipal Public Accounts Committee (MPAC), and Special (Disciplinary) Committee dealing with the Code of Conduct for councillors, as well as a Fraud and Risk Management Committee. In addition, hereto, an Audit Committee comprising of independent external professionals also advises Council. The Audit Committee also serves as the Municipality's Performance Audit Committee and meets quarterly. A quarterly report reflecting the Audit Committee's recommendations relating to the areas of financial management and control, performance management, internal control, risk management and governance matters is tabled in Council.

These structures represent a segregation of duties amongst public representatives and staff to ensure accountability, oversight, transparency and good governance and also assist the Municipality to discharge the necessary public accountability responsibilities.

2.4. PUBLIC MEETINGS

Communication, Participation and Forums: Chapter 4 of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) compels municipalities to establish appropriate mechanisms, processes and procedures to enable the local community to participate in the affairs of a municipality. During the year under review, the Municipality used the following mechanisms to comply with this legislative requirement:

- Ward committee meetings (discussed in more detail below)
- Public notices in local, regional and national newspapers
- Newsletters
- Press releases as and when required
- Public IDP and consultative meetings
- General Municipal Programmes
- Functioning of a municipal website, regularly updated with recent news.

Stakeholder and community engagements to determine and undertake development priorities forms the cornerstone of the IDP. Needs are dynamic and by virtue of its changing nature, must be reviewed frequently. The annual review of the IDP is a process which assist the Municipality to further enhance its service delivery outputs and outcomes and through the Performance Management System, implemented by the Municipality, it ensures that the Municipality remains accountable to the local community, the various sectors and businesses alike.

The Municipal Council ensures that its oversight role is sufficiently mandated by the populace voice of its local community, through fully embracing the principles of participatory democracy. This is being achieved through a well-functioning Ward Committee System, robust public participation through our various development planning processes and regular communication with the community through public meetings, newsletters, radio and various other print and electronic media including the Municipal Website.

The IDP structures/forums are listed below the role players that participate in the municipal IDP programmes. The involvement and participation of these role-players is crucial to the accomplishment of a participatory review process:

- All municipal Councillors
- The municipal council
- The Executive Committee
- The IDP Manager
- Municipal Manager
- The IDP/ Budget Steering Committee
- The IDP Representative Forum
- The District IDP Steering Committee
- Organized business structures
- Traditional Councils
- Sector Departments
- Ward Committees
- Municipal Officials
- Neighbouring Provinces
- NGOs and CBOs
- Local Farmers Association
- Organized Farm-workers structures
- Private sector

Umhlabuyalingana Municipality Council: The Council is responsible for the following:

- Adoption of the IDP Process Plan
- Adoption and approval of the reviewed IDP,
- Amendment of the IDP in accordance with the comments by sector departments and MEC,
- Approval of the various review phases,
- Ensuring that the IDP is linked to the PMS and Municipal Budget

The Executive Committee has the following responsibilities:

- Recommend to Council the adoption of the IDP Process Plan and reviewed IDP.
- Overall management of the IDP Review process,
- Monitoring the IDP review process

The IDP Manager is assigned the following responsibilities:

- Management and Co-ordination of the IDP process
- Ensure that there's vertical and horizontal alignment,
- Management of the consultants,
- Ensuring all stakeholders are informed of the process and their involvement,
- Create a conducive environment for public participation

The IDP Steering Committee is assigned the following responsibilities:

- Ensuring the gathering and collating of information while the IDP implementation is proceeding,
- Support the IDP Manager in the management and co-ordination of the IDP,
- Discussion of input and information for the IDP review,
- Ensuring the monitoring and evaluation of the gathered information,
- Attending to MEC's comments

The IDP Representative Forum is assigned the following responsibilities:

- Recommend reports for approval / adoption,
- Representing interests of the constituents,
- Present a forum for communication and participation for all stakeholders,
- Monitoring the IDP review process.

The IDP Representative Forum is the structure that institutionalizes and ensures a participatory IDP review process. It represents the interests of the constituents of the municipality in the review process. It is envisaged that all organizations, stakeholders, or interest groups are represented in the forum. The composition of the IDP Representative Forum is as follows:

Chairperson : The Mayor

Secretariat : UMhlabuyalingana IDP Steering Committee

Members : All Municipal Councillors

: The Executive Committee

: Councillors and Officials from Umkhanyakude District

: Municipal Manager and Municipal Officials

: Traditional Leaders within UMhlabuyalingana

- : Ward Committees Representatives
- : Community Development Workers (CDWs)
- : Parastatals and Service Providers
- : NGOs and CBOs
- : Sector Departments
- : Neighbouring Municipalities
- : Neighbouring Countries
- : Farmers Associations
- : Traditional Healers
- : Churches
- : Private sector

The uMkhanyakude District Municipality forms a district-wide Planning and Development Forum for the purpose of alignment with all the local municipalities within the district:

The Municipal Officials are responsible for the implementation of the IDP and in the process gather information on changes in the circumstances. They have to provide budgetary information and any information on the performance evaluation. They provide technical expertise during the planning process. Municipal Officials also interact with the Ward Councillors and Ward Committees and provide guidance and advice that is crucial during the IDP process.

Participation of Amakhosi In Council Meetings and Traditional Councils: There is still a challenge with regard to participation of Amakhosi in Council Meetings in line with Section 81 of Municipal Structures Act. The Traditional Councils work as a link between the community and Ward Councillors and matters of service delivery and needs of the people. This could assist in providing information with regard to land rights and possible available areas for future development. The issue of travel allowance for Amakhosi will be addressed during 2019/2020 financial year.

The Sector Departments have the following responsibilities:

- Assist in the IDP formulation and review process,
- Provide budget information and sector plans,
- Provide data and information,
- Ensure programme and project alignment between the municipality and province,
- Ensure budgetary alignment between provincial programmes and projects and the municipality's IDP.

Ward Councillors are an important link between the municipality and the constituents. They are the first to know of any community needs or service delivery gaps. The Councillors will be responsible for forwarding this information to the municipal officials. They are also responsible for organizing community meetings and ensuring maximum participation of residents in the IDP review process.

The Ward Committees have a crucial role of identifying the needs and service delivery gaps in the community and meet on a monthly basis, submit their sectorial reports and report to the Ward Councillor. UMhlabuyalingana Local Municipality has embraced and enrolled the government initiative of ward committees to ensure that service delivery is effective in all wards.

The functions and powers of UMhlabuyalingana Local Municipal Ward Committees through the municipal policy in line with the provisions of Section 59 of the Municipal Systems Act. Any Powers delegated in terms of the adopted policy are as follows:

- To serve as an official specialized participatory structure in the municipality;
- To create formal unbiased communication channels as well as cooperative partnerships between the community and the council. This may be achieved as follows:
 - Advise and make recommendations to the ward councillor on matters and policy affecting the ward;
 - Assist the ward Councillor in identifying challenges and needs of residents;
 - Disseminate information in the ward concerning municipal affairs such as the budget, integrated development planning, performance management system (PMS), service delivery options and municipal properties;
 - Receive queries and complaints from residents concerning municipal service delivery, communicate it to council and provide feedback to the community on council's response;
 - Ensure constructive and harmonious interaction between the municipality and community through the use and co-ordination of ward residents meetings and other community development forums; and Interact with other forums and organizations on matters affecting the ward.

To serve as a mobilizing agent for community action within the ward. This may be achieved as follows:

- Attending to all matters that affect and benefit the community;
- Acting in the best interest of the community;
- Ensure the active participation of the community in:
 - Service payment campaigns;
 - The integrated development planning process;

- The municipality's budgetary process;
- Decisions about the provision of municipal services; and
- Decisions about by-laws.
- Decisions relating to implementation of Municipal Property Rates Act (MPRA)
- Delimitate and chair zonal meetings.

Composition of Ward Committees:

- A ward committee consists of the Councillor representing that ward in the council who is also the chairperson of the committee, and not more than ten other persons.
- In the process of election of Ward Committee and also consider the need for women to be equitably represented in a ward committee and for a diversity of interests in the ward to be represented.
- Gender equity was also pursued by ensuring that there is an even spread of men and women on a ward committee.

Public Meetings: The Implementation of the Communication Strategy to have effective public participation:

- Newsletter – was used to communicate the projects, programmes and development.
- Suggestion boxes in all the municipal facilities
- Local and National Newspapers - This medium was used to communicate various messages that concerns the municipality especially service delivery.
- Local and National Radio
- Ward Community Meetings - This institution was used effectively to promote maximum community participation in municipal affairs.
- Public meetings (Izimbizo) - These meetings were conducted to provide a platform for the municipality to communicate the level of projects and programmes undertaken by council and further solicit input from communities and their (communities) buy-in thereof.
- Annual Report - The annual report was distributed to the stakeholders and community organizations that we have on our database and will be distributed to the community at large. This will also maximize the culture of community participation and access to information.
- Website - Through this tool various stakeholders such as business community, foreign investors, NGO's and community at large will more access to information regarding the municipality and its area.
- IDP Structures were used for public participation and implementation of UMhlabuyalingana Communication Strategy

Communication Plan for public participation is developed and circulated to all councillors and IDP Structures. The IDP Structures meet as per the Council Approved IDP Process Plan Schedule.

Table-32-Public Meetings Held:

EVENT	DATE	TIME	VENUE
IDP/SDF/Budget Steering Committee Meeting	08/18	9h00	Municipal Offices
IDP/SDF/Budget Representative Forum	09/18	10h00	Municipal Offices
IDP/SDF Review Public Participation	10/2018	10h00	Cluster 1
IDP/SDF Review Public Participation	10/2018	10h00	Cluster 2
IDP/SDF Review Public Participation	10/2018	10h00	Cluster 3
IDP/SDF Review Public Participation	10/2018	10h00	Cluster 4
IDP Steering Committee Meeting	11/2018	10h00	Municipal Offices
IDP/SDF/Budget Representative Forum	11/2018	10h00	Municipal Offices
IDP/SDF Steering Committee Meeting	12/2018	10h00	Municipal Offices
Strategic Planning Session	11/03/2019- 12/03/2019	08h00	Richards Bay
Annual Report Public Participation	02/2019	10h00	Cluster 1
Annual Report Public Participation	02/2019	10h00	Cluster 2
Annual Report Public Participation	02/2019	10h00	Cluster 3
Annual Report Public Participation	02/2019	10h00	Cluster 4
IDP/SDF Steering Committee Meeting	01/2019	10h00	Municipal Offices
IDP Representative Forum	02/2019	09h00	Municipal Offices
IDP/SDF Steering Committee Meeting	03/2019	09h00	Municipal Offices
IDP/SDF/Budget Consultative Meeting	04/2019	10h00	Cluster1
IDP/SDF/Budget Consultative Meeting	04/2019	10h00	Cluster2
IDP/SDF/Budget Consultative Meeting	04/2019	10h00	Cluster3
IDP/SDF/Budget Consultative Meeting	04/2019	10h00	Cluster4
IDP Steering Committee Meeting	05/2019	09h00	Municipal Offices
IDP Representative Forum	05/2019	09h00	Municipal Offices

2.5 IDP PARTICIPATION AND ALIGNMENT

Table-33-IDP Participation and Alignment

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes
* Section 26 Municipal Systems Act 2000	

COMPONENT D: CORPORATE GOVERNANCE

Governance in Umhlabuyalingana Municipality encompasses line functions pertaining to political and administrative governance, audit, risk management, organisational and individual performance management, public participation and IDP, intergovernmental relations, public communication, human resource management, organisational development and legal services. The governance function is supported by an independent Audit Committee, comprising of external specialists having the necessary skills to provide effective oversight of the Municipality's systems of internal control, risk management and governance processes. The Audit Committee is supported in its role by the Internal Audit function which performs audits in terms of an approved audit plan and reports to the Audit Committee on a quarterly basis. The Municipal Public Accounts Committee (MPAC) comprises of independent Councillors.

OVERVIEW OF CORPORATE GOVERNANCE

Umhlabuyalingana Municipality Council comprised of 34 Councillors. The Councillors are allocated to different portfolios where they serve in accordance with internal departments and functions. The Council has quarterly meetings as legislated which reflects 100% functionality.

Executive Committee meets on monthly basis and consider reports from respective portfolio committees prior to these reports and items being presented to Council.

Portfolio Committees (Representatives and Functionalities) exercise political oversight on respective departments within the municipality where departmentally the members have monthly meetings where issues are tabled, discussed and recommendations are made to EXCO and to Council for approval. The portfolio committees have been arranged as follows:

- Corporate Portfolio
- Finance Portfolio
- Planning, LED and Infrastructure Development Portfolio
- Community Portfolio

Municipal Public Accounts Committee (MPAC) was established in terms of Section 79 of the Structures Act, convenes on quarterly basis as prescribed to consider matter related to exercising oversight on financial and governance matters, as promulgated in Council adopted terms of reference.

The MPAC is a committee of the municipal council, appointed in accordance with section 79 of the Structures Act. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. This also includes oversight over municipal entity. This committee is functional but still needs to improve on its functionality as its meetings do not sit as per approved municipal calendar

The MPAC may engage directly with the public and consider public comments when received and will be entitled to request for documents or evidence from the Accounting Officer of a municipality or municipal entity.

The primary functions of the Municipal Public Accounts Committees are as follows:

- To consider and evaluate the content of the Annual Report and to make recommendations to Council when adopting an oversight report on the Annual Report;
- In order to assist with the conclusion of matters that may not be finalized, information relating to past recommendations made on the Annual Report, must also be reviewed. This relates to current in-year reports, including the quarterly, mid-year and Annual Reports;
- To examine the financial statements and audit reports of the municipality and municipal entities, and in doing so, the committee must consider improvements from previous statements and reports and must evaluate the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- To promote good governance, transparency and accountability on the use of municipal resources;
- To recommend or undertake any investigation in its area of responsibility, after reviewing any investigation report already undertaken by the municipality or the Audit Committee; and
- To perform any other functions assigned to it through a resolution of Council within its area of responsibility.
- The MPAC reports to Council, at least quarterly, on the activities of the Committee which includes a report detailing its activities of the preceding and current financial years, the number of meetings held, the membership of the committee and key resolutions taken in the annual report.

Table-34-MPAC Members, Gender and Affiliation:

MEMBERS OF THE MPAC	GENDER & ROLE	AFFILIATION
Cllr S.P Mthethwa	Male (Chairperson)	ANC
Cllr B.C Zikhali	Male (Committee member)	AIC
Cllr S.G Nxumalo	Male (Committee member)	IFP
Cllr M.J Mthembu	Male (Committee member)	IFP
Cllr N.C Mdletshe	Male (Committee member)	ANC
Cllr K.O Tembe	Male (Committee member)	ANC

The Internal Audit: Section 165 of the MFMA No 56 of 2003, states that each municipality must have an internal audit unit. The internal audit unit must:

- (a) Prepare a risk-based audit plan and an internal audit program for each financial year;
- (b) Advise the accounting officer and report to the audit committee on the implementation of the internal audit plan and matters relating to:

- Internal audit
- Internal controls
- Accounting procedures and practices
- Risk and risk management
- Performance management and
- Loss control
- Compliance with the MFMA, the annual Division of Revenue Act and any other applicable legislation; and
- (c) Perform such other duties as may be assigned to it by the accounting officer.

The municipality appointed Ntshidi & Associates as Internal Auditors during 2016/2017 financial years and the next three years. Each financial year a risk based internal audit plan is prepared and approved by the Audit Committee. The Internal Audit Activity reports to the Performance and Audit Committee on the implementation of the risk based internal audit plan and matters relating to, internal audit, internal controls, accounting procedures and practises, risk and risk management, performance management, loss control and compliance with the relevant legislations.

Audit/Performance Committee: Section 166 (1) of the MFMA No. 56 of 2003 require each municipality and each entity to have an audit committee. The Audit and Performance Committee was appointed to assist Council in strengthening its role. The committee meets on quarterly basis and as at and when required to deal with matters at hand. The Committee has Chairperson for Audit Committee and a Chairperson for Performance which covers all regulated matters to be considered by the committee.

The primary objective of this committee is to advise the municipal Council, the political office –bearers, the accounting officer and the management staff of the municipality on matters relating to:

- Internal financial control
- The Safeguarding of assets
- The maintenance of an adequate control environment and systems of internal control
- The successful implementation of the council’s risk management Strategy and effective operation of risk management processes
- The preparation of accurate financial reporting in compliance with all legal requirements and accounting policies and standards
- Effective corporate governance
- The effectiveness of the municipality’s performance management system in ensuring the achievements of objectives set as per the Municipality’s IDP.
- Any other issues referred to it by the municipality.
- The detailed Internal Audit Chapter which clearly defined the roles and responsibilities,
- Composition of the committee as well as meetings has been adopted.

The Performance Audit Committee meets on a quarterly basis for each financial year to consider the reported quarterly performance achievements reported on the OPMS scorecard as well as the performance achievements reported in terms of the Service Delivery and Budget Implementation Plans. The Audit Committee held six (6) ordinary meetings and two (2) special meetings during the 2019/2020 financial year as follows:

Table-35-Audit and Performance Committee Meetings:

Meetings Held	Dates
Quarter 1	29 July, 15, 26 August 2019
Quarter 2	25 November 2019
Quarter 3	05 March 2020
Quarter 4	15 May 2020

Table-36-Members of the Performance and Audit Committee:

Member	Role
Mr L Hlengwa	Chairperson of Audit Committee
Mr Z. Zulu	Chairperson of Performance Committee
Mr M Simelane	Member
Mr S Gertz	Member
Mr B Mabika	Member

2.6 RISK MANAGEMENT

The municipality established a risk management unit and is fully capacitated with the appointment of the Risk and Compliance Manager through which strategic risk management documents have been developed to ensure a systematic process of risk management within the municipality.

Over and above that, the municipality has successfully appointed the independent and external chairperson of the Risk Management Committee. The committee meets on quarterly basis. Risk committee is fully operational, and it comprises of the following members:

Table-37-Members of the Risk Management Committee:

Member	Designation
Mr ED Sithole	Chairperson
Mrs NP Gamede	Municipal Manager
Ms NVF Msane	Director Corporate Services
Mr NPE Myeni	Chief Financial Officer
Mr MS Qwabe	Director Technical Services
Mr ST Shange	Acting Director Community Services
Mr MN Mthembu	Manager IDP
Mr NJ Mpontshane	Manager PMS
Ms K Bhengu	Manager Internal Audit
Mrs TP Nhlenyama	Risk and Compliance Manager

Mr M Ngubane	IT Manager
Risk Champions	All Departments

2.7 ANTI CORRUPTION AND FRAUD

The municipality has a council approved Anti-Corruption and Fraud Policy in place and is being implemented. The policy was presented to the Councillors and municipal officials. The policy is also available on the municipal website.

2.8 SUPPLY CHAIN MANAGEMENT

UMhlabuyalingana has a central supply chain management (SCM) unit which is under the management of the CFO. The unit has 4 officials, 3 of these officials have done training on the prescribed level of competency requirements but still waiting for their competency certificates. The municipality has established fully functional Bid Committees that have a standing schedule of meetings. The bid committees and members are tabled as follows:

Table-38-Bid Specification:

Member	Designation
Mrs NP Mkhabela	Finance Manager
Mrs NF Mngomezulu	Waste Manager
Mr SR Dlamini	Assets Officer
Mr TS Mkhabela	Deputy Director Corporate Services
Miss NL Myeni	Technical Officer

Table-39-Bid Evaluation:

Member	Designation
Mr NM Mthembu	SCM Manager
Mr S Ngubane	Payroll Officer
Mrs X Khumalo	Budget Officer
Mrs F.S. Msabala	Technical Manager
Mr S Zikhali	Deputy Director PLID

Table-40-Bid Adjudication:

Member	Designation
Mr NPE Myeni	Chief Financial Officer
Mr MS Qwabe	Director Technical Services
Mr ST Shange	Acting Director Community Services
Miss NVF Msane	Director Corporate Services
Mr SS Mhlongo	SCM Officer

2.9 BY-LAWS

Section 11(3) of the Local Government: Municipal Systems Act, 2000 (Act 32 of 2000) provides municipal councils with the legislative authority to pass and implement bylaws for the betterment of the community within the terms of the legislation. In terms of Section 160(3) of the Constitution of the Republic of South Africa, 1996 (Act 108 of 1996):

- The bylaws serve before the various structures of the Council;
- The bylaws are advertised in the local media for objections or comment;
- The bylaws are open for inspection at all municipal offices and libraries; and
- The bylaws are forwarded to the local radio station for broadcasting.

Once adopted by Council, the bylaws are promulgated in the Provincial Gazette and take immediate effect.

The municipality drafted two LED related By-Laws which have been adopted by council. The said by-laws have been adopted and gazetted in the provincial gazette. After the informal economy policy formulation, the informal traders' by-laws was produced. The main purpose is to utilize the subject by-laws for technical enforcement. It clearly outlines terms and conditions that each informal trader within the jurisdiction of UMhlabuyalingana should adhere to. This by law completely complies with the Business Act 71 of 1991.

The council has consulted with the interested and affected individuals regarding the contents of the draft by law. The notice was printed and advertised to the public newspaper (Ilanga, dated 04-06 February 2016). Furthermore, the By-Laws were gazetted in the provincial gazette (gazette no 1842) dated the 29th of June 2017.

Through the Liquor and Business Licensing by-laws, the UMhlabuyalingana mandates every kind of formal business to occupy a business licence in terms of the Business Act 71 of 1991, section 6A (Powers of the local authority). The business license is specifically required for businesses that need to comply with health and safety regulations. The businesses will need

to meet the set criteria of requirements, especially, zoning; health; and safety. As such this by law deals with any other matters governing both formal and liquor trading within the concerned areas, including but not limited to-

- main implicated formal trading areas and ideal trading times;
- the manner in which socio-economic development of the liquor traders within UMhlabuyalingana area will be facilitated;
- how neighbouring business; social; and environmental structures around the trading area will be protected; and
- How the implicated businesses will be expected to operate within the municipal compliance plans.

Table-41-By Laws Approved:

No	By Law Name	Approved by Council	Date of Approval
1.	Disaster Management Bylaw	Yes	May 2018
2.	Nuisance Bylaw	Yes	Still to be approved
3.	Animal Pounds Bylaw	Yes	Still to be approved
4.	Property Rates Bylaw	Yes	Still to be approved
5.	Informal Trading Bylaw	Yes	December 2015
6.	Business Licensing Bylaw	Yes	December 2015

The council has consulted with several interested and affected individuals and stakeholders regarding the contents of the by-laws. The notice was printed and advertised on the newspapers.

2.10 WEBSITES

The municipal website is in place and operational.

Table-42-Municipal Website:

Municipal Website: Content and Currency of Material	
Documents published on the Municipality's/ Entity's Website	Yes/No
Current annual and adjustments budgets and all budget-related documents	Yes
All current budget-related policies	Yes
The previous annual report (Year – 1)	Yes
The annual Report (Year 0) published/ to be published	Yes
All current performance agreements required in terms of section 57 (1) (b) of the Municipal Systems Act (Year 0) and resulting scorecards	Yes
All service delivery agreements (Year 0)	Yes (Community/Technical Agreements)
All long-term borrowing contracts (Year 0)	N/A

All supply chain management contracts above a prescribed value (give value) for Year 0	Yes
An 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 Year 1	Yes
Contracts agreed in Year 0 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	N/A
Public private partnership agreements referred to in section 120 made in Year 0	N/A
All quarterly reports tabled in the council in terms of section 52 (d) during Year 0	Yes
<p>*Note: MFMA s75 sets out the information that a municipality must include in its website as detailed above.</p> <p>Municipalities are, of course encouraged to use their websites more extensively than this to keep their Community and stakeholders abreast of service delivery arrangements and municipal developments.</p>	

The municipal website has been well maintained and features municipal documentation required in terms of legislation, including public policies, bylaws, supply chain documents, notices, press releases and other documents. The purpose is to inform Umhlabuyalingana residents about the affairs, achievements and initiatives of the Municipality. The website is user-friendly, well received and earned positive feedback from the community for the Municipality than before.

2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICE

Table-43-Municipal Website:

Satisfaction Surveys Undertaken during: Year – 1 and Year 0				
Subject matter of survey	Survey method	Survey date	No. of people included in survey	Survey results indicating satisfaction or better (%) *
Overall satisfaction with:				
(a) Municipality	Complaints/ Compliments Register	2019/2020	All municipal wards	Satisfaction
(b) Municipal Service Delivery	IDP Public Participations and Ward Committee Meetings	2019/2020	All municipal wards	Satisfaction
(c) Mayor	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Satisfaction

Satisfaction with:				
(a) Refuse Collection	None	N/A	None	None
(b) Road Maintenance	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Satisfaction
(c) Electricity Supply	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Better
(d) Water Supply	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Better
(e) Information supplied by municipality to the public	IDP Public Participations/ Complaints/ Compliments Register	2019/2020	All municipal wards	Satisfaction
(f) Opportunities for consultation on municipal affairs	IDP Public Participations	2019/2020	All municipal wards	Satisfaction
*The percentage indicates the proportion of those surveyed that believed that relevant Performance was at least satisfactory				

CHAPTER 3

SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

Performance management is a process that measures the implementation of the organisation's strategic objectives. It is also a management tool to plan, monitor, measure and review performance indicators to ensure efficiency, effectiveness and the impact of service delivery by the Municipality.

At local government level, performance management is institutionalised through the legislative requirements of the performance management process. Performance management provides the mechanism to measure whether targets are met in line with the strategic objectives as set by the organisation.

Section 152 of the Constitution of the Republic of South Africa, 1996, deals with the objectives of local government and paves the way for performance management. The idea of a government that is accountable is important to meet the needs of Umhlabuyalingana Municipality. The democratic values and principles in terms of section 195(1) are also linked with the concept of performance management, with reference to the principles of the following, among others to:

- Promote the effective, efficient and economic use of resources;
- Ensure accountable public administration;
- Be transparent by providing information;
- Be responsive to the needs of the community; and
- Facilitate a culture of public service and accountability.

The Local Government: Municipal Systems Act (MSA) of 2000 requires municipalities to establish a performance management system. Further, the MSA and the Municipal Finance Management Act (MFMA) require the Integrated Development Plan (IDP) to be aligned to the municipal budget. The monitoring of organisational performance of the budget must be done against the IDP on a quarterly basis via the Service Delivery and Budget Implementation Plan (SDBIP). The report is made public after the Council has been informed of the quarterly progress against set targets.

In addition, Regulation 7(1) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 states that *"A Municipality's Performance Management*

System entails a framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and

improvement will be conducted, organised and managed, including determining the roles of the different role players.” Performance management is not only relevant to the organisation, but also to the individuals employed in the organisation, as well as the external service providers and the municipal entities. This framework, *inter alia*, reflects the linkage between the IDP, the Budget and the SDBIP.

Legal Requirements: In terms of section 46(1)(a) of the Local Government: Municipal Systems Act, a municipality must prepare an Annual Performance Report (APR) for each financial year that reflects the municipality’s and any service provider’s performance during the financial year. The APR must furthermore indicate the development and service delivery priorities and the performance targets set by the municipality for the financial year and based on the results indicate what corrective measures were or are to be taken to improve performance. The 2018/19 APR is attached to this Annual Report as Volume V.

Organisational Performance: The strategic performance assessment indicates how well the Municipality is meeting its objectives and which policies and processes are working. All government institutions must report on strategic performance to ensure that service delivery is effective, efficient and economical. Municipalities must develop strategic plans and allocate resources for implementation. Implementation must be monitored on an ongoing basis and the results must be reported on during the financial year to various role players to enable them to implement corrective measures timeously as and when required.

The APR highlights the strategic performance in terms of the Municipality’s Scorecard, high-level performance in terms of the strategic objectives of the Municipality and performance on the National Key Performance Indicators prescribed in terms of section 43 of the Municipal Systems Act of 2000.

Performance Management Policy: The Municipality adopted the Individual Performance Management (PM) Policy and is reviewed annually. The IPM Policy articulates the Municipality’s objectives to promote accountability and the overall strategy of the Municipality. Therefore, the main principles of the IPM Policy are that it must be feasible in terms of the available resources to the Municipality and that the IPM Policy must serve as an enabling mechanism for employees to achieve their performance objectives and targets.

Performance management has been introduced in the Local Government: Municipal Systems Act, Act 32 of 2000 (hereafter referred to as the MSA). The MSA is specific with regards to performance management. Each municipality must develop a performance management system (PMS) to enhance service delivery inputs to maximise outputs to the community. The MSA emphasise the amplified role of Council in performance management.

Legislative enactments which govern performance management in municipalities are found in various documents. As outlined in Section 40 of the MSA, Umhlabuyalingana Municipality must establish mechanisms to monitor and review its Performance Management System (PMS) to measure, monitor, review, evaluate and improve performance at organisational, departmental and lower levels.

The IDP and Budget: The IDP (inclusive of Vision 2035) details a comprehensive needs analysis and big moves, key initiatives, projects and programmes to address these challenges in partnership with other spheres of government, the private sector and civil society.

The Integrated Development Plan is reviewed annually to accommodate changes in the municipal environment, including community priorities. In turn, the revised IDP will inform changes to the budget, key performance indicators and targets of the Municipality. The Municipal IDP must be reviewed every year to ensure that:

- Municipalities and communities keep track of progress in implementing development projects and spending the municipal budget; and
- Communities are provided with an opportunity to review their needs and make possible changes to the priorities listed in the municipal IDP.

The IDP is the principal planning instrument that guides and informs the municipal budget. Umhlabuyalingana Municipality's PMS is the primary mechanism to monitor, review and improve the implementation of its IDP and to measure the progress made in achieving the objectives as set out in the IDP.

The Five-Year Performance Framework reflects the connection between the strategic framework of the Municipality, as detailed in the previous chapter and IDP implementation through Key Performance Indicators and Targets to measure performance of the IDP for the five years.

These are annually revised in line with Section 34 of the Local Government: Municipal Systems Act, No. 32 of 2000 which compels a municipal council to review its integrated development plan annually in accordance with an assessment of its performance measurements in terms of section 41 to the extent that changing circumstances so demand.

A conducive performance management culture will ensure that the developmental objectives as construed in the IDP gets relevance in the performance agreements of senior managers and consequence implementation thereof.

Service Delivery and Budget Implementation Plan (SDBIP): The organisational performance is evaluated by means of a municipal scorecard. Performance objectives, as reflected in the municipal scorecard, are required to be practical, measurable and based on the key performance indicators.

The SDBIP is a tool that converts the IDP and budget into measurable criteria of how, where and when the strategies, objectives and normal business processes of the Municipality are implemented. It also allocates responsibility to departments to deliver the services in terms of the IDP and the budget.

MFMA Circular No. 13 is a clarification of the Municipal Budget and Reporting Regulations, Schedule A1, General Notice 393 in Government Gazette 32141 and prescribes that:

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

The municipal scorecard was prepared as described in the paragraphs below and approved by the Mayor, Cllr NS Mthethwa on **28 June 2019** in terms of section 53(1)(c)(ii) of the Local Government: Municipal Finance Management Act of 2003. It was made public on the municipal website after approval by the Mayor.

The Municipal Scorecard consolidates service delivery targets set by Council/executive management and provides an overall picture of the performance of the Municipality as a whole, reflecting performance in its strategic priorities for the 2019/20 financial year. The scorecard is the performance evaluation tool and is used during the informal and formal performance assessment of the Municipal Manager and Directors components of the scorecard.

Scorecard KPI's were prepared based on the following:

- Key performance indicators (KPIs) for the programmes/activities identified to address the strategic objectives as documented in the IDP in co-operation with the community who identifies developmental priorities;

- KPIs identified during the IDP public participation process and KPIs that need to be reported to key municipal stakeholders; and
- KPIs to address the required national minimum reporting requirements.

Amendment of the Scorecard

The municipal scorecard was amended during the 2019/2020 financial year.

Actual Performance

The Municipality utilises an electronic excel spreadsheet on which KPI owners update actual performance on a monthly and quarterly basis. KPI owners report on the results of the KPI by documenting the following information on the performance system:

- The actual result in terms of the set target;
- A performance comment; and
- Actions to improve the performance by the submission of corrective measures to meet the set target for the reporting interval in question, if the target was not achieved.

It is the responsibility of every KPI owner to maintain a portfolio of evidence to support actual performance results updated and provide it to the Internal Auditor and Auditor General upon request during the quarterly and annual audit testing.

Monitoring of the Scorecard

Municipal performance is measured as follows:

- Mid-year assessment and submission of the mid-year report to the Mayor in terms of Section 72(1)(a) and 52(d) of the Local Government Municipal Finance Management Act to assess the performance of the Municipality during the first half of the financial year;
- Quarterly performance was subjected to an internal audit and the results of their findings were submitted to the Audit Committee; and

- Quarterly performance reports are submitted to Council for information.

Individual Performance: The Human Resources Management Division is responsible for the Individual Performance Management System that is rolled out to municipal staff. This is done to manage and improve efficiency by enabling a higher level of staff participation and involvement in planning, delivery and evaluation of work performance. The Human Resources Management Division role in individual performance management (IPM) is to ensure the integrated work planning, target setting, performance reporting and feedback.

The staff/employee performance agreement and performance plan is to be completed by all employees by end of June in preparation for the new financial year. Both the employee and the supervisor are expected to complete and agree to the KPIs and targets based on the individuals job description.

The exercise encourages the supervisor and employee engagement, coaching and mentoring, skills transfer and enhances communication between managers, supervisors and employees. Managers will be able to identify skills gaps of employees through this tool. Employee monitoring will take place on a quarterly basis.

Directors and Managers Accountable to the Municipal Manager: The Municipal Systems Act (MSA), 2000 (Act 32 of 2000) prescribes that the Municipality must enter into performance based agreements with all section 57-employees and that performance agreements must be reviewed annually and published for public interest. This process and the format are further regulated by Regulation 805 (August 2006), MSA.

The performance agreements for the section 57 appointments for the 2019/2020 financial year were signed as prescribed. They include performance agreements for the:

- Municipal Manager;
- Chief Financial Officer;
- Director: Corporate Services;
- Director: Community Services; and
- Director: Technical Services.

The appraisal of the actual performance in terms of the signed agreements takes place twice per annum as regulated. The mid-year performance assessment for the Municipal Manager and Directors for the 2019/2020 financial year was conducted. The final evaluations of the Municipal Manager and Directors for the 2019/2020 financial year were also conducted.

Other Municipal Officials: The Municipality is in a process of introducing a phased employee efficiency monitoring as a means to ensure that all employees commit to what is expected from them in terms of performing their functions and also as a means to encourage continuous employee and supervisor engagement. The monitoring tool is intended for all employees who do not undergo formal performance evaluation.

Employee monitoring will be rolled out in phases to all employees and monitored by the Department Directors, Managers and Supervisors through the Human Resources Management Division. Each department will be required to conduct this exercise on a quarterly basis. The IDP and PMS Units are responsible for the organisational performance and two reporting levels of management, Municipal Manager and Directors.

COMPONENT A: BASIC SERVICES

One of the objects of local government is to ensure the provision of services to communities in a sustainable manner. Basic services rendered to the communities of Umhlabuyalingana Municipality is electricity, waste management, roads and stormwater. Water and sanitation services are provided by the Umkhanyakude District Municipality. Other services are development and spatial planning, local economic development, environmental, housing, library, cemeteries, community, sports and recreation, traffic as well as fire and disaster services. These services are discussed in detail in Chapter 3 of the Annual Report.

In order to provide an overview of the current levels of basic infrastructural service provision in the municipal area, the data analysis used is an official data obtained from Stats SA, Census 2011 and 2016 Community Survey is the basis for the information below.

3.1 WATER PROVISION

Umhlabuyalingana Local Municipality is not the Water Service Authority. UMkhanyakude District municipality is a Water Service Authority and a Water Services Provider for all the areas under the Umhlabuyalingana Municipality. This means that the primary responsibility of the District Municipality is to ensure that local people have access to water and sanitation.

Water Uses by Sector: Water is used by the following sectors:

- Residential/Domestic
- Agriculture
- Forestry
- Industrial and Business
- Unaccounted water

There is no data available that provide details (in terms of cubic meters) of water uses by each sector.

Water Service Delivery Levels

Table-44-Main Source of Drinking Water

	KZN	Umkhanyakude	Umhlabuyalingana	Jozini	Mtubatuba	KZN276
POPULATION	11065240	689 090	172 077	198 215	202 176	116 622
Piped (tap) water inside dwelling	1076667	10458	628	2230	4820	2780
Piped (tap) water inside yard	828016	34598	11694	11037	7923	3945
Piped water on communal stand	371943	15876	2759	7526	4729	862
Borehole in yard	22159	6340	5619	266	220	235
Rain-water tank in yard	28880	7069	1571	1482	2501	1515
Neighbours tap	51864	8575	4392	1349	2296	539
Public/communal tap	128860	6164	1118	1197	3529	321
Watercarrier/tanker	86012	13672	1999	4359	3242	4072
Borehole outside yard	63632	15862	6384	1884	4891	2703
Flowing water/stream/river	182727	29351	2779	12763	6140	7669
Well	4617	391	0	123	157	111

Spring	18431	813	100	26	412	276
Other	12036	2074	573	342	931	227

Sources: Community Survey 2016

The table above illustrates the main supply of water to households. There has been an increase in the number of households that have access to piped water. However, the majority of households still rely on natural resources for their water supply. Only 8.76% of households within the uMhlabuyalingana municipality have access to piped water.

Table-45-Distribution of Households by Access to Piped (Tap) Waters

Municipality	Piped (tap) water inside dwelling/yard			Piped (tap) water on a communal stand			No access to piped (tap) water		
	1996	2001	2011	1996	2001	2011	1996	2001	2011
KZN271: uMhlabuyalingana	1 149	3 394	10 107	1 633	4 974	9 278	16 382	17 955	14 472

Source: Stats SA, 1996, 2001 and 2011

Water Service Delivery Levels Below the Minimum: The water services backlog was determined utilising a combination of Census 2011, the UKDM asset register, and verified data from consultants to produce a combined GIS infrastructure database that shows a backlog of 30% of the population (access below National Standard). This is a significant improvement from the Census 2011 backlog of 53%.

Table-46-Water Services Level below the Minimum

Local Municipality	Population	Percentage of the population with access BELOW National standard level of water service			
		Census 2011 Level of Water Services	Asset Register Infrastructure Data	Verified Consultants Infrastructure Data	Combined Infrastructure Data
uMhlabuyalingana	155140	52.7%	50.6%	60.2%	28.5%
uMkhanyakude	623387	53.2%	54.1%	43.3%	30.0%

Source: Umkhanyakude District Municipality, 2016

Historically the area has been characterised by many small stand-alone schemes utilising local water resources, supplying to a basic level of service in rural areas, and a higher level of service in urban areas. The Shemula, Jozini, Hluhluwe, and Mtubatuba are the only areas currently served by large capacity water treatment works. The remainder of the DM is served by small conventional or package treatment works, or schemes with chlorination only. The number of schemes, and the accessibility to these, has resulted in management and maintenance challenges, with schemes regularly not functioning at an optimal level, in some

cases falling into disrepair, and others simply not having power or diesel to operate the pumps. These challenges have led the municipality to investigate bulk supply scheme options to try and improve on the sustainability of supply and reduce the O&M challenges. The possible solution to the water supply infrastructure in the future is the careful combination of local water resources (including groundwater) with bulk supply sources.

A basic calculation of the current WTW capacity (94.5MI per day) and the demand based on current level of service (59.7MI/day), shows there is sufficient treatment capacity at present. This capacity excludes all boreholes that are utilised without a WTW, which provide significant additional water across the DM every day. The demand, however, considers only 15% water loss (good practice), and the current perceived need for additional treatment capacity is most likely due to high water losses.

The previous lack of a water conservation water demand management strategy in the UKDM resulting in additional strain on the water resources, and the curtailment of losses should be viewed as a priority “water source” prior to the building of additional infrastructure capacity. As per the strategy of national government, expressed in the National Water Resource Management Strategy 2 (2014), the development of new water resource infrastructure will not be approved by the Department of Water and Sanitation, if WCWDM measures are not first implemented. Considering (1) the considerable problem with water losses; and (2) the large-scale plans for water resource infrastructure development, the need for WCWDM interventions needs to be prioritised.

Water Demand Model: In order to have the flexibility to determine water demands for different spatial groupings, such as scheme or supply footprints, a zero base demand model based on Census demographics (with an applied growth rate to get current figures) and levels of service (at smallest grouping) was adopted for the demand modelling. Although the demand model is based on the official Census data and agreed unit demands it is not a stochastic model, involving random demographic and unit demand sampling and probability behaviour.

It also does not allow for level of confidence or degree of accuracy calculations of the Census data, growth rates, nor of the unit demand values adopted. The low and high results represent the extremes of what the predicted water demands could be. These are calculated in the model by using the extremes of the range of each data item in determining the results. No statistical probability or reliability measure can be attributed to these figures, except to say that all actual results should fall somewhere within this predicted range.

Table-47-Water Demand

Row Labels	Sum of Cur AADD(Rest LOS) Ave	Sum of Future AADD LOS 2020 Ave	Sum of Future AADD LOS 2025 Ave	Sum of Future LOS AADD 2030 Ave	Sum of Future AADD LOS 2040 Ave	Sum of Future AADD LOS 2035 Ave	Sum of Future HHI 2045 Ave
Hlabisa	5 228	8 867	9 498	10 759	15 099	13 363	18 571
Jozini	8 702	15 932	16 989	19 105	28 135	24 523	35 360
Mtubatuba	12 300	19 803	21 927	26 176	36 890	32 605	45 462
The Big 5 False Bay	5 762	7 814	8 503	9 880	11 578	10 899	12 936
Umhlabuyalingana	9 761	15 396	16 679	19 246	25 966	23 278	31 342
Grand Total	41 752	67 811	73 596	85 166	117 669	104 668	143 671

Row Labels	Sum of CurLOSSPD Ave rage	Sum of Future SPF LOS 2020 Ave	Sum of Future SPF LOS 2025 Ave	Sum of 2030LOS SPDAve	Sum of Future SPF LOS 2035 Ave	Sum of Future SPF LOS 2040 Ave	Sum of 2045HHI SPD Ave
Hlabisa	7 690	12 503	13 445	15 331	19 206	23 082	26 958
Jozini	11 883	20 847	22 476	25 733	34 008	42 283	50 559
Mtubatuba	18 152	28 286	31 404	37 641	46 962	56 283	65 604
The Big 5 False Bay	8 845	11 699	12 743	14 831	16 118	17 405	18 692
Umhlabuyalingana	13 142	19 281	21 635	26 344	32 320	38 297	44 274
Grand Total	59 712	92 616	101 704	119 879	148 615	177 351	206 086

Source: Umkhanyakude District Municipality, 2016

NB: The old municipal names still appear since the data was collected and processed before the demarcation

The average annual average demand (AADD) for 2015 (current), at five (5) year intervals to 2045 at a local municipality grouping are shown in the first table below, the with Gross Summer Peak Demands in the second table above.

Existing and Planned Infrastructure Capacity and Functional Evaluation: Deciding what footprint base to use to determine the demand; discuss or review the existing infrastructure or scheme capacities was found to be quite a challenge. Anomalies were found between the DWS Water Reconciliation Strategy footprints and the current distribution infrastructure. In addition, the level of detail in various infrastructure reports/GIS obtained from previous PSPs differed and subsequently was difficult to compare with one another.

The solution was to develop “Water Master Plan supply areas”, which are comprised of a larger supply area that simulate the seven (7) regional schemes aspired to by UKDM, bounded in instances by rivers, distance from source, topography; with smaller sub-schemes within those regional boundaries that are aligned with the existing infrastructure supply footprints and operational small schemes areas.

The six (6) water master plan supply areas are areas are Shemula, Jozini, Hluhluwe, Mpukonyoni, Mtubatuba, and Hlabisa. Water demands have been determined on sub-scheme level and the infrastructure evaluated at the same or sub-zone level. Sub-zones were defined for the specific purpose of reviewing bulk distribution main capacities, where the existing diameters were known and could be assessed.

The Shemula WMP Supply Area is divided into Shemula Eastern Sub-Supply Area and Shemula West and Central Sub-Supply Area. Shemula Eastern Sub-Supply Area is divided into four (4) Sub-Schemes:

- Mshudu
- Thengani (Kwangwanase)
- Manguzi
- Enkanyezini

The Combined demographics and water demand for Mshudu, Thengane, Manguzi and Enkanyezini are:

- Total backlog of 9076 stands (ito Census 2011) that need to receive access to RDP supply
- Household growth of the combined eastern Shemula sub-schemes is from 11015 to 15069 households and a movement/migration of LOS as indicated achieving 25,8% YC supply by 2030.
- The capacity of the treatment works of 6,8Mℓ/day is sufficient for the current demand of 3,5Mℓ/day for 2015, or 4,52Mℓ/day with 50% losses
- The 20-year (2035) GSPD (Gross Summer Peak Demand) is 11 Ml/day.

The infrastructure capacity and upgrade requirements can be summarized as follows:

- The current WTW capacity is 6.8Mℓ/day. This is sufficient for the current demand of 3.5Mℓ/day. The demand will surpass the capacity by 2025 and will increase to 11Mℓ/day by 2035.
- The demand shortage can be addressed by utilising the Shemula Western and Central Water Sub-Supply Area source.
- The demand from Shemula Western and Central Sub-Supply Area water source can be either 4Mℓ/day where the current Shemula Eastern region water sources are retained or 11Mℓ/day where the Shemula Eastern region water sources are discontinued.
- This will require an assessment of the bulk distribution from the Shemula Western and Central Sub-Supply Area.

The Shemula West and Central Sub-Supply Area is divided into six (6) Sub-Schemes:

- Manyiseni
- Ingwavuma

- Ndumo
- Emboniseni
- Phelandaba North
- Phelandaba South

The combined demographics and water demand for Manyiseni, Ndumo, Ingwavuma, Emboniseni, Phelandaba North and South are:

- Total of 14325 stands (ito Census 2011) that need to receive access to RDP supply
- Household growth of the sub-schemes combined is from 27057 to 31882 households and a movement/migration of LOS as indicated achieving 42% YC supply by 2030.
- The 20-year (2035) GSPD (Gross Summer Peak Demand) is 29 Ml/day.
- The infrastructure capacity and upgrade requirements for Western and Central Shemula (Ingwavuma to Phelandaba) is summarized as follows:
- The current demand for the supply area is 11Mℓ/day
- The water treatment works has currently been upgraded and has a combined capacity to produce 27.5Mℓ/day and will therefore address the current demand shortfall.
- There is a shortfall of 1Mℓ/day for the projected 2035 demand
- The water treatment works will also supply the demand from Shemula Eastern Region. This will increase the demand of 28Mℓ/day to 32.7Mℓ/day if the Eastern Region current supply sources are retained or 39.5Mℓ if the sources are discontinued.

Table-48-Distribution of Households by Access to Safe Drinking Water

Municipalities	Households by Access to Safe Drinking Water		No Access to Safe Drinking Water		Total
	No	%	No	%	
Umkhanyakude	81 221	55,5	66 137	44,5	146 357
Umkhlabuyalingana	23 361	60,7	15 113	39,3	38 464
Jozini	21 065	49,2	21 758	50,8	42 823
Mtubatuba	21 570	52,4	19 587	47,6	41 158
Big 5 Hlabisa	15 234	63,7	8 679	36,3	23 913

Source: Stats SA, 2011

3.2 WASTE WATER (SANITATION) PROVISION

Umhlabuyalingana Local Municipality is not the Water Service Authority. UMkhanyakude District municipality is a Water Service Authority and a Water Services Provider for all the areas under the Umhlabuyalingana Municipality. This means that the primary responsibility of the District Municipality is to ensure that local people have access to water and sanitation.

There are very few households with access to flush or chemical toilets. There has been a considerable decrease in the amount of people that did not have access to any form of sanitation facilities from 2001 – 2011. The community Survey (2016) has shown that the majority of households now use pit latrine facilities.

Table-49-Distribution of Households by Type of Toilet Facility

Municipality	Flush or Chemical Toilet			Pit Latrine			Bucket Pit Latrine			None		Ecological Toilet
	2001	2011	2016	2001	2011	2016	2001	2011	2016	2001	2011	2016
DC 27	18 050	37 624	45813	24 474	58 061	82572	1 385	1 594	1449	57 654	23 614	1054
KZN271	3159	7400	5872	4615	18933	27314	218	476	10	18333	6226	21

Source: Census (2001, 2011), Community Survey (2016)

The municipality has been stagnant in providing flush toilets to its households while other municipalities within Umkhanyakude have continued to provide flush or chemical toilets. Households who are still using Pit Latrines in 2001 were 4615 while in 2011 the number had increased to 18933 and 27314 in 2016. The District municipality has sanitation plans to decrease the backlog which are outlined in the Projects Section of this document. Ecological Toilets refer to urine diversion or enviroloo. The provision of sanitation facilities has improved in the municipality since 2011. Provision of sanitation facilities within uMhlabuyalingana municipal area should be prioritised by the service authority in order to reduce the backlog.

Graph-12-Distribution of Households by Type of Toilet Facility

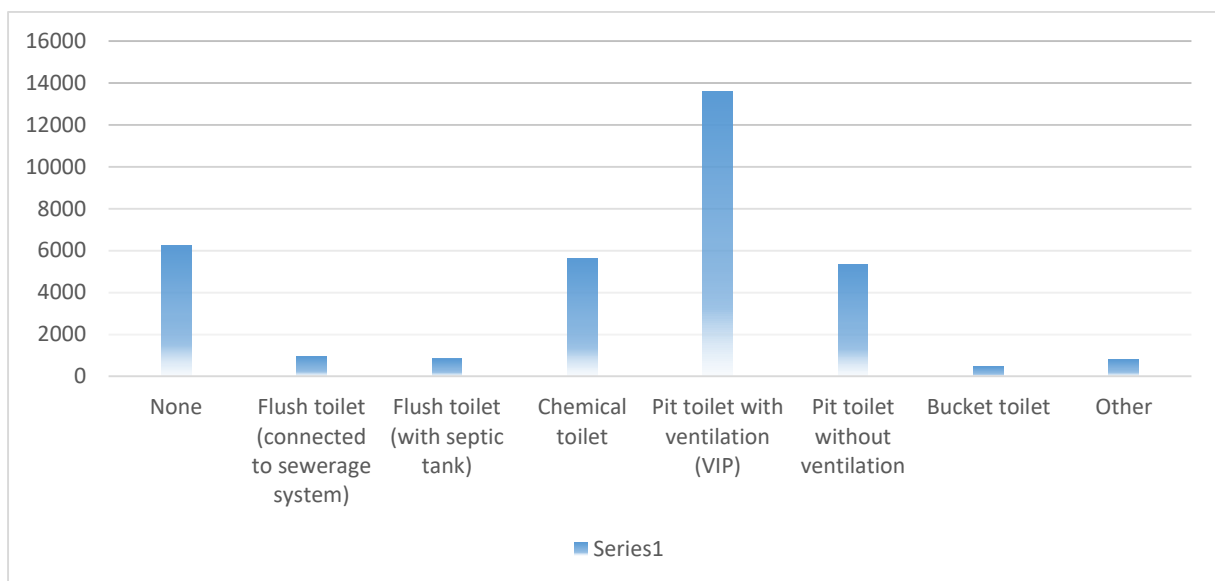
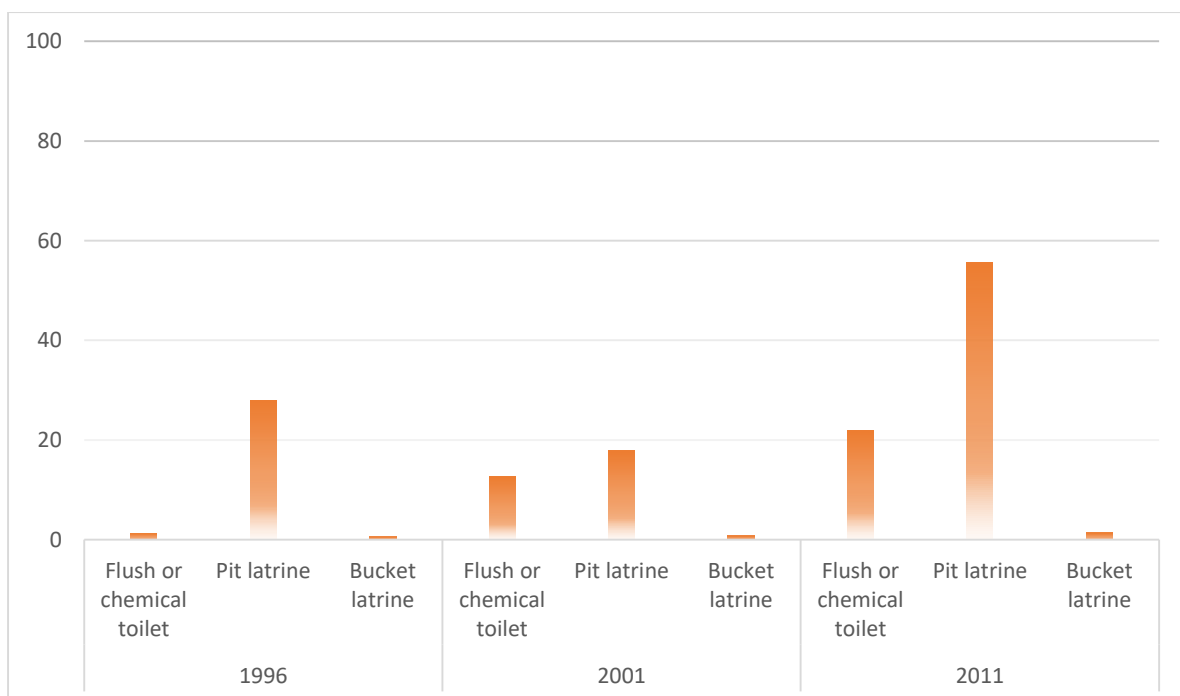


Chart-13-Distribution of Households by Type of Toilet Facility



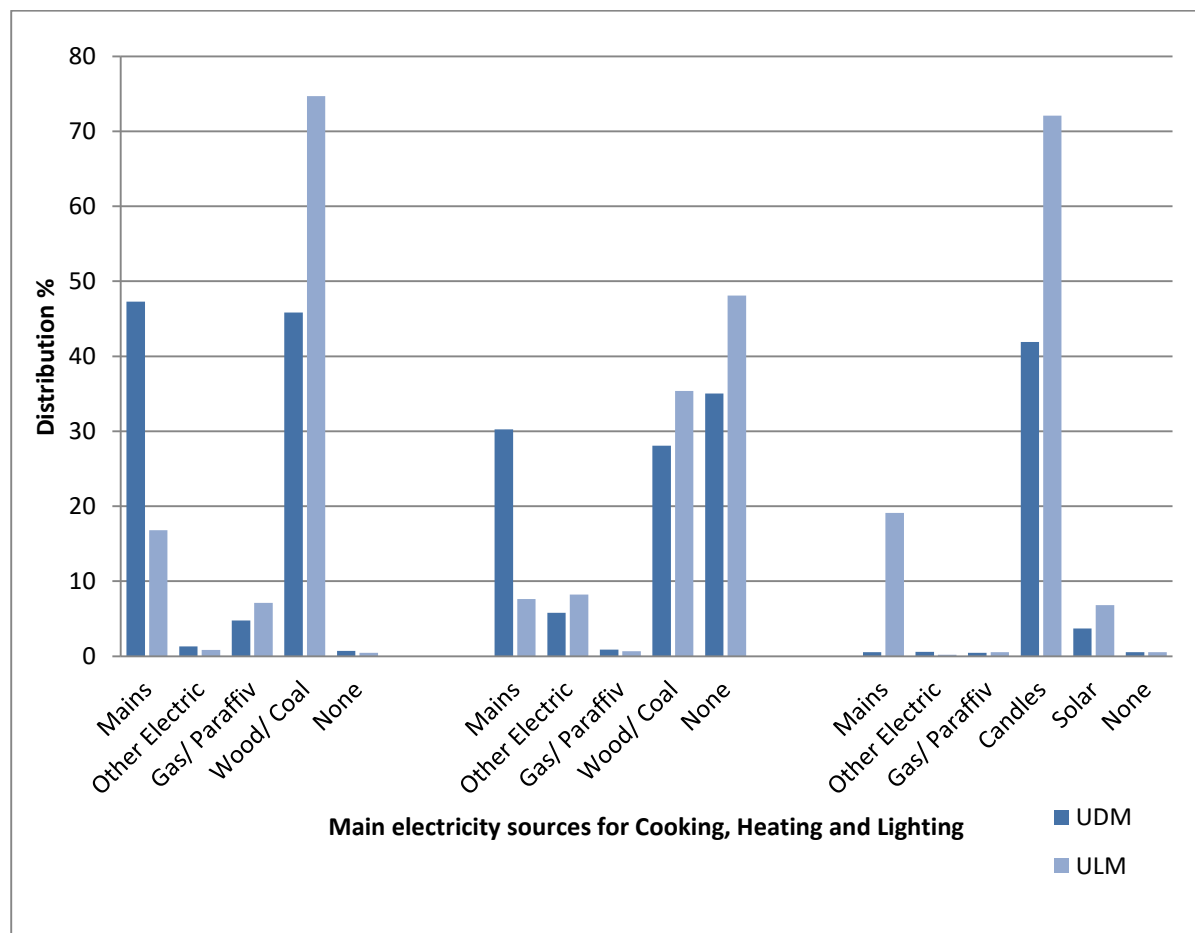
3.3 ELECTRICITY

The municipality has a -3-year Electrification/Energy Sector Plan in place, adopted by the Council and is being implemented. Electricity is a function of ESKOM and not the UMhlabuyalingana. There is a lack of capacity of existing infrastructure in terms of bulk and reticulated electricity. However, this is a national issue and ESKOM is putting infrastructure in

place to boost capacity and there has been progress in extending basic services through the infrastructure programme with approximately 200 000 households being connected to the national electricity grid in 2012.

Main Source of Electricity and Uses

Chart-14-Distribution of Households using Electricity for Lighting, Heating and Cooking



Source: Statistics South Africa Community Survey (2016)

The main source of electricity within uMhlabuyalingana Local Municipality (ULM) is wood and coal for both lighting and cooking. These statistics are similar for the District Municipality (UDM).

Electricity Service Delivery Levels: The municipality has a -3-year Electrification/Energy Sector Plan in place, adopted by the Council and is being implemented. There is no Operations and Maintenance Plan for electrification. When electrification projects are completed, it is then handed over to Eskom.

Electricity Challenges: A large percentage of households rely on candles and wood/ coal resources for electricity for cooking, heating and lighting. The electrification projects that were implemented by the Municipality during 2019/2020 financial year are shown in the table below.

Electricity Department Employee Statistics: Table 138 indicating employee totals, turnover and vacancies does not show that there are employees and vacancies for the Electricity Services Section.

Table-50-Employees - Electricity Services

Employees: Electricity Services					
Serial No.	Job Level	2018/2019	2019/2020		
		No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
The service is being performed within Technical Services Department but there are no employees dedicated for this function.					

Electricity Services Capital Expenditure

Table-51-Capital Expenditure- Electricity Services

Capital Projects	2018/2019	2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Mahlungulu Electrification Project	14 921 100				
Mkhindini Electrification Project	3 053 046				
Ward 4 Electrification Project	2 338 700				
Manaba Electrification Project	1 686 991				
Manguzi Electrification Project		8 000 000	8 000 000	8 099 331	-99 331
Jikijela Electrification Project		11 000 000	11 000 000	10 435 683	564 317
Kwashodi Electrification Project		5 000 000	5 000 000	1 410 454	3 589 546

Source: Umhlabuyalingana Municipality

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

The uMhlabuyalingana municipality is responsible for waste collection services. Sustainable waste management practises are more than often faced with challenges and need to be reviewed on a continuous basis to address these challenges and mitigate any risks. Waste minimisation and diversion initiatives are key to decrease the amount of waste being disposed at the waste disposal facilities. The main objective of this section is to manage the waste generated in the municipal area, in compliance to the license conditions of its facilities and the National Norms and Standards.

Public open spaces in high density areas are more than often used as illegal dumping sites. Although basic refuse collection services are delivered in these areas. A lack of environmental, sanitation and waste awareness often influence the way communities manage their waste.

In terms of the National Environmental Management: Waste Act 59 of 2008, UMhlabuyalingana is doing its best to collect solid waste from 51 businesses and 31 households on a weekly basis. These businesses and households are situated in and around the three towns of UMhlabuyalingana namely, Manguzi town, Mbazwana town and Skhemelele town. Some waste management projects that were implemented during the financial year are as follows:

- Review of waste management policies, plans, bylaws and tariffs,
- Signing of waste removal agreements for businesses and business waste removal on an annual basis
- Campaigns on Collection and Removal of Waste

The area of UMhlabuyalingana is also very sandy, which hampers the will and capacity to collect waste in all areas that the municipality is expected to serve. In all three towns 2,5m² waste skips and 240 litre waste bins have been placed. In so far as the Waste transport infrastructure, the municipality has two waste trucks and one tractor with a trailer which are used for the collection of refuse in the three towns. The collection of refuse is now carried out daily during working days.

Solid Waste Service Delivery Levels

Table-52-Distribution of Waste Removal

Municipality	Removed by Local Authority/Private company			Communal/Own Refuse Dump			No Rubbish Disposal		
	2001	2011	2016	2001	2011	2016	2001	2011	2016
UMkhanyakude	7 397	13 443	7443	65 579	96 089	125859	28 587	15 989	13184
uMhlabuyalingana			257			34112			4240

Source: Statistics South Africa, 2001, 2011 & 2016

The majority of the population undertake their own refuse removal as indicated in the table; in 2011 this amounted to 85%. In 2016, this amounted to 84%, indicating no significant municipal intervention having taken place.

The Minimum Requirements for Waste Disposal by Landfill, second edition published by the Department of Water and Environmental Affairs in 1998, allows for different classes of landfill sites based on size, type and potential threat to the environment. Currently, UMhlabuyalingana Municipality has 3 landfill sites namely: Thandizwe, Mbazwana and Skhemelele. Thandizwe and Mbazwana sites are registered, licenced and engineered.

Skhemelele is registered and licensed as a transfer station, all these sites are being audited they were last audited in 2017/18 financial year.

The municipality is planning to establish the re-cycling projects within the landfill sites which will also create job opportunities for local people and increase revenue for the municipality. The municipality has registered Skhemelele (Mtikini) as a recycling center and buy-back center.

The municipality has a council approved Integrated Waste Management Plan in place. The IWMP was approved in 2014 (was reviewed on and adopted on the 30 May 2018) and is being implemented in accordance with the Record of Decision. Planned projects were during 2019/20 financial year.

Waste Management Employee Statistics: Table 55 below indicates the total number of 110 posts for the section. During 2019/2020 financial year, there were 100 employees who worked for the Waste Management Services Section.

The municipality employed 110 general workers who are doing refuse collection in the three towns. It also has 108 EPWP workers who are working at the three dump sites. The municipality has 1 fully licenced dump sites /landfill sites. Skhemelele dumpsite was licenced so that it is closed or decommissioned but with an intention to turn it into a Waste Transfer Station. The Municipality, in terms of Waste Act 59 of 2008, has developed the Integrated

Waste Management Plan and was adopted and approved by Council. Presently the municipality is in the process of the implementation of the IWMP.

Table-53-Employees – Waste Management Services

Employees: Waste Management Services						
Serial No.	Job Level	2018/2019	2019/2020			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.	3 supervisors	3	3	3	0	N/A
	113 general workers	95 on contract and 3 permanent at Skhemelele	110	100	0	N/A
		4 (permanent at Mbazwana)				
		5 (permanent at Manguzi)				
		3 permanent at Main Offices				

Table-54-Financial Performance Waste Management

Details	2018/2019	2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operating Revenue	583 201	654 902	654 902	624 360	-30 542
Expenditure		2 300 000	4 116 915	9 542 287	-5 425 372

Table-55-Capital Expenditure- Waste Management

Capital Projects	2018/2019	2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Skip Bins	72 900	400 000	400 000	0.00	400 000

3.5 HOUSING

Umhlabuyalingana Municipality is the developer for human settlements. Umhlabuyalingana coordinates its human settlement needs and activities with the Department of Human Settlements. The municipality has internal capacity to deal with human settlements and this task is managed by the Planning Manager. A council approved Housing Sector Plan is in place and is being implemented.

The municipality has evenly scattered spatial patterns and there are no proclaimed townships in Umhlabuyalingana Municipality. Most community members are dependent on subsistence agriculture or income from migrant workers.

Housing Service Delivery Levels: The spatial pattern of the area has developed as a result of various factors including its settlement pattern, natural features and infrastructure. Umhlabuyalingana is generally rural in character. It is characterized by expansive low-density settlements occurring on Ingonyama Trust land. However, over the last few years there has been an increase in density in some areas along the main roads, with conurbation of commercial activities occurring in strategic points thus giving rise to development nodes. This pattern is a result of the unfortunate history of the area. The previous (apartheid) government discouraged development in the area as a means to control movement of the freedom fighters between South Africa and Mozambique in particular. Prevalence of malaria in the area also contributed to the lack of development. This is despite the area having received significant attention in terms of development planning since the 1990s (Vara, Wendy Force and Associates, etc.).

The Municipality has no challenges with informal settlements. By natural default the area of Umhlabuyalingana determined itself to be rural in character and as such 99% of the area is classified as rural. This is evident throughout the municipal area when you look at the housing typology and the dispersed rural settlements with poor road infrastructure that interlinks them.

Dwelling units made up of traditional material are still prevalent in the area however; the municipality does not consider these to be “informal settlements” and for a simple reason that these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes i.e. acquiring an approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of

ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

In the context of Umhlabuyalingana it will be social incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

The Umhlabuyalingana municipality constitutes 26.1% of formal dwellings in the UMkhanyakude District. According to the Community Survey, approximately 30% of housing is informal, traditional or other types.

Household with Access to Basic Housing

Table-56-Main Dwelling Type

Dwelling Type	UMkhanyakude	Umhlabuyalingana
Formal	106090	27731
Informal	5028	968
Traditional	38306	10896
Other	1812	10

Source: Statistics South Africa, 2016

There is currently one housing project in the rural area that is under construction i.e. Mabaso. There are however plans for additional projects in the traditional authority areas. Refer to the housing chapter.

Housing Services Employee Statistics: Table 59 below indicates the total number of 3 posts for the Housing Services Section is 3. All the three positions were filled and there are no vacancies identified.

Table-57-Employees – Housing Services

Employees: Housing Services						
Serial No.	Job Level	2018/2019	2019/2020			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.		3	3	3	0	N/A

Population Growth Trends and Challenges

The municipality has an area of 3 621km² and a population of 172 077 people, with an average household size of 5 people per household. As a gateway to Africa and as any border municipality, it has been noticed that there is a growing number of immigrants streaming into the area. The alarming fact is that it is not apparent if all these immigrants have entered the country legally or not and as such the numbers cannot be quantified.

In addition, the area also has a tendency of accommodating the working class from other areas which also adds to the local population. Often these people reside in rented cottages and are always keen for more decent housing options.

The challenges connected to this ranges from facts such as socio-economic status of this area is way below average to the HIV/AIDS epidemic, which also has a huge impact on the growth of the population. New settlements are emerging and seem to be bias as they host certain ethnic groups, which is a huge segregation era threat.

This is evident throughout the municipal area when one looks at the housing typology and the dispersed rural settlements with poor road infrastructure that interlinks them. Dwelling units made up of traditional material are still prevalent in the area however, the municipality does not consider these to be “informal settlements” and for the simple reason that these communities often have some form of land tenure rights to settle where they are. Basically, the issue of affording decent housing is the cause and some erect such houses by choice.

Identification of Land for Future Housing Development

The Local Municipality of UMhlabuyalingana area of jurisdiction spreads for approximately 3 621km² in land magnitude. In terms of land tenure, it is estimated that 60% of the municipal area falls under Ingonyama Trust ownership with four tribal councils who are the custodians of the land, with the remaining 40% consisting of commercial farms and conservation areas.

Furthermore, what is often over-looked is the fact that most decent and modern houses are often erected without following due processes, i.e. acquiring an approval of a building plan from the municipality in terms of the National Building Regulations and Building Standards Act 103 of 1977 as amended. This also boils down to the fact that in such areas the culture of ensuring as to which areas are best suitable for locating housing was never practiced and brings along challenges in terms of installing infrastructure in some of these areas.

In the context of UMhlabuyalingana it will be socially incorrect to consider the municipality as having a challenge with informal settlements but will be technically correct to make such a statement.

3.6 FREE BASIC SERVICES AND INDIGENT SUPPORT

The municipality developed an indigent policy which seeks to provide financial relief to the citizens of the communities who are unable to afford basic services. An indigent register has been developed as a result and is updated on an annual basis to re-assess the existing beneficiaries' affordability and extend to those that are needy.

During 2019/2020 financial year, the number of registered indigents on the indigent register was 520 people. The register is still under construction or is being updated and the numbers will change and be more accurate. In 2019/2020 financial year the budget allocation for Free Basic Services is R547 040

The category of indigent support the municipality is providing is Free Basic Electricity. The municipality is not providing any other service except Property Rates and Refuse collection whereby the category of households or residential is not billed for Property rates and not yet billed for Refuse collection.

Table-58-Indigent Support Per Year

YEAR	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
AMOUNT (R)	1,700,000.00	512 430	520 000	547 040	547 040	576 580	607 715

During 2019/2020 financial year, the municipality had a Poverty Alleviation Fund that assisted learners who are needy to be able to register in tertiary institutions, as a result hundreds of young people from Umhlabuyalingana have had access to tertiary education and many have graduated through this initiative. The ward councillors played a big role in the identification of learners in their communities.

The municipality has also made budget available to assist learners who are needy but are unable to register in tertiary institutions, as a result hundreds of young people from UMhlabuyalingana have had access to tertiary education and many have graduated through this initiative. Ward Councillors have played a big role in the identification of learners in their communities.

COMPONENT B: ROAD TRANSPORT

Umhlabuyalingana Municipality: Technical Services Departments is responsible for the provision of local access roads and stormwater services (including all pipelines, manholes, bridges for rivers and streams) and its activities. Within the budgetary constraints, the stormwater network must be kept free of obstructions to mitigate possible flooding. Its focus is on the development and maintenance of infrastructure for the conveyance of people and goods in all its forms. Further functions include the installation and maintenance to effectively safeguard the residents and users of the infrastructure as well as the maintenance and installation of infrastructure to mitigate risk resulting from adverse weather conditions.

3.7 ROADS

The UMhlabuyalingana has a total of 346km of roads, and with exception of the road from Mbazwana to Manguzi (R22), the road network is poor to very poor condition, and is in dire need of upgrade. Most roads are sandy and difficult to drive on with a 4x2 vehicle.

The municipality largely depends on grants for the implementation of Capital projects and due to financial constraints, this municipality has a huge backlog demand on its local roads. The municipality was able to construct a number of gravel roads that are believed to create economic benefit for the people of UMhlabuyalingana. These include the projects presented in the below:

Table-59- Gravel Roads Infrastructure over a Three-Year Period

Year Constructed	Re-Gravelling and Blading of Access Roads	Budget
2018/2019 RE-Gravelling and Blading	Othungwini Access Road (Ward 3)	1 000 000
	Mqobela Access Road	5 000 000
	Posini causeway	2 000 000
	IYK Road	5 000 000
	Moses Zikhali Access Road	3 700 000
	Library to Post Office Blacktop	4 000 000
2019/2020 RE-Gravelling and Blading	Mbazwana to kwaMbila Blacktop	5 000 000
	Esiphahleni Access Road	4 248 433
	Mashabane Tribal Access Road	5 000 000
	IYK Tarred Road	2 300 000
	Manzengwenya Access Road	5 000 000
2020/2021 RE-Gravelling and Blading	Ekuthukuzeni Access Road	5 000 000
	Ward 5 Access Road	5 000 000
	Madudula Access Road	5 000 000
	Tribal to Manguzi Access Road	5 000 000
	Kwa Shodi Access Road	5 000 000
	Nondwayiza Access Road	5 000 000

Roads Services Employee Statistics: Table 65 below indicates the total number of 9 (Nine) posts for the Roads Services Section. During 2019/2020 financial year, there were 9 employees, employed in the Roads Services Section and that there are no vacancies.

Table-60-Employees – Roads Services

Employees: Roads Services						
Serial No.	Job Level	2018/2019	2019/2020			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Total		8	9	9	0	0%

3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLI BUS OPERATION)

The main means within the jurisdiction of Umhlabuyalingana Municipality is public transport for long and short distance travel such as buses and minibus taxis for local commuting. Private transport is also used. The municipality does not provide transport services instead the bus and minibus transport services are privately owned. The municipality's function in as far as the public transport is concerned is to provide public transport infrastructure such as the bus and taxi ranks, shelters, etc.

Existing and Future Transport Infrastructure: At a regional level, UMhlabuyalingana has a well-established road connectivity comprising national and provincial which link different areas within the municipality. The routes that currently play this role include R22, P522, P447 and P444. These routes connect the main settlement areas and emerging towns which include Mbazwana, Manguzi, Somkhele and Phelandaba. R22 in particular link the area with Hluhluwe town, N2 and a number of towns towards the south of UMhlabuyalingana while it also connects the area with Mozambique towards the north. The upgrading of R22 and its declaration as an LSDI Route during the early 2000s has drastically improves accessibility and connectivity at a regional scale and serves as an opportunity for corridor-based development.

However, the same cannot be said about the three other significant connector routes. P522 link the area town of Jozini. Although it is a tar road, this route had deteriorated to a very bad state with potholes that stretches for many kilometres. It appears as if the more focus has been placed on temporally patching the potholes without addressing the root cause of the road situation i.e. to re-tar and reseal the entire route since it has exceeded its lifespan. P447 and P444 are the provincial routes that link different settlements (especially in Mashabane) with the town of Mbazwana. These are currently the gravel 'sandy' roads which need serious

attention. This also bears in mind the fact that the light vehicles are unable to easily use these routes during the heavy rainfall seasons.

At a local level, the road network tends to be very problematic. According to the Department of Transport's assessment of municipal road network report completed in 2007, the UMhlabuyalingana has a total of 346 km of roads. This figure was determined by estimating the road lengths using a figure of 382 inhabitants per kilometre of paved and gravel road, and assuming that 8% of all roads can be classified as tracks. By applying the above assumptions, it is estimated that the UMhlabuyalingana has 152 km of paved roads, 169km gravel roads and 26km of tracks. With exception of the road from Mbazwana to Manguzi, the road network is poor to very poor condition, and in dire need of upgrade. This is due to a number of existing roads being informal and in need of upgrading. These mainly include the local access roads that provide direct access to settlements. The majority of these roads exist as tracks.

Poor Conditions of Roads:

- Inadequate pedestrian signs and markings and off-loading areas especially within the few urban areas;
- An absence of traffic lights, especially at major intersections;
- Unavailability of adequate public transport facilities especially for the disabled;
- Lack of pedestrian and non-motorized transport facilities.

The areas that should be considered for intervention should include improving pedestrian signs, markings and off-loading areas especially in the urban areas. The traffic calming measures within areas of high accidents should also be explored and wherever possible the provision of traffic lights especially at major intersections should be provided.

Poor Road Linkages: An efficient and effective road network enables people and goods to traverse to and from all areas within the Municipal area. It opens up development opportunities which could lead to economic growth and associated job creation.

Poor critical road linkages, which includes the non-existence of critical linkages and existing roads that are in poor to inaccessible condition, have been identified within the UMhlabuyalingana LM:

Poorly maintained existing gravel road between Madonela and Sikhemelele. Significant denser settlement occurs all along this road, which runs in close proximity and parallel to the Pongola River and its rich flood plains. Intensive agriculture, mainly subsistence, occurs along the river and the road. In heavy rains, this road is nearly impassable. What is also important to note is that this settlement corridor joins up with the P522 provincial main road between

Ingwavuma and Manguzi. At this juncture, the urban characterized settlement of Sikhemelele has developed over time. Sikhemelele settlement, as well as the Mboza to Sikhemelele Corridor, is the most densely settled area within the UMhlabuyalingana LM.

The existing road linkages between Madonela and Tshongwe are poor and do not support a direct primary route from Tshongwe through the agricultural development corridor leading to Sikhemelele. This is considered very important link, since it will provide an alternative south-north route, from Hluhluwe, within the UMhlabuyalingana. This route is deemed more economical for the conveyance of fresh goods and value-added products from the identified agricultural corridor to the major markets of Richards Bay and Durban

The east-west road linkages are primarily located in the north (P522 Main Road linking Ingwavuma with Manguzi) and in the south (P444 and P447 linking Mbazwana with Mkhuze) of the UMhlabuyalingana Municipal Area. The east-west road linkages in the central western part of the Municipal area exist only as a local road (essentially a track). In order to contribute towards a road network that is both effective and efficient – particularly in light of the recommended upgrade of the Madonela – Sikhemelele road – it is recommended that the road between Hlazane to Manaba to Mseleni be upgraded, functioning as an additional east-west centrally located link;

In order to expose the unique environment along the Municipality's east coast, which is administered by Isimangaliso Trust, to a broader audience which will result in further tourism –related development, the road from Mbazwana, pass Lake Sibaya on its eastern shore, through Manzengwenya, to Manguzi need be upgraded and made freely accessible to the public.

Upgrade the road from the State Forest Road north of Jikijela Node inland to Manzengwenya. This will provide an improved west-east link to the coastal areas.

Well-Developed Road Network and Improving Accessibility:

- Upgrade the existing gravel road between Madonela and Sikhemelele to a blacktop road
- Develop a blacktop road between Tshongwe and Madonela
- Upgrade the road between Hlazane and Manaba
- Upgrade the road between Manaba and Mseleni
- Upgrade of the road from Mbazwana, pass Lake Sibaya on its eastern shore, through Manzengwenya, to Manguzi
- Upgrade the road from the State Forest Road north of Jikijela Node inland to Manzengwenya

Rail: UMhlabuyalingana does not have an established public and goods rail transport system. The railway line runs parallel N2 within UMkhanyakude District. It cuts across Mtubatuba, The Big Five False Bay, Hlabisa and some parts of Jozini to Swaziland but is passes outside of UMhlabuyalingana administrative boundary. In any case it also appears as though this transport service was discontinued some time ago.

Air Transport: UMhlabuyalingana does not have an established and operational air transport system. The small landing strip (airstrip) exists within both Mbazwana and Sodwana Bay. However, the condition of these facilities is currently unknown.

Transportation Analysis: According to UMkhanyakude District IDP (2008/09), there are 33 taxi facilities in the form of formal and informal taxi ranks and routes UMhlabuyalingana. The “bakkies” which are considered to be illegal passenger transport vehicles still they provide a service that could be considered as parallel. They actually operate on the routes where taxis do not want to move onto due to the weak quality of the roads. There are no bus termini facilities that are provided within the area. The table below gives an indication of accessibility of public transport within the municipality.

Municipal Bus Service Data

Table-61-Public Transport within the Municipality

Main Route	Main Route Description	No. of Passengers per Peak	No. of Active Seats Used	No. of Trips	Passenger Occupancy per Vehicle
KZN-R0032F-U	Jozini to Skhemelele	224	100.00	15	14.9
KZN-R0036F-U	Manguzi to Ezangomeni	570	95.96	38	15.0
KZN-R0061F-U	Mbazwane to Mseleni	285	100.00	19	15.0
KZN-R0066F-U	Mbazwane to Sodwana Bay	267	100.75	20	13.4
KZN-R0056F-U	Mbazwane to Manzibomvu	170	116.47	17	11.6

It is clear that most of the routes inside and linking the municipality to other major centres within the district are operating at capacity, and that consideration to expand route capacity should receive high priority. Transport whether motorized or non-motorized faces many challenges within the Municipal area. These can be summarized as follows:

Transport Services Employee Statistics: Table 69 below indicates the total number of 12 (twelve) posts for the Transport Services Section. During 2019/2020 financial year, there were 12 employees who worked for the Transport Services Section and that there were 11 number of vacancies with 9% vacancy rate.

Table-62-Employees – Transport Services

Employees: Transport Services						
Serial No.	Job Level	2018/2019	2019/2020			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Total		12	12	12	11	9%

3.9 WASTEWATER (STORMWATER DRAINAGE)

Umhlabuyalingana Local Municipality is not the Water Services Authority. UMkhanyakude District municipality is a Water Service Authority and a Water Services Provider for all the areas under the Umhlabuyalingana Municipality. This means that the primary responsibility of the District Municipality is to ensure that local people have access to water and sanitation.

The first Water Services Development Plan (WSDP) for Umkhanyakude District Municipality was developed in 2003. The WSDP was reviewed and updated in 2009 and ever since then there has not been another review of the WSDP. Considering that the lifespan of a WSDP is 5years, the district municipality does not have a current WSDP in place. The development and review of the WSDP has been identified of one of the critical issues to be attended to by the District Municipality, once the District has prepared and adopted the WSDP it will then be extracted and added to the Umhlabuyalingana IDP.

Although the District does not have a current and applicable WSDP in place, it does however have planned and budgeted for water infrastructure and other related projects for implementation during 2019/2020 financial year. The District water related projects with committed funding are reflected below:

Table-63-Umkhanyakude Water Projects

PROJET NAME	AMOUNT
Implement Municipal Infrastructure Grant (MIG) for Manguzi Star of the Sea Water Scheme - Phase 1	R 15 000 000,00
Implement Municipal Infrastructure Grant (MIG) for Shemula Community Water Supply Scheme - Phase 2B	R 20 000 000,00
Implement Municipal Infrastructure Grant (MIG) for KwaZibi Water Project	R 5 000 000,00
Implement Water Services Infrastructure Grant (WSIG) for Refurbishment and Upgrade of Rudimentary Water and Sanitation within uMhlabuyalingana LM as part of a Tanker Reduction Strategy	R 17 375 680,37
Implement Water Services Infrastructure Grant (WSIG) for Mseleni Water Supply Phase 1	R 13 600 000,00

Source: Umkhanyakude District Municipality, 2019

The municipality has been operating without any operations and maintenance and this has led to huge maintenance backlogs due to years of deferred maintenance and neglect. The bulk of the infrastructure is in state of disrepair leading to communities with infrastructure but without access to water services. The O & M Plan was developed as part of the water services AMP by COGTA and was adopted together with the AMP towards the end of the 2016/2017 financial year. It is important to note that the municipality will strive to make financial provisions to fund the O & M Plan though it will need considerable funding from external sources due to competing demands with first time access communities. The municipality has the highest backlog figures in terms of first-time access to water services and as such there is a lot of work that still needs to be done to strike a balance between the two.

Stormwater Infrastructure: The water services backlog was determined utilising a combination of Census 2011, the UKDM asset register, and verified data from consultants to produce a combined GIS infrastructure database that shows a backlog of 30% of the population (access below National Standard). This is a significant improvement from the Census 2011 backlog of 53%.

Table-64-Water Services Level

Local Municipality	Population	Percentage of the population with access BELOW National standard level of water service			
		Census 2011 Level of Water Services	Asset Register Infrastructure Data	Verified Consultants Infrastructure Data	Combined Infrastructure Data
UMhlabuyalingana	155140	52.7%	50.6%	60.2%	28.5%
UMkhanyakude	623387	53.2%	54.1%	43.3%	30.0%

Source: Umkhanyakude District Municipality, 2016

3.10 PLANNING

The Planning Department includes Building Control, Land Surveying, Land Use Planning, Spatial Planning, Heritage, geographical information services (GIS), Environmental Management, Rural Development and Economic Growth and Tourism. The Department is responsible for sustainable and pro-active planning and compliance monitoring of the natural and built environment. The Department facilitates the physical, social and economic development and growth.

The Status of Spatial Development Framework (SDF) and Land Use Management System:

The purpose of spatial planning is to provide a framework for the spatial vision and form of Umhlabuyalingana Municipality. The Spatial Development Framework (SDF) provides guidelines for future development and growth of the Municipal Area in a predictable manner to enhance the quality of life of its residents. The unit is also responsible for:

- Compiling, amending and/or reviewing a Spatial Development Framework;
- Preparing Spatial Development Framework;
- Developing policies and strategies guiding the long-term development of the Municipality;
- Commenting on land use applications and environmental processes; and
- Commenting on other local, provincial and national spatial policies, legislation and documents.

The unit is also responsible for the protection of heritage, to identify, protect and manage the heritage resources and cultural landscapes of the Umhlabuyalingana Municipality as well as commenting on land use planning applications and building plan applications.

Municipal wide Spatial Development Framework (SDF) and a LUMS for Mbazwana and Manguzi have currently been adopted by Council. Enforcement of both these land use management tools is to be enforced and a municipal wide scheme to be planned for in order to meet the prerequisites of the KZN Planning and Development Act. The municipality is to provide the framework to guide the overall spatial distribution of current and desirable (future) land uses within the municipality.

The Implementation of SPLUMA in Umhlabuyalingana: The municipality has not established a Municipal Planning Tribunal (MPT/JMPT). A Joint MPT has been adopted by Umhlabuyalingana Council. However it has not yet been established at District Level. The

MPT/JMPT is not functional. UMhlabuyalingana has complied with SPLUMA Regulation 14 and a Municipal Planning Authorised Officer is not appointed yet and this will be done in 2020/2021 financial year.

UMhlabuyalingana has not yet resolved on the Appeal Authority and this will be done during the review of delegations process. The municipality has amended the delegations for KZNPD to SPLUMA Bylaws and the applications been categorized. The SPLUMA Bylaws have been adopted and the SPLUMA Bylaws have been gazetted.

Table-65-Applications for Land Use Management

Applications for Land Use Development						
Detail	Formalization of Townships		Rezoning		Built Environment	
	2019	2020	2019	2020	2019	2020
Planning application received					2	8
Determination made in year of receipt					2	
Determination made in following year						4
Applications withdrawn					1	
Applications outstanding at year end						4 (Vodacom)

Table-66- Building Regulation and Enforcement

Building Regulation and Enforcement			
Detail	2017/2018	2018/2019	2019/2020
Building Plans Received	0	0	0
Building Plans Approved	0	0	0
Building Plans Not Approved	0	0	0
Notices/Enforcement	0	0	0
Applications outstanding at year end	0	0	0

Table-67- Top 3 Service Delivery Priorities and Impact

Three Priorities					
Service	2017/2018		2018/2019		2019/2020
SDF	Yes	Yes	Yes	Yes	Yes
Land use Scheme	Yes	Yes	Yes	Yes	Yes
Implementation of SPLUMA	Yes	Yes	Yes	Yes	Yes
Planning Bylaws	Yes	Yes	Yes	Yes	Yes
Impact thereof:					

Employees for Planning Services: Table 79 below indicates the total number of 3 (Three) posts for the Planning Services Unit. During 2019/2020 financial year, there were 3 employees, employed in the Planning Services Section and that there 1 post that need to be filled.

Table-68-Employees – Planning Services

Employees: Planning Services						
Serial No.	Job Level	2018/2019	2019/2020			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.						
	Planning	3	3	3	1	1%
	Planning (Strategic & Regulatory)	2	2	2	0	0%

Table-69-Capital Expenditure

Capital Expenditure Year 2019/2020: Planning Services					
Capital Projects	Year 2019/2020				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Spatial Development Framework	R200 000	-			
Capital Investment Framework	R150 000				

3.11 LOCAL ECONOMIC DEVELOPMENT (INCLUDING TOURISM & MARKET PLACES)

The purpose of the Local Economic Development Services Unit is to provide an enabling and conducive environment to grow the economy in order to create sustainable jobs and eradicate poverty. The existence of the LED Unit is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. The LED creates processes by which public, business, and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

The unit comprises of LED and Tourism and focuses on developing enabling policies and strategies, which inform the implementation of key initiatives, projects, and programmes to grow the economy in the Umhlabuyalingana Municipal Area. The adoption of the LED Strategy is aligned with the vision of the National Development Plan and KZN Provincial Growth and Development Strategy. The LED Strategy's aim is to achieve a competitive advantages and innovations that provide economic opportunities for all its residents by 2035. The essence of this strategy is to map Umhlabuyalingana's journey of inclusive economic growth and offer a diversified and resilient economy, promoting spatial connectivity, and supportive economic and environmentally sustainable social eco-systems.

Local Economic Development (LED) is one of the key tasks that UMhlabuyalingana engages on through a variety of packages. It remains factual that success of this initiative is mostly contingent to alliance level obtained from different stakeholders.

The short term goal of the municipality is to provide financial, skills and capacity to local businesses to help them create stability for their own businesses, and a long term objective is to provide sustainability for all small economic drivers in order to expand and create more job opportunities.

Drivers of the Economy in Umkhayakude District Municipality

4.1 Economic overview

According to the Profile for Umkhanyakude Municipality, the economy experienced significant growth in excess of 9% per annum, especially in the period from 2000 onwards. The key economic structure and trends in the District can be summarised as follows:

- a) The two main sectors of economic activities are agriculture and tourism.
- b) Mtubatuba and Jozini Local Municipalities account for approximately R1.9 and R1.7 billion of GVA in 2011 respectively, as they are two dominant local economies within the district;

- c) Dominant economic sectors in UKDM as measured by GVA is the retail, catering and accommodation sector accounting for R1.45 billion in 2011, the manufacturing sector (R1.37 billion), and the general government services sector (R1.34 billion); The manufacturing sector increased its contribution to total GVA from 10.3% to 19.1%, and the retail, catering and accommodation sector its contribution from 13.5% to 20.3%;
- d) Agricultural sector showed some significant growth of approximately 5.5% per annum over the period 1995 to 2011. However, there was a decline thereafter, 9000 over the period from 2000 to 2005 but thereafter decreased significantly to a total estimated figure of 4983 by 2010;
- e) There are undeveloped mineral resources that can contribute to future economic growth.
- f) There are identified economic opportunities to tourism and agriculture to the uMkhanyakude economy, with current projects and implementation plans already in place.
- g) UKDM is South Africa's nearest access point into Mozambique and is also close to Swaziland. This provides opportunity for tourism and other economic activity both directly and from spillovers/spinoffs.
- h) The number of formal employment opportunities in the agricultural sector remained relatively stable

The table below gives a summary of gross value add (GVA) for Umkhanyakude District Municipality.

Table-70- Gross Value Add (GVA) for Umkhanyakude District Municipality

GVA	Sector's Share of Regional Total (%0	
	2008	2018
Agriculture, Forestry and Fishing	17.8%	12.7%
Mining and Quarrying	1.9%	1.4%
Manufacturing	7.9%	8.0%
Electricity	2.9%	6.0%

Construction	4.4%	3.9%
Trade	14.8%	13.2%
Transport	8.6%	8.4%
Finance, Property, etc	15.0%	15.8%
Govt, Community and Social Services	26.8%	30.6%

Source: KZN Department of Economic Development, Tourism and Environmental Affairs

Table-71-Jobs Created by LED Initiatives

Service Objectives	Service Targets	Year 2019/2020	
		Target	Actual
To promote development of efficient and sustainable settlement pattern	To develop Kosi Bay Border Integrated Economic Development Plan	Council approved Kosi Bay Border Integrated Economic Development Plan by 30 June 2019	Kosi Bay Border Integrated Economic Development Plan approved by council on 30 June 2019
To promote development of efficient and sustainable settlement pattern	To develop Banganek community beach plan	Council approved Banganek community beach development plan by 30 June 2019	Banganek community beach development plan approved by council on 30 June 2020
To promote development of efficient and sustainable settlement pattern	To develop East3route Environmental Impact Assessment Report	East3route environmental impact assessment report developed by 30 June 2019	East3route environmental impact assessment report developed and approved by council on 26 June 2019

Table-72-Job Creation through EPWP and CW

Job creation through EPWP and CWP projects		
Year	EPWP Project Details	Total Number of Job opportunities created
Year 2017/2018	<ul style="list-style-type: none"> • Tourism buddies • Environmental management (landfill sites) • Working for river • UMfolozi intensive skills training • Housing intensive skills development • CWP 	2185
Year 2018/2019	<ul style="list-style-type: none"> • Waste Management (landfill sites workers) • Town beautification (general works) • Beach monitoring • CWP 	2229
Year 2019/2020	Waste Management (landfill sites workers)	108
	Town beautification (general works)	95
	Beach monitoring	200
	CWP	1670
	Security Services	35
	Ward Committees	110
	Infrastructure	100
	TOTAL	2318

Employees for LED Services Unit: Table 86 below indicates the total number of 1 (One) post for the Local Economic Development (LED) Services Unit. During 2019/2020 financial year, there was 1 employee who worked for the LED Services Unit and that there is 1 vacancy with 1% vacancy rate.

Table-73-Employees – LED Services Unit

Employees: LED Services Unit						
Serial No.	Job Level	2018/2019	2019/2020			
		No. of Employees	No. of Posts	No. of Employees	No. of Vacancies	Vacancy Rate
Column Ref.		1	1	1	1	%

Capital Expenditure for LED Services Unit: The overall performance of the municipal Local Economic Development unit has reflected an acceptable level of the municipal competency. This is informed by the growth in number of job opportunities created each year and implementation of responsive programmes towards economic development. Progressively, the municipality is working on a sustainable monitoring plan for each implemented programme or project that is within its powers. Furthermore, the council is establishing other new economically responsive platforms to engage on in order to advance its competency level.

COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.12 LIBRARIES, ARCHIVES, MUSEUMS, GALLERIES, COMMUNITY FACILITIES, OTHER (THEATRES, ZOO'S, ETC)

This component includes libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; childcare; aged care; social programmes, theatres.

UMhlabuyalingana has 1 main library and a satellite library. The following services are provided at these libraries. (Manguzi and Mseleni library).

Table-74-Libraries Projects

Service Objectives	Service Targets	Year 2017/2018		2018/2019		2019/2020	
		Target	Actual	Target	Actual	Target	Actual
To enhance skills development and life-long learning	Promotion of Library Services	08 promotions conducted by 30 June 2018	12 promotions conducted by 30 June 2018	10 library services promotions conducted by 30 June 2019	12 library services promotions conducted by 30 June 2019	10 library services promotions conducted by 30 June 2020	9 Promotions were done by 30 June 2020
To enhance skills development and life-long learning	Circulation of Audio Visuals	480 audio visuals circulated by 30 June 2018	762 audio visuals circulated by 30 June 2018	480 audio visuals circulated by 30 June 2019	746 audio visuals circulated by 30 June 2019	480 audio visuals circulated by 30 June 2020	486 audio visuals circulated by 30 June 2020
To enhance skills development	Circulation of Books	12800 books circulated	17 533 books circulated	12 950 books circulated	17 533 books circulated	12 950 books circulated	10766 books circulated

t and life-long learning		by 30 June 2018	by 30 June 2018	by 30 June 2019	by 30 June 2019	by 30 June 2020	by 30 June 2020
To enhance skills development and life-long learning	Library Users with access to internet	720 users with access to internet by 30 June 2018	3 285 users with access to internet by 30 June 2018	720 library users with access to internet by 30 June 2019	3 282 library users with access to internet by 30 June 2019	720 library users with access to internet by 30 June 2020	5165 users access internet by 30 June 2020
To enhance skills development and life-long learning	Books Exchange	8 book exchange by 30 June 2018	8 book exchange by 30 June 2018	10 book exchange by 30 June 2019	09 book exchange by 30 June 2019 due to delays in the opening of Skhemelele library	10 book exchange by 30 June 2020	6 book exchange done by 30 June 2020
To enhance skills development and life-long learning	Training of People on Basic Computer Skills	360 people trained on basic computer skills by 30 June 2018	459 people trained on basic computer skills by 30 June 2018	360 people trained on basic computer skills by 30 June 2019	457 people trained on basic computer skills by 30 June 2019	360 people trained on basic computer skills by 30 June 2020	320 people trained on computer classes by 30 June 2020

Employees for Library Services Unit: The total number of employees for Library Services Unit is six (6) and there are no vacancies.

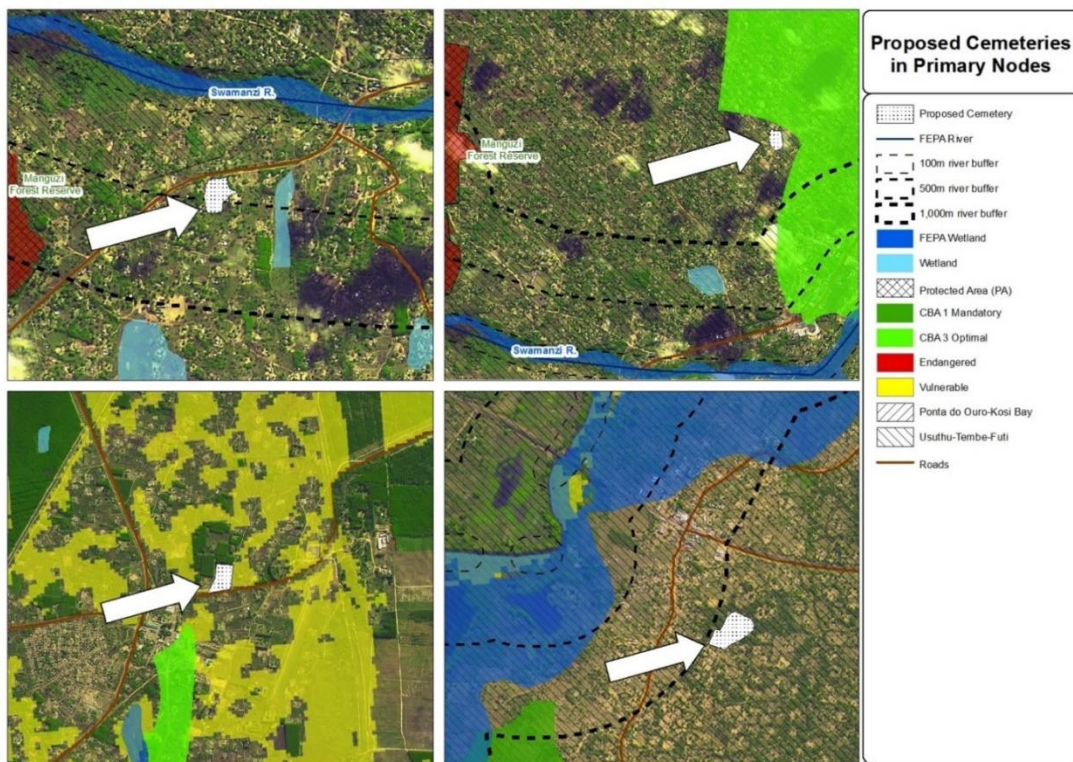
Table-75-Employees for Library Services Unit

Employees: Libraries					
Job Title	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Librarian	1	1	1	0	0%
Library Assistant (Manguzi = 1, Mseleni = 2)	3		3	1	0%
Cyber Cadet	1	1	1	0	0%
Assistant librarian	1	1	1	0	0%

3.13 CEMETERIES AND CREMATORIUMS

There are no formal registered cemeteries within the Municipal area. Currently there is significant densification of settlements occurring in a number of places with the Municipal area. This is particularly evident at Manguzi, Mbazwana, and between Mboza and Sikhemelele. The traditional manner of burial of deceased loved ones at the homesteads is becoming increasingly problematic due to limited space. This practice increases the health risks, as this may result in contamination of the groundwater.

Map-11-Proposed Cemeteries in Primary Nodes



Source: Umhlabuyalingana SDF

Employees for Cemetery and Crematoriums: The municipality has no unit and no employees to perform the cemetery and crematoriums services.

3.14 CHILD CARE, AGED, SOCIAL AND SPECIAL PROGRAMMES

The following services are provided for the social and special programmes.

Table-76-Policy Objectives for Child Care, Aged, Social and Special Programmes

Service Objectives	Service Targets	2019/2020	
		Target	Actual
To enhance programmes for special groups, arts and culture and heritage	Coordination of youth programmes	7 Youth Programmes coordinated and implemented (a) Youth outreach programme (b) Teenage pregnancy (c) Youth Festive season beach monitoring (d) Youth campaign on substance abuse (e) Registration Assistance programme (f) Career ExPo (g) Youth commemoration by 30 June 2020	5 Youth Programmes coordinated and implemented (a) Youth outreach programme (b) Teenage pregnancy (c) Youth Festive season beach monitoring (d) Youth campaign on substance abuse (e) Registration Assistance programme
	Coordination of arts and culture programmes	4 Arts and Culture programs coordinated (a) 2 Reed dance events supported (Nongoma and Ingwavuma events) (b) Arts Festival (c) 4 traditional cultural activities (d) Talent search and coaching	4 Arts and Culture programs coordinated (a) 2 Reed dance events supported (Nongoma and Ingwavuma events) (b) Arts Festival (c) 4 traditional cultural activities (d) Talent search and coaching
Enhance health of communities and citizens	Hold LAC Meetings	4 LAC Meetings held by 30 June 2020	4 LAC Meetings held by 30 June 2020

COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control; biodiversity and landscape; and coastal protection.

3.15 POLLUTION CONTROL

Pollution control is a function of the Department of Agriculture and Environmental Services. A significant proportion of the UMhlabuyalingana Municipal Area falls within formerly protected areas (approximately 28%). This includes Tembe National Elephant Park, Manguzi Forest Reserve, and Sileza Nature Reserve, as well as, portions of the Ndumo Game Reserve and Isimangaliso Wetland Park. These are under threat from land invasions, poaching, and illegal harvesting of natural products (e.g. medicinal plants). These activities threaten the biodiversity.

A number of areas are in the process of being declared protected areas in terms of the National Environmental Management: Protected Areas Act (2003) as this affords them a greater level of protection against development, land invasions, poaching, and illegal harvesting of natural products. The declaration of protected areas is however not a simple process as there are a number of conditions which need to be met.

The exploitation of these areas results in the degradation, which reduces the ability of these natural areas to provide ecosystem services. There are a number of factors which contribute to the degradation of the natural environment, such as overgrazing, overharvesting, inappropriate burning, inappropriate development, and pollution. In general, the underlying driver of these factors is the exploitation of the natural environment in the short-term without considering the long-term implications.

The objective is for the Municipality to partner with the Department of Agriculture and Environmental Affairs in the following;

- Implement environmental education programme in schools.
- Identify and educate communities that are over-exploiting local natural resources.
- Identify and take appropriate action against individuals / companies that maliciously pollute or degrade the natural environment.

3.16 BIO-DIVERSITY, LANDSCAPE (INCL OPEN SPACES) AND OTHER EG. COASTAL PROTECTION

COMPONENT F: HEALTH

This component includes clinics; ambulance services; and health inspections.

3.17 CLINICS

Clinics are well distributed throughout the Municipality, located mainly along national, provincial and district roads. 36 clinics (including mobile-clinics) were identified, servicing approximately 4,547 people per clinic (this ratio excludes mobile-clinics). Predominant illnesses treated by the clinics in the UMhlabuyalingana are abdominal pain, TB, HIV/AIDS, general injuries, sicknesses, and infections.

3.18 AMBULANCE SERVICES

The Municipality needs to provide more information on this component however there are two hospitals located in the eastern half of the municipal area with moderate accessibility.

3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Licensing and control of the above undertakings is a function area of exclusive Provincial competence.

COMPONENT G: SECURITY AND SAFETY

This component includes police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

Functionally, the Disaster Risk Management Unit is divided into four areas namely, Operations, Support Services, Fire Safety, and Disaster Risk Management. Within these functional areas, the following activities take place or are conducted:

Operations: The unit operate a 24-hour service which respond and deal with all fire, Rescue and Disaster incidents in the Municipal Area within the predetermined time. The unit does not have a Fire Station currently but operate from the municipal buildings.

Service delivery priorities focus on the following:

Fire Safety: The division focus on Fire Safety and building inspections in Business and Government institutions. The Fire Service Unit engages in public and life safety education through awareness campaigns.

Compliance: The unit has to ensure compliance with the National Building regulation, building standards Act and related bylaws and Issuing Fire Safety Compliance letters.

Disaster Risk Management: The service delivery priority is aimed at the annual review of the Municipal Disaster Management plan which was reviewed and submitted for final approval and implementation. The municipality renders relief services to Disaster victims by handing out relief material, e.g. Food parcels, lightning conductors, blankets, temporally shelters.

In line with the Disaster Management Act (Act No. 57 of 2002) UMhlabuyalingana is trying its best to ensure that disaster management is part of its priorities thus it has established the Disaster Management Unit with well-trained personnel and has established the Disaster Forum to ensure a holistic approach toward the implementation of all disaster management programmes.

3.20 TRAFFIC POLICE SERVICES

The mission of the Traffic Services is to render an effective and high-quality service through a process of consultation and transparency in all facets of the traffic servicing and in rendering a service to the community of UMhlabuyalingana and its visitors by ensuring a free flow of traffic and creating a safe environment.

Traffic Licencing and Law- Enforcement: During the year 2019/2020, a large number of offences were dealt with. The main purpose of this section is not only to prosecute but also to educate offenders and community. The activities under traffic licencing and law enforcement were as follows:

- Apprehending offenders talking to cell phones while driving,
- Stop Street violations,
- Failure to wear seat belts,
- Excessive speeding taxis,
- Red light and yellow lines offenders,
- All the aforementioned contributing to a high accident rate,
- Illegal number plates,
- And driving under the influence of alcohol.

Corrective measures were taken inter-alia include the commissioning speed violation cameras, selective law enforcement on safety belt, cell phones, number plates and the public transport. This included regular roadblocks in conjunction with the South African Police Services (SAPS).

The introduction of roving law enforcement to attend to moving violations and to have desired effect. Traffic Safety Awareness with the Disaster Management unit and various institutions to address irresponsible driver behaviour and pedestrian safety.

This municipality has also established a Traffic Control Unit within the Community Service Department with well-trained experienced personnel. This unit has plans in place for a day to day traffic management operation programme to ensure safety and security and to minimise road accidents within the Umhlabuyalingana municipal community area.

Table-77-Municipal Police Data

Municipal Police Service Data	
Details	Year 2019/2020
Number of road traffic accidents during the year	55
Number of by-law infringements attended	Nil
Number of police officers in the field on an average day	3
Number of police officers on duty on an average day	3

Table-78-Employees -Police Officers

Employees: Police Officers 2019/2020					
Police	Number of Employees No.	Number of Posts	Number of Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Public Safety Manager	1	1	1	Nil	Nil
Other Police Officers	7	7	7	Nil	Nil
Superintendent	1	1	1	Nil	Nil

3.21 FIRE SERVICES

Table-79-Fire Services Data

Umhlabuyalingana Fire Services Data			
Details	2018/2019	2019/2020	
	Actual No.	Estimate No.	Actual No.
Total fires attended in the year	N/A	80	80
Total of the other incidences	N/A	355	355
Average turnout time-urban areas	N/A	30mins	30mins
Average turnout time rural areas	N/A	30mins	30mins
Fire fighters in post at the year end	N/A		
Total fire appliances at the year	N/A		
Average number of appliances of the road during the year	N/A		

3.22 OTHER (DISASTER MANAGEMENT, ANIMAL LICENSING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

Disaster Management Sector Plan is a core component of the Integrated Development Plan (IDP). Section 26 (g) of Municipal Systems Act No. 32 of 2000 requires the municipal IDP to reflect an applicable Disaster Management Sector Plan (DMSP). Furthermore, Section 53 (2) (a) of Disaster Management Act No. 57 of 2002 stipulates that a disaster management sector plan for a municipal area must form an integral part of the municipality's IDP. Hence, this document is prepared to mainstream disaster management into the municipal IDP, to ensure compliance with the above mentioned legislations.

Municipal Disaster Management Institutional Capacity: The municipal Integrated Development Plans (IDPs) are reviewed and updated annually to ensure relevance. Each unit, sector or municipal entity is required to give its input to a broader IDP to be implemented during a particular financial year in terms of planned programmes, targets and the budget thereof. The Disaster Management Plan outlines the input from Umhlabuyalingana Disaster Risk Management Centre, mainly focusing on Disaster Risk Reduction (DRR) programmes and strategies planned for the financial year 2019/2020, as well as the response and recovery mechanisms.

Section 53 of Disaster Management Act No. 57 of 2002 "DM Act" requires each municipality to prepare a Disaster Management Plan according to the circumstances prevailing in its area. Besides requirements of the DM Act, Section 26 (g) of the Municipal System Act No. 32 of 2000 also requires Municipal Disaster Management Plans to form an integral part of the municipality's Integrated Development Plan (IDP).

uMhlabuyalingana Local Municipality is extremely rural, with informal settlements at Mbazwana and Manguzi. The area is influenced by the influx of people who migrate from Swaziland and Mozambique. The major structuring elements of the uMhlabuyalingana Municipality are the Pongola River along the western boundary, the road from Sikhemelele to Manguzi (east-west linkage), and the recently completed road (MR22) from Hluhluwe. The municipality consists of a number of District Management Areas (DMAs), which fall under the municipal jurisdiction of the uMkhanyakude District Municipality, as well as the urban settlements of Manguzi, Mbazwana, Mseleni, Sikhemelele and Mboza. The DMAs are located along the Northern, Eastern and Southern boundaries of the municipality (Local Government, 2015). Table 1 indicates the demographics and locality map of the municipality.

The Disaster Management Act No. 57 of 2002 requires the uMhlabuyalingana District Disaster Risk Management to take the following actions:

- To prepare a Municipal Disaster Risk Management Plan for its area according to the

circumstances prevailing in the area and incorporating all municipal entities as well as external role-players;

- To co-ordinate and align the implementation of its Municipal Disaster Risk Management Plan with those of other organs of state, institutional and any other relevant role-players; and
- To regularly review and update its Municipal Disaster Risk Management Plan (refer to Disaster Management Act No. 57 of 2002 - Section 48).

The Municipal Disaster Risk Management Sector Plan should:

- Form an integral part of the Municipality IDP so that disaster risk reduction activities can be incorporated into its developmental initiatives, Anticipate the likely types of disaster that might occur in the Municipality area and their possible effects, Identify the communities at risk, at a ward level.
- Provide for appropriate prevention, risk reduction and mitigation strategies, Identify and address weaknesses in capacity to deal with possible disasters, facilitate maximum emergency preparedness, establish the operational concepts and procedures associated with day-to-day operational response to emergencies by municipal Departments and other entities. These Standard Operation Procedures (SOPs) will also form the basis for a more comprehensive disaster response.
- Incorporate all special Hazard / Risk-specific and Departmental DRM Plans and any related emergency procedures that are to be used in the event of a disaster. These will provide for:
 - The allocation of responsibilities to the various role players and co-ordination in the carrying out of those responsibilities;
 - Prompt disaster response and relief;
 - Disaster recovery and rehabilitation focused on risk elimination or mitigation;
 - The procurement of essential goods and services;
 - The establishment of strategic communication links;
 - The dissemination of information.

The Municipal Disaster Risk Management Sector Plan is designed to establish the framework for implementation of the provisions of the Disaster Management Act No. 57 of 2002 and Disaster Risk Management Policy Framework of 2005, as well as the related provisions of the Municipal Systems Act No. 32 of 2000.

Fundamentally, the identified disaster risk reduction activities must be integrated and aligned with the main activities contained in the municipal IDP. Hence the purpose of this Disaster Risk Management Sector Plan is to outline approach and procedures for an integrated and co-ordinated disaster risk management in the district that focuses on:

- Preventing or reducing the risk of disasters;

- Mitigating the severity of disasters;
- Emergency preparedness;
- Rapid and effective response to disasters; and
- Post-disaster recovery.
- This Disaster Risk Management Sector Plan is intended to facilitate multi-departmental, multi-agency and multi-jurisdictional co-ordination in both disaster and disaster risk management interventions.

Until recently, the approach to Disaster Management has been reactive and relief centric. A paradigm shift has now taken place from the relief centric syndrome to holistic and integrated approach with emphasis on prevention, mitigation and preparedness.

Since 1994 the South African government's approach to dealing with disasters has changed significantly (NDMC, 2008). The change in legislation governing disasters prior 1994 was driven by several factors. One of the main reasons was the need to bring the law into the modern era so that it would be in line with international best practice in the field of disaster risk management. In addition, the government intended to systematically mainstream disaster risk reduction into developmental initiatives at national, provincial and municipal levels.

The uMhlabuyalingana Disaster Risk Management Centre approach to disaster and disaster risk management activities is primarily based on ethos of the Disaster Management Act No. 57 of 2002 and relevant policy frameworks.

The uMhlabuyalingana Disaster Risk Management Centre is the custodian of the Municipal Disaster Risk Management Plan. Individual Services / Directorates, Departments and other role-players / entities will be responsible for the compilation and maintenance of their own Service's / Entity's Disaster Risk Management plans. Along with the various specific Hazard DRM Plans, the Service / Entity Disaster Risk Management Plans will be considered as integral parts of the Municipal Disaster Risk Management Plan. The following services were provided by the Disaster Management Unit.

Table-80-Disaster Management Unit Policy Objectives and Programmes

Service Objectives	Service Targets	Year 2017/2018		2018/2019		2019/2020	
		Target	Actual	Target	Actual	Target	Actual
To prevent and reduce the impact of disasters in Umhlabuyalingana	Conduct risk reduction awareness campaigns	N/A	N/A	N/A	N/A	24 risk reduction awareness campaigns conducted by 30 June 2020	24 risk reduction awareness campaigns conducted by 30 June 2020
	Review of Disaster Management Plan	Council approved Reviewed Disaster Management Plan by 30 June 2018	Council approved Reviewed Disaster Management Plan on 28 May 2018	Reviewed Disaster Management Plan by 30 June 2019	Reviewed Disaster Management Plan adopted council on 26 June 2019	30 June 2020 (Reviewed Disaster Management Plan)	Disaster Management Plan reviewed and approved by council on 30 June 2020

COMPONENT H: SPORT AND RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

3.23 SPORTS AND RECREATION

The municipality had built a number of sports fields while some are still under construction. The municipality has established the Local Sports Council which works in different wards to help the municipality in the development of sports. The municipality has supported the SAFA in domestic male soccer leagues, in female netball and volleyball (male and female) in three wards, namely Wards 2, 3 and 15.

The municipality has also participated successfully in the SALGA Games which provides the youth of UMhlabuyalingana with an opportunity to showcase their sporting talent.

Table-81-Sport and Recreation Unit -Policy Objectives and Programmes

Service Objectives	Service Targets	Year 2017/2018		2018/2019		2019/2020	
		Target	Actual	Target	Actual	Target	Actual
There were no Sports and Recreation Programmes implemented during the 3 financial years.							

COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES

This component includes corporate policy offices, financial services, human resource services, ICT services, property services.

3.24 EXECUTIVE AND COUNCIL

The Executive Committee meet monthly to consider reports from the various portfolio committees. There are 34 Councillors that serve the Wards in the UMhlabuyalingana and are allocated to internal portfolios and functions.

Table 91 indicates employee totals, turnover and vacancies. The table indicates that the total number of posts for the unit is 15. There were 15 employees who worked for the unit during 2019/2020 financial year with 3 vacancies totalling to 2% vacancy rate.

Table-82-Employees for the Executive and Council

Employees of the Executive and Council					
Job Title	Number of Employees	Number of Posts	Number of Employees	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Corporate Policy Offices and Other	15	15	15	3	2%

3.25 FINANCIAL SERVICES

The Financial Services Department is responsible for the Budget and Treasury Office, Revenue Management, Expenditure Management, Asset Management and Supply Chain Management. The Department is also responsible for the implementation of Valuation Roll. The Municipality's debt recovery rate decreased by 12% when compared to the previous year rate. The activities of this section are detailed under Financial Performance (Chapter 5).

Table-83-Debt Recovery

Details	2017-2018			2018-2019			2019-2020		
	Actual amount billed	Actual amount collected in a year	% collected in a year	Actual amount billed	Actual amount collected in a year	% collected in a year	Actual amount billed	Actual amount collected in a year	% collected in a year
Property rates	19,829,577	9,049,470	46%	19,963,019	13,062,428	65%	21,114,011	21,989,977	104%
Refuse removal	283,330	255,942	90%	583,201	298,251	51%	624,360	316,513	51%
Rental of facilities	303,161	229,947	76%	367,907	417,084	113%	375,615	233,897	62%
Traffic fines	1,606,000	789,447	49%	1,567,950	249,400	16%	876,900	154,750	18%

The collection rate on property rates has been improving since 2018 financial year but collection rate of 104% in 2020 financial year includes collection of prior year debts. Collection rate on refuse removal and rental of facilities has decreased when compared to the prior year's collection. Traffic fines collection rate has drastically decreased from 49% in 2018 financial year to 18% in 2020.

Table-84-Financial Services Programmes:

Service Objectives	Service Targets	Year 2017/2018		2018/2019		2019/2020	
		Target	Actual	Target	Actual	Target	Actual
To develop and maintain systems and procedures for effective and sound management of municipal finances	Preparation and Submission of adjustment budget to council	Approval of Adjustment Budget by Council on 28 February 2018	Adjustment Budget approved by Council on 26 February 2018	Council approved budget adjustment 28 February 2019	Budget adjustment approved by council on 25 February 2019	28 February 2020 (Council approved budget adjustment)	Adjustment budget approved by council on 25 Feb 2020
	Approval of annual budget	2018-2019 Annual budget approved by Council by 30 May 2018	2018-2019 Annual budget approved by Council on 28 May 2019	Council approved 2019/20 Annual budget by 30 May 2019	2019/20 Annual budget approved by council on 30 May 2019	30 May 2020 (Council approved 2020/21 Annual budget)	2020/21 Annual budget approved by council on 29 May 2020
	Comply with financial reporting requirements as outlined in the MFMA	4 Reports on Unauthorised , irregular or fruitless and wasteful submitted to council by 30 June 2018	4 Reports on Unauthorised , irregular or fruitless and wasteful submitted to council by 30 June 2018	4 Reports on Unauthorised , irregular or fruitless and wasteful submitted to council by 30 June 2019	4 Reports on Unauthorised , irregular or fruitless and wasteful submitted to council by 30 June 2019	4 Reports on Unauthorised , irregular or fruitless and wasteful expenditure Reports submitted to council by 30 June 2020	4 Reports on Unauthorised , irregular or fruitless and wasteful expenditure Reports submitted to council by 30 June 2020
To improve revenue and all possible revenue streams applicable to KZN271	Implementation of revenue enhancement strategy	N/A	N/A	95% of budgeted revenue collected by 30 June 2019	66% of budget revenue collected by 30 June 2019	95% of budgeted revenue collected by 30 June 2020	90% of budgeted revenue collected by 30 June 2021
	Adoption of revenue enhancement strategy	Council approved Revenue enhancement strategy by 30 June 2018	Revenue Enhancement Strategy approved by council on 28 June 2018	Council adopted revenue enhancement strategy 30 June 2019	Revenue Enhancement Strategy adopted by council on 30 June 2019	30 June 2020 (Council adopted revenue enhancement strategy)	Revenue Enhancement Strategy adopted by council on 30 June 2020
	Approval of Supplementary Valuation Roll	Council approved Supplementary Valuation Roll by 30 June 2018	Supplementary Valuation Roll approved by council on 27 November 2017	Approved Supplementary Valuation Roll by Council by 30 June 2019	Supplementary Valuation Roll approved by Council on 30 May 2019	30 June 2020 (Approved Supplementary Valuation Roll by Council)	Supplementary Valuation Roll approved by council on 29 May 2020

The Financial Services Department: Table 138 indicates employee totals, turnover and vacancies. The table does not indicate the total number of posts for the department, total

number of employees who worked for the unit during 2019/2020 financial year and if there were any vacancies.

Table-85-Financial Performance for the Financial Services

Details	2018/2019	2019/2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operating Revenue	194 533 266	212 164 856	221 543 711	207 555 334	13 988 377
Expenditure					
Employees	79 031 951	102 770 182	86 012 305	85 086 484	925 821
Repairs and Maintenance	8 022 839	4 560 965	3 910 965	8 864 973	-4 954 008
Other	122 138 547	96 277 108	137 197 863	133 072 863	4 125 000

Table-86-Capital Expenditure the Financial Services

Capital Projects	Year 2019/2020				Total Project Value
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	
Total All	43 378 000	45 372 747	29 824 243	15 548 504	

3.26 HUMAN RESOURCE SERVICES

Human Resources as a component deals mainly with recruitment and selection, which includes staffing, human resources development, health, and safety, maintaining health and sound employer-employee relations, human resources administration and benefits management. The Human Resources Strategy is in place and drives programmes and projects to deploy capable municipal staff to achieve service delivery objectives.

The Strategy is aligned to organisational objectives, through IDP and organisational scorecard on how to address human resources challenges and to strengthen human resources role and visibility within the organisation. The Municipality has Council approved Employment Equity Plan and Workplace Skills Plan in place. The subject plans key focus is on organisational development and change management. Furthermore, the municipality has taken initiative to cascade Individual Performance System to all employee levels and as part of Personal Development Plan (PDP); employees identify their skills gap, which in turn assist in identifying training needs. An annual skills audit is conducted to identify the skills gap and ensure training to bridge the skills gaps Municipal officials have gained skills capacity through this process.

All critical positions during the 2019/2020 were filled in order to ensure successful implementation of the municipality's vision. The following positions constituted the UMhlabuyalingana senior management structure.

- Municipal Manager
- Director Technical Services
- Director Corporate Services
- Chief Financial Officer
- Director Community Services
- Technical Manager
- Manager: Town Planning
- IDP/PMS Manager
- Finance Manager

Table-87-Objectives and Targets of Human Resources Management Services

Service Objectives	Service Targets	Year 2017/2018		2018/2019		2019/2020	
		Target	Actual	Target	Actual	Target	Actual
To create and retain sufficient capacity for an effective administration	Fill-in the priority vacant posts as per the approved organogram	5	5	2	2	2	2
Develop Workplace Skills Plan for efficient administration	Development of the Work Skills Plan	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes	Roll-out training programmes
To keep records and create institutional memory	Improve registry system	Develop File Plan	1	Improve registry system	Develop a system to store and manage documents prepared by and on behalf of the municipality	Develop a knowledge management system	

3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICE

UMhlabuyalingana Municipality has since stopped using outsourced ICT Services and appointed IT personnel in order to ensure the IT service management practice and culture is stable and available, including but not limited to, Helpdesk Management, Change Management, Service Level Management, etc. for effective implementation and management of IT governance. This includes the implementation of IT policies and supporting processes, management, and transparent reporting on IT related risks.

Table-88-Objectives and Targets of ICT Services

Service Objectives	Service Targets	2019/2020	
		Target	Actual
To attract and retain qualified and experienced staff across the staff establishment	IT Manager vacant position filled by 30 June 2020	IT Manager vacant position filled by 30 June 2020	The IT Manager position has been filled.
To ensure effective governance through regular meeting of Council structures	4 Audit Steering Committee meetings by 30 June 2020	4 Audit Steering Committee meetings by 30 June 2020	3 Audit Steering Committee meetings by 30 June 2020 (28 August 27 November 19, 11 May 2020)

3.28 PROPERTY, LEGAL, RISK MANAGEMENT AND PROCUREMENT SERVICES

The Revenue Enhancement Strategy was reviewed in 2018/2019 financial year was implemented in the 2019/2020 financial year. The measures were prepared by management to encourage the rate payers to pay their property bills for the municipality, meetings were held, and discounts were issued by council to try and enhance collection. During 2019/2020 financial year, the municipality realized improvements in the revenue collections after the engagements made above.

The successful implementation of the Council's Risk Management Strategy and effective operation of risk management processes were undertaken by the Performance and Audit Committee. The risk assessment was conducted for 2019/2020 financial year and a risk register was developed. The Municipality reviewed the Risk Management Policy and Strategy and were tabled to Council for approval. The establishment of the Risk and Compliance Unit followed by the appointment of the Risk and Compliance Manager, who is responsible for the monitoring of Risk Register. Updates on the risk register were tabled to Council on quarterly bases.

The Property, Legal, Risk Management and Procurement Services Unit: Table 138 indicates employee totals, turnover and vacancies. The table does not indicate the total number of posts for the department, total number of employees who worked for the unit during 2019/2020 financial year and if there were any vacancies.

COMPONENT J: MISCELLANEOUS

This component includes: the provision of Airports, Abattoirs, Municipal Courts and Forestry as municipal enterprises. This section is not applicable in UMhlabuyalingana Municipality area of jurisdiction.

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Table-89-ORGANISATIONAL PERFORMANCE SCORECARD

ANNUAL PERFORMANCE REPORT FOR 2019/2020 FINANCIAL YEAR														
NATIONAL KEY PERFORMANCE AREAS	IDP / SDBIP NO.	OUTCOME 9	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	N O	KEY PERFORMANCE INDICATORS	COMPARISON WITH PREVIOUS YEAR		CURRENT YEAR		Status (Achieved / Not Achieved)	Reasons for Under-achievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
							2018/2019 (TARGET)	2018/2019 (ACTUAL)	2019/2020 (TARGET)	2019/2020 (ACTUAL)				
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT														
Municipal Transformation and Institutional Development	MTID-01-19/20-CORP 01	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and approval of the reviewed Organogram	1	Reviewed Organogram	Council Approved reviewed Organogram by 30 June 2019	Reviewed Organogram approved by council on 30 May 2019	Council Approved reviewed Organogram by 30 June 2020	Reviewed organogram approved by council on 30 June 2020	Target achieved	N/A	N/A	Council Resolution & Approved Organogram

Municipal Transformation and Institutional Development	MTID-01-19/20-CORP-02	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Filling of vacant posts	2	Vacant positions filled	5 (Vacant positions filled by 31 December 2018 (Strategic Manager, Grader Operator, Sir Town Planner, Library Assistants x2)	9 (Vacant positions filled by 30 June 2019 (Strategic Manager, Grader Operator, Sir Town Planner, Library Assistants x2, PA-MM, Cyber Cadet, Assistant Librarian, MM)	11 (Vacant positions filled by 30 June 2020 (Finance Interns x4, General workers x6, IT Manager)	8 (Vacant positions filled by 30 June 2020 (licensing clerk, secretary to director community, General workers x6)	Target not achieved	Posts for Finance interns were re-advertised, posts for IT Manager could not be filled due to eruption of Covid 19 however the interviews were held on virtual platforms after circulars were issued allowing interviews to be conducted	Posts for Finance Interns were re-advertised, and appointment will be done during Q2 of 2020-21 financial year	Adverts, Appointment Letters, Acceptance Letters
Municipal Transformation and Institutional Development	MTID-02-19/20-CORP-03	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and implementation of Employment Equity Plan and Policy	3	Employment Equity Reports submitted to Department of Labour in compliance to Employment Equity Act	Employment Equity Reports submitted to Department of Labour in compliance to Employment Equity Act by 31 January 2019	Employment Equity Report submitted to Department of Labour on 14 January 2019	31 January 2020 (Submit Employment Equity Reports submitted to Department of Labour in compliance to Employment Equity Act)	Employment Equity Reports submitted to Department of Labour on 08 January 2020	Target achieved	N/A	N/A	Acknowledgement of receipt from the Department of Labour

Municipal Transformation and Institutional Development	MTID-02-19/20-CORP-04	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Development and implementation of Employment Equity Plan and Policy	4	People from employment equity target groups employed in the three highest levels of management in compliance with the municipality's approved employment equity plan Act	2 People from employment equity target groups appointed in the three highest levels (Section Managers) in compliance to Approved Employment Equity Plan by 30 June 2019	2 people have been appointed from EE groups (Sir Town Planner, Strategic Manager) by 30 June 2019	1 Person from employment equity target groups appointed in the three highest levels (Section Manager) in compliance with Approved Employment Equity Plan by 31 December 2019	0 Person from employment equity target groups appointed in the three highest levels (Section Manager)	Target not achieved	Posts for IT Manager could not be filled due to eruption of Covid 19 however the interviews were held on virtual platforms after circulars were issued allowing interviews to be conducted (IT Manager post target was revised /moved to Q4 during review period)	Appointment of IT Manager will be done during Q1 of 2020-21 financial year (This post has been filled)	Appointment letters and Acceptance letters
Municipal Transformation and Institutional Development	MTID-03-19/20-CORP-05	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Review and approval of retention strategy	5	Reviewed and Council approved Retention Strategy	Reviewed and Council approved Retention Strategy by 30 June 2019	Reviewed Retention Strategy approved by council on 26 June 2019	30 June 2020 (Reviewed and Council approved Retention Strategy)	Retention Strategy reviewed and approved by council on 30 June 2020	Target achieved	N/A	N/A	Council Resolution and Reviewed Retention Strategy

Municipal Transformation and Institutional Development	MTID-03-19/20-CORP-06	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	6	Review and approval of Human Resources Strategy	Review and approval of Human Resources Strategy by 31 December 2018	Human Resources Strategy approved by council on 26 June 2019	30 June 2020 (Review and approval of Human Resources Strategy)	Human Resources Strategy reviewed and approved by council on 30 June 2020	Target achieved	N/A	N/A	Draft HRS, Final HRS and council resolutions
Municipal Transformation and Institutional Development	MTID-03-19/20-CORP-07	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	7	Review and approval of Human Resources Training Plan as per WSP by date	Review and approval of Human Resources Training Plan as per WSP by 30 September 2018	Reviewed Human Resources Training Plan as per WSP approved by council on 26 July 2018	30 September 2019 (Review and approval of Human Resources Training Plan as per WSP)	Human Resources Training Plan was compiled	Target not achieved	Training Plan was tabled to Council however the council decided to defer the plan	A new Human Resources Training Plan will be compiled and submitted to council for consideration during Q1 of 20/21 FY	Council Resolution & approved Human Resources Training Plan (ANNEXURE G)
Municipal Transformation and Institutional Development	MTID-04-19/20-CORP-08	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	Implementation of the Workplace skills plan	8	Percentage of municipality's payroll budget spent on implementing Workplace Skills Plan	1 % of municipality's payroll budget spent on implementing Workplace Skills Plan by 30 June 2019	3% of municipality's payroll budget spent on implementing Workplace Skills Plan by 30 June 2019	1 % of municipality's payroll budget spent on implementing Workplace Skills Plan by 30 June 2020	1.10 % of municipality's payroll budget spent on implementing Workplace Skills Plan by 30 June 2020	Target achieved	N/A	N/A	1 % Expenditure Reports on training vote (ANNEXURE H)
Municipal Transformation and Institutional Development	MTID-05-19/20-CORP-09	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	9	Skills audit conducted	1 Skills audit conducted by 31 March 2019	1 Skills audited by 31 March 2019	31 March 2020 (Skills audit Report produced)	Skills Audit produced and adopted by council on 30 June 2020	Target achieved	N/A	N/A	Skills Audit Report and council resolution

Municipal Transformation and Institutional Development	MTID-06-19/20-CORP-09	Improved administrative and human resources management practices	To attract and retain qualified and experienced staff across the staff establishment	To develop workplace skills plan for efficient administration	10	WSP submitted to LGSETA by date	WSP submitted to LGSETA by 30 April 2019	WSP submitted to LGSETA ON 30 April 2019	30 April 2020 (WSP submitted to LGSETA)	WSP submitted to LGSETA on 29 May 2020 (LGSETA extended the submission date from 30 April 2020 to 30 May 2020)	Target achieved	N/A	N/A	Proof of Submission to LGSETA & Council Resolution
Municipal Transformation and Institutional Development	MTID-07-19/20-CORP-10	Improved administrative and human resources management practices	To provide the optimal institutional structure to render effective and efficient services	Conclusion of performance agreements in terms of section 54/56 of MSA	11	(a) 2019/20 Section 54 & 56 performance agreements signed and approved by council (b)2020/21 Section 54 & 56 Draft performance agreements submitted to ExCo	(a) 5 Section 54 & 56 18/19 Performance Agreements signed and approved by Council by 31 July 2018 (b) 5 Section 54 & 56 2019/20 Draft performance agreements submitted to ExCo	(a) 5 Section 54 & 56 18/19 Performance Agreements signed and approved by Council on 31 July 2018 (b) 5 Section 54 & 56 2019/20 Draft performance agreements submitted to ExCo	(a) 31 July 2019 5 Section 54 & 56 2019/2020 Performance Agreements signed and approved by Council (b) 5 Section 54 & 56 2020/21 Draft performance agreements submitted to ExCo	5 Section 54 & 56 2019/2020 Performance Agreements approved by Council by 31 July 2019 (b) 5 Section 54 & 56 2020/21 Draft performance agreements submitted to council on 30 June 2020	Target achieved	N/A	N/A	Council Resolution and ExCo resolution

Municipal Transformation and Institutional Development	MTID-04-19/20-TS7	Improved administrative and human resources management practice	Improve access to basic services	Implementation of Capital projects	12	MIG Expenditure by 30 June 2020	N/A	N/A	100% MIG Expenditure by 30 June 2020	59.08% MIG Expenditure by 30 June 2020	Target not achieved	Expenditure low because projects were delayed due to community protests, the issue of amadela ngokubona forums and national lockdown regulations due to COVID 19	The municipality has applied for roll-over of MIG funds to 20/2021 FY.	Certificate of Expenditure
Municipal Transformation and Institutional Development	MTID-01-19/20-MM-01	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Quarterly Performance reports to Council	13	Council adopted quarterly performance reports	4 quarterly performance reports submitted to council by 30 June 2019	4 quarterly performance reports submitted to council by 30 June 2019	4 quarterly performance reports submitted to council by 30 June 2020	4 quarterly performance reports submitted to council by 30 June 2020	Target achieved	N/A	N/A	Quarterly Reports and Council resolutions
Municipal Transformation and Institutional Development	MTID-01-19/20-MM-02	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Annual performance reports to Council	14	2018/2019 Annual Performance Report submitted to Council	Submission of 2017/2018 Annual Performance Report to Council by 31 August 2018	2017/2018 Annual Performance Report submitted to Council on 31 August 2018	31 August 2019 (Submission of 2018/2019 Annual Performance Report to Council)	Annual Performance Report submitted to council on 28 Aug 2019	Target achieved	N/A	N/A	2018/2019 Annual Performance Report and Council resolution

Municipal Transformation and Institutional Development	MTID-01-19/20 MM - 03	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Annual performance reports to AG	15	2018/2019 Annual Performance Report submitted to Auditor General	Submission of 2017/2018 Annual Performance Report to Auditor General by 31 August 2018	2017/2018 Annual Performance Report submitted to Auditor General by 31 August 2018	31 August 2019 (Submission of 2018/2019 Annual Performance Report to Auditor General)	Annual Performance Report submitted to AG on 31 August 2019	Target achieved	N/A	N/A	Proof of Submission
Municipal Transformation and Institutional Development	MTID-01-19/20 MM - 04	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of 2018/19 Final Audited Annual report to Council	16	2018/19 Final Audited Annual report submitted to council	31-Jan-19	Final Audited Annual Report submitted to AG by 31 Jan 2019	31 Jan 2020 (18/19 Final Audited Annual report submitted to council)	Audited Annual Report submitted council on 21 Jan 2020	Target achieved	N/A	N/A	2018/19 Annual Report and council resolution
Municipal Transformation and Institutional Development	MTID-01-19/20 MM - 05	Improved administrative and human resources management practices	To manage and enhance the performance of the municipality	Submission of Oversight Report to council	17	Oversight report submitted to council	Oversight report submitted to council by 31 March 2019	Oversight report submitted to council on 27 March 2019	31 March 2020 (Oversight report submitted to council)	Oversight Report tabled to council on 31 March 2020	Target achieved	N/A	N/A	Oversight Report and Council Resolution
Municipal Transformation and Institutional Development	MTID-01-19/20 MM - 06	Improved administrative and human resources management practices	To ensure effective governance through regular meeting of Council structures	To develop and introduce an integrated information management system in compliance with section 75 of the MFMA	18	Audit Steering Committee meetings held	N/A	N/A	4 Audit Steering Committee meetings by 30 June 2020	3 Audit Steering Committee meetings by 30 June 2020 (28 August 27 November 19, 11 May 2020)	Target not achieved	Q3 meeting could not quorate due to Covid 19 eruption and Lockdown regulations	The municipality has to improve communication strategies. The meetings are now held on virtual platforms	Minutes and attendance register

Municipal Transformation and Institutional Development	MTID-03-19/20 FI-07	Improved administrative and human resources management practice	To manage and enhance the performance of the municipality	Submission of Mid-year (Sec 72) report to Council	19	Mid-Year (Sec 72) report compiled and submitted to Council	1 Mid-Year (Sec 72) Report submitted by 25 January 2019	1 Mid-Year (Sec 72) Report submitted by 25 January 2019	25 January 2020 (Mid-Year (Sec 72) Report submitted to Council)	Mid-Year (Sec 72) Report submitted to Council on 21 January 2020	Target achieved	N/A	N/A	Mid-Year Report and Council Resolution
Municipal Transformation and Institutional Development	MTID-03-19/20 FI-09.1	Improved administrative and human resources management practice	To develop and maintain systems and procedures for effective and sound management of municipal finances	Submission of Interim FS and AFS to council	20	Interim FS and AFS tabled to Council	Submit 2017/18 AFS to AG 31 August 2018	2017/18 AFS submitted to AG by 31 August 2018	3 Interim FS and (18/19) AFS tabled to Council	3 interim FS were tabled to council and (18/19) AFS tabled to Council on 28 August 2019	Target achieved	N/A	N/A	Interim FS, Annual financial Statement and Council Resolutions
Municipal Transformation and Institutional Development	MTID-03-19/20 FI-09.2	Improved administrative and human resources management practice	To develop and maintain systems and procedures for effective and sound management of municipal finances	Submission of 2018/2019 AFS to Auditor General by date	21	Submitted 2018/2019 AFS to AG	N/A	N/A	Submit 2018/19 AFS to AG by 31 August 2019	2018/19 AFS submitted to AG on 31 August 2019	Target achieved	N/A	N/A	2018/19 AFS and proof of submission to AG
	BASIC SERVICE AND INFRASTRUCTURE DEVELOPMENT													

Basic Service and Infrastructure Development	BSDID -01-19/20-CS1	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	2 2	Landfill sites fumigated	N/A	N/A	2 Landfill sites (Manguzi and Mbazwana Landfill sites) fumigated quarterly by 30 June 2020	Manguzi and Mbazwana Landfill sites were fumigated once during quarter 3	Target not achieved	The service provider is appointed on ad hoc basis and the delays in the appointment of a service provider led to target not being achieved during Q1,2 and 4	The Municipality will appoint panel of service providers for fumigation for a duration of three years.	Fumigation certificates and 4 reports
Basic Service and Infrastructure Development	BSDID -01-19/20-CS2	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	2 3	Review of Waste management policies	Reviewed Integrated waste management plan by 30 June 2019	Integrated Waste Management Plan reviewed by 30 May 2019	30 June 2020 (Review of Waste management policies (Integrated waste management plan, Waste management policy)	Integrated waste management plan, Waste management policy reviewed and adopted by council on 30 June 2020	Target achieved	N/A	N/A	Waste Management policy, Integrated waste management plan and council resolution
Basic Service and Infrastructure Development	BSDID -01-19/20-CS3	Improve access to basic service delivery	enhance KZN waste management capacity	Management of waste	2 4	Households/businesses with access to waste removal	2% of Households with access to waste removal by 30 June 2019	2% of Households had access to waste removal by 30 June 2019	520 Households/businesses with access to waste removal by 30 June 2020	520 Households/businesses had access to waste removal by 30 June 2020	Target achieved	N/A	N/A	Daily collection list
Basic Service and Infrastructure Development	BSDID -01-19/20-CS4	Improve access to basic service delivery	enhance municipal waste management capacity	Management of waste	2 5	Refuse removal awareness campaigns conducted	N/A	N/A	4 Refuse removal awareness Campaigns by 30 June 2020	4 Refuse removal awareness campaigns held by 30 June 2020	Target achieved	N/A	N/A	Reports and Attendance registers

Developm ent														
Basic Service and Infrastruc ture Developm ent	BSDID -01- 19/20- CS5	Improve access to basic service delivery	Improve access to basic services	Review and approval of indigent policy	2 6	Reviewed and approved indigent policy	Reviewed and approved of indigent policy by 30 June 2019	Indigent Policy reviewed and approved by council on 26 June 2019	30 June 2020 (Reviewed and approved indigent policy)	Indigent policy reviewed and approved by council on 30 June 2020	Targe t achie ved	N/A	N/A	Reviewed Indigent Policy and Council resolution
Basic Service and Infrastruc ture Developm ent	BSDID -01- 19/20- CS6	Improve access to basic service delivery	Improve access to basic services	Updating and Approval of Final indigent register 2019/2020	2 7	Updated and approved indigent register	Updated and approved indigent register by 30 June 2019	Indigent Register was not updated and approved by council (the advertise ment inviting the communit y to be the municipal indigent register was done in February but there were no responses from the communit y)	30 June 2020 (Updated and approved indigent register)	Indigent register updated and approved by council on 30 June 2020	Targe t achie ved	N/A	N/A	Updated indigent register and Council Resolution

Basic Service and Infrastructure Development	BSDID -01-19/20-CS7	Improve access to basic service delivery	Improve access to basic services	Provision of free basic services	28	Households earning less than R3 350 per month with access to basic free services (electricity)	520 households earning less than R3 350 per month with access to basic free services (electricity) by 30 June 2019	520 households earning less than R3 350 per month had access to basic free services (electricity) by 30 June 2019	520 households earning less than R3 350 per month with access to basic free services (electricity) by 30 June 2020	520 households earning less than R3 350 per month had access to basic free services (electricity) by 30 June 2020	Target achieved	N/A	N/A	List of households and Proof of payment
Basic Service and Infrastructure Development	BSDID -01-19/20-CS08	Improved Access to Basic Services	To promote road safety	Provision of protection services	29	Vehicles Stopped and Checked	18000 Vehicles Stopped and Checked	23 576 vehicles stopped and checked	18000 Vehicles Stopped and Checked by 30 June 2020	19 471 Vehicles Stopped and Checked by 30 June 2020	Target achieved	N/A	N/A	Daily crime return and reports and attendance register
Basic Service and Infrastructure Development	BSDID -01-19/20-CS09	Improved Access to Basic Services	Enhance safety and security	Review of Community Safety Plan	30	Reviewed Community Safety Plan	Reviewed and approved Community Safety Plan by 30 June 2019	Community Safety reviewed and approved by council on 26 June 2019	2020/06/30	Community Safety Plan reviewed and approved by council on 30 June 2020	Target achieved	N/A	N/A	Draft and Final Community Safety Plan and council resolution
Basic Service and Infrastructure Development	BSDID -01-19/20-CS10	Improved Access to Basic Services	To promote road safety	Provision of protection services	31	Alcohol operations conducted	12 alcohol operations conducted	19 alcohol operations conducted	12 alcohol operations conducted by 30 June 2020	21 alcohol operations conducted by 30 June 2020	Target achieved	N/A	N/A	Daily crime return and reports and attendance register
Basic Service and Infrastructure Development	BSDID -01-19/20-CS11	Improved Access to Basic Services	To promote road safety	Provision of protection services	32	Vehicles screened for speed	9000 Vehicles screened for speed by 30 June 2019	11 117 vehicles screened for speed by 30 June 2019	9000 Vehicles screened for speed by 30 June 2020	5 889 Vehicles screened for speed by 30 June 2020	Target not achieved	COVID-19 Lock down for the month of April, May up until 23 June 2020	N/A	Daily crime return

Basic Service and Infrastructure Development	BSDID -01-19/20-CS12	Improved Access to Basic Services	To promote road safety	Provision of protection services	33	Multi-Disciplinary Roadblocks conducted	24 Multi-Disciplinary Roadblocks conducted by 30 June 2019	41 Multi-Disciplinary roadblocks conducted by 30 June 2019	24 Multi-Disciplinary Roadblocks conducted by 30 June 2020	33 Multi-Disciplinary Roadblocks conducted by 30 June 2020	Target achieved	N/A	N/A	Attendance register and reports
Basic Service and Infrastructure Development	BSDID -01-19/20-CS13	Improved Access to Basic Services	To promote road safety	Provision of protection services	34	Direct Charges issued for Drunken/Speed Driving	60 Direct Charges issued for Drunken/Speed Driving by 30 June 2019	100 Direct Charges issued for Drunken/Speed Driving by 30 June 2019	60 Direct Charges issued for Drunken/Speed Driving by 30 June 2020	69 Direct Charges issued for Drunken/Speed Driving by 30 June 2020	Target achieved	N/A	N/A	Direct Charge forms
Basic Service and Infrastructure Development	BSDID -01-19/20-CS14	Improved Access to Basic Services	To promote road safety	Conduct routine roadside roadblocks	35	Routine roadside roadblocks conducted	720 routine roadside roadblocks by 30 June 2019	900 routine roadside roadblocks by 30 June 2019	720 routine roadside roadblocks by 30 June 2020	739 routine roadside roadblocks by 30 June 2020	Target achieved	N/A	N/A	Monthly/daily crime return
Basic Service and Infrastructure Development	BSDID -01-19/20-CS15	Improved Access to Basic Services	To promote road safety	Conduct Speed operations	36	Speed operations conducted	240 speed operations conducted by 30 June 2019	412 speed operations conducted by 30 June 2019	240 speed operations conducted by 30 June 2020	167 speed operations conducted by 30 June 2020	Target not achieved	COVID-19 Lock down for the month of April, May up until 23 June 2020	N/A	Monthly crime return

Basic Service and Infrastructure Development	BSDID -01-19/20-CS16	Improved Access to Basic Services	To promote road safety	Hold safety forum meetings	37	Community safety forum meetings held	4 community safety forums meetings held by 30 June 2019	2 Community safety forums meetings held by 30 June 2019 due to poor attendance by forum members	4 community safety forums meetings held by 30 June 2020	0 community safety forums meetings held by 30 June 2020	Target not achieved	Stakeholders do not attend meetings and meetings do not quorate	The council will dissolve the Community safety forum. The Municipality will seek intervention from KZN Department of Community Safety. New terms of reference will be developed. KZN Department of Community Safety will provide training to the new members.	Attendance Register and minutes
Basic Service and Infrastructure Development	BSDID -01-19/20-CS17	Improved Access to Basic Services	To promote road safety	Hold road safety awareness campaigns	38	Road safety awareness campaigns held	24 road safety awareness campaign held by 30 June 2019	26 road safety awareness campaign held by 30 June 2019	24 road safety awareness campaign held by 30 June 2020	29 road safety awareness campaign held by 30 June 2020	Target achieved	N/A	N/A	Reports and attendance register
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS18	Improved Access to Basic Services	To promote road safety	Provision of protection services	39	Learners Driver's License issued	3000 Learners License Issued by 30 June 2019	2 844Learners License Issued by 30 June 2019	2000 Learners License Issued by 30 June 2020	1 848 Learners License issued by 30 June 2020	Target not achieved	Due to COVID-19 Lock down for the month of April, May up until 23 June 2020	N/A	System generated report (License-pro report)

Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS19	Improved Access to Basic Services	To promote road safety	Provision of protection services	40	Applicants tested for driving	5400 Applicants Tested for Driving Licenses by 30 June 2019	5 255 Applicants Tested for Driving Licenses by 30 June 2019	4000 Applicants Tested for Driving Licenses by 30 June 2020	3 250 Applicants Tested for Driving Licenses by 30 June 2020	Target not achieved	Due to COVID-19 Lock down for the month of April, May up until 23 June 2020	N/A	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS20	Improved Access to Basic Services	To promote road safety	Provision of protection services	41	Temporary Driving Licenses Issued	600 Temporary Driving Licenses Issued by 30 June 2019	1 101 Temporary Driving Licenses Issued by 30 June 2019	600 Temporary Driving License Issued by 30 June 2020	687 Temporary Driving License issued by 30 June 2020	Target achieved	N/A	N/A	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS21	Improved Access to Basic Services	To promote road safety	Provision of protection services	42	Duplicate Learners License Issued	96 duplicate learners' licenses issued by 30 June 2019	57 duplicate learners' licenses issued by 30 June 2019	60 duplicate learners issued by 30 June 2020	23 duplicate learners issued by 30 June 2020	Target not achieved	Due to COVID-19 Lock down for the month of April, May up until 23 June 2020	N/A	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS22	Improved Access to Basic Services	To promote road safety	Provision of protection services	43	PrDP issued	800 Professional Driving Permit (PrDP) issued by 30 June 2019	851 Professional Driving Permit (PrDP) issued by 30 June 2019	800 Professional Driving Permit (PrDP) issued by 30 June 2020	637 Professional Driving Permit (PrDP) issued by 30 June 2020	Target not achieved	COVID-19 Lock down for the month of April, May up until 23 June 2020	N/A	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS23	Improved Access to Basic Services	To promote road safety	Provision of protection services	44	Vehicle licenses renewed	360 Vehicle licenses renewed by 30 June 2019	1 319 vehicle licenses renewed by 30 June 2019	720 Vehicle licenses renewed by 30 June 2020	1 213 Vehicle licenses renewed by 30 June 2020	Target achieved	N/A	N/A	System generated report

Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS24	Improved Access to Basic Services	To promote road safety	Provision of protection services	45	Drivers Licenses renewed	1 200 Drivers Licenses Renewed by 30 June 2019	1 785 Drivers Licenses Renewed by 30 June 2019	1 200 Drivers Licenses Renewed by 30 June 2020	1 357 Drivers Licenses renewed by 30 June 2020	Target achieved	N/A	N/A	System generated report (eNatis report)
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS25	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	46	Promotion conducted on library services	10 library services promotions conducted by 30 June 2019	12 library services promotions conducted by 30 June 2019	10 library services promotions conducted by 30 June 2020	9 Promotions were done by 30 June 2020	Target not achieved	Due to COVID 19, Library was closed during Q4	N/A	Attendance Registers
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS26	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	47	Audio visuals circulated	480 audio visuals circulated by 30 June 2019	746 audio visuals circulated by 30 June 2019	480 audio visuals circulated by 30 June 2020	486 audio visuals circulated by 30 June 2020	Target achieved	N/A	N/A	System Generated Report
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS27	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	48	Books circulated	12 950 books circulated by 30 June 2019	17 533 books circulated by 30 June 2019	12 950 books circulated by 30 June 2020	10766 books circulated by 30 June 2020	Target not achieved	Due to COVID 19, Library was closed during Q4	N/A	System Generated Report
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS28	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	49	Library Users with access to internet	720 library users with access to internet by 30 June 2019	3 282 library users with access to internet by 30 June 2019	720 library users with access to internet by 30 June 2020	5165 users access internet by 30 June 2020	Target achieved	N/A	N/A	Daily signed register

Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS29	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	50	Books exchanged	10 book exchange by 30 June 2019	09 book exchange by 30 June 2019 due to delays in the opening of Skhemelele library	10 book exchange by 30 June 2020	6 book exchange done by 30 June 2020	Target not achieved	Due to COVID 19, Library was closed during Q4	N/A	List of books exchanged
Basic Service Delivery and Infrastructure Development	BSDID -01-19/20-CS30	Improved Access to Basic Services	To enhance skills development and life-long learning	Provision of library services	51	People trained on basic computer skills	360 people trained on basic computer skills by 30 June 2019	457 people trained on basic computer skills by 30 June 2019	360 people trained on basic computer skills by 30 June 2020	320 people trained on computer classes by 30 June 2020	Target not achieved	Due to COVID 19, Library was closed during Q4	N/A	Daily signed register
Basic Service Delivery and Infrastructure Development	BSDID -07-19/20-TS1	Improved Access to Basic Services	To provide and improve access to community/public facilities to minimum standards	Construction of the multi-purpose/community centre	52	Completed Manguzi Multi-purpose centre	N/A	N/A	1500m ² of Manguzi Multi-purpose completed by 30 June 2020	0m ² of Manguzi Multi-purpose completed by 30 June 2020	Target not achieved	Contractor was Stopped due to budget constraints ;MIG Additional funding application was not approved hence equitable share will be used	Equitable share funding will be used for the project to be implemented in 2020/2021 FY	Progress Reports and engineers Works Completion Certificate

Basic Service Delivery and Infrastructure Development	BSDID -05-19/20-TS1	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of roads Mbazwane-Kwambila multipurpose black top road)	53	Completion of (Mbazwane-Kwambila multipurpose black top road)	N/A	N/A	0,5 km of Mbazwane-Kwambila multipurpose black top road completed by 30 June 2020 with engineer's completion certificate.	0km of Mbazwane-Kwambila multipurpose black top road completed (75% construction completed at end of June 2020)	Target not achieved	Project was not completed due to delays caused by community protests cross border crime in February and March 2020, work stoppages by amadela ngokubona forums, COVID 19 national lockdown.	The municipality has held meetings with Amadela ngokubona forums to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has been approved, project to be completed in 2nd quarter of 2020/2021	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
Basic Service Delivery and Infrastructure Development	BSDID -05-19/20-TS2	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of road earthworks and relocation of services for IYK road	54	Completion of earthworks and relocation of services for IYK road	N/A	N/A	1 km of road earthworks and relocation of services for IYK road completed by 30 June 2020	1 km of road earthworks and relocation of services for IYK road completed by October 2019	Target achieved	N/A	N/A	Project Progress Reports and Engineers works completion certificate
Basic Service Delivery and Infrastructure Development	BSDID -05-19/20-TS 3	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of gravel road Manzengwenya)	55	Completion of Manzengwenya a gravel road	N/A	N/A	2,5 km of Manzengwenya a gravel road completed with engineer's completion certificate by 30 June 2020	0km of Manzengwenya a gravel road completed	Target not achieved	Tenders were none responsive	Project will be re-advertised during the 1st quarter of 2020/2021 FY	Copy of Adverts, Copy of Appointment Letters, Project Progress

Basic Service Delivery and Infrastructure Development	BSDID -05-19/20-TS4	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of gravel road (Mashabane Tribal gravel road)	56	Completion of gravel road (Mashabane Tribal gravel road)	N/A	N/A	2,5 km of Mashabane Tribal gravel road completed with engineer's completion certificate by 30 June 2020	0km of Mashabane Tribal gravel road completed (80% construction completed, and the contractor had completed the G7 layer-works)	Target not achieved	Project was not completed due to delays caused community protests cross border crime in February and March 2020, work-stoppages by amadela ngokubona forums, COVID 19 national lockdown.	The municipality has held meetings with Amadela ngokubona forums to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has been approved in 2nd quarter of 2020/2021	Copy of Adverts, Copy of Appointment Letters, Project Progress Reports and Engineers Works Completion Certificate
Basic Service Delivery and Infrastructure Development	BSDID -05-19/20-TS5	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of gravel road (Esphahleni gravel road)	57	Completion of gravel road (Esphahleni Gravel road)	N/A	N/A	2 km of Esphahleni gravel road completed with engineer's completion certificate by 30 June 2020	2 km of Esphahleni gravel road completed with engineer's completion certificate by 30 June 2020	Target achieved	N/A	N/A	Copy of Adverts, copy of appointment letter, progress reports, completion certificate

Basic Service Delivery and Infrastructure Development	BSDID -05-19/20-TS6	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of tarred road (Library-post office)	58	Completion of tarred road (Library-post office)	0,8 km of Library to Post Office black top road completed by 30 June 2019 with engineer's completion certificate.	0,7 km of Library to Post Office black top road completed	0,1 km of library-post office tarred road completed with engineer's completion certificate by 30 June 2020	0 km of library-post office tarred road completed	Target not achieved	Project was not completed due to delays caused community protests cross border crime in February and March 2020, work stoppages by amadela ngokubona forums, COVID 19 national lockdown.	The municipality has held meetings with Amadela ngokubona forums to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has been approved in 2nd quarter of 2020/2021	Completion certificate
Basic Service Delivery and Infrastructure Development	BSDID -05-19/20-TS7	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of IYK Phase 2	59	Completion of IYK Phase 2	1 km of road layer works completed for IYK tarred road	1 km of road layer works completed for IYK tarred road	0,64 km of IYK Phase 2 completed with Engineers completion certificate by 30 June 2020	0km of IYK Phase 2 completed (75% construction completed at end of June 2020)	Target not achieved	Project was not completed due to delays caused community protests cross border crime in February and March 2020, work stoppages by amadela ngokubona forums, COVID 19 national lockdown.	The municipality has held meetings with Amadela ngokubona forums to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has been approved in 2nd quarter	Copy of Adverts, copy of appointment letter, progress reports, completion certificate

													of 2020/2021	
Basic Service Delivery and Infrastructure Development	BSDID-05-19/20-TS8	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of tarred road (Library - Post office Phase 2)	60	Completion of tarred road (Library-Post office Phase 2)	0,8 km of Library to Post Office black top road completed by 30 June 2019 with engineer's completion certificate.	0,7 km of Library to Post Office black top road completed	0,12km of Library -Post office Phase 2 completed with Engineers completion certificate by 30 June 2020	0km of Library -Post office Phase 2 completed (11,60% construction completed at end of June 2020)	Target not achieved	Project was not completed due to delays caused community protests cross border crime in February and March 2021,work stoppages by amadela ngokubona forums, COVID 19 national lockdown .	The municipality has held meetings with Amadela ngokubona organisation to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has been approved in 2nd quarter of 2020/2021	Copy of Adverts, copy of appointment letter, progress reports, completion certificate
Basic Service Delivery and Infrastructure Development	BSDID-05-19/20-TS9	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of Moses Zikhali Phase 2	61	Completion of Moses Zikhali Phase 2	2km of Moses Zikhali gravel road completed by 30 June 2019 with engineer's completion certificate.	3.4 km of Moses Zikhali gravel road completed by 30 June 2019 with engineer's completion certificate.	0,5km of Moses Zikhali Phase 2 completed with Engineers completion certificate by 30 June 2020	0Km of Moses Zikhali Phase 2 completed (83% construction completed at end of June 2020)	Target not achieved	Project was not completed due to delays caused community protests cross border crime in February and March 2020, work stoppages by amadela ngokubon	The municipality has held meetings with Amadela ngokubona forums to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has	Copy of Adverts, copy of appointment letter, progress reports, completion certificate

												a forums, COVID 19 national lockdown.	been approved in 2nd quarter of 2020/2021	
Basic Service Delivery and Infrastruc ture Developm ent	BSDID -05- 19/20- TS10	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyal ingana	Construction of Mqobela Access Road Phase 2	6 2	Completion of Mqobela Access Road Phase 2	3 km of Mqobela Road complete d by 30 June 2019 with engineer's completi on certificate	5.2 km of Mqobela Road complete d by 30 June 2019 with engineer's completi on certificate	3 km of Mqobela Phase 2 completed with Engineers completion certificate by 30 June 2020	0km of Mqobela Phase 2 completed (52% construction completed at end of June 2020)	Targe t not achie ved	Project was not completed due to delays caused communit y protests cross border crime in February and March 2020, work stoppages by amadela ngokubon a forums, COVID 19 national lockdown regulation s.	The municipalit y has held meetings with Amadela ngokubona organisatio n to find solutions, roll-over application was submitted to MIG and the project will resume once roll- over has been approved in 2nd quarter of 2020/2021	Copy of Adverts, copy of appointmen t letter, progress reports, completion certificate

Basic Service Delivery and Infrastructure Development	BSDID-05-19/20-TS11	Improved Access to Basic Services	To provide and facilitate vehicular movement in Umhlabuyalingana	Construction of Othungwini Access Road Phase 2	63	Completion of Othungwini Phase 2	Completed 0,5km Othungwini Road by 30 June 2019 with engineer's completion certificate.	0,5km of Othungwini Road completed by 30 June 2019 with engineer's completion certificate.	0,100km of Othungwini Phase 2 completed with Engineers completion certificate by 30 June 2020	0km of Othungwini Phase 2 completed (82% construction completed at end of June 2020)	Target not achieved	Project was not completed due to delays caused community protests cross border crime in 2021, work stoppages by amadela ngokubona forums, COVID 19 national lockdown regulations.	The municipality has held meetings with Amadela ngokubona organisation to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has been approved in 2nd quarter of 2020/2021	Copy of Adverts, copy of appointment letter, progress reports, completion certificate
Basic Service Delivery and Infrastructure Development	BSDID-03-19/20-TS1	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyalingana municipality	Electrification of households (Manguzi electrification)	64	Completion of Manguzi electrification project	N/A	N/A	300 households electrified at Manguzi with engineer's close-out report by 30 June 2020	0 households electrified at Manguzi (construction of MV, LV poles at 100%, installation of transformers 80% at end of June 2020)	Target not achieved	Project was not completed due to delays caused community protests cross border crime in February and March 2020, work stoppages by amadela ngokubona forums,	The municipality has held meetings with Amadela ngokubona forums to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has	Advert, Appointment letter, Project Progress Reports and Engineers close-out report

												COVID 19 national lockdown.	been approved in 2nd quarter of 2020/2021	
Basic Service Delivery and Infrastructure Development	BSDID -03-19/20-TS2	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyal ingana municipality	Electrification of households (Mlamula-Jikijela electrification)	65	Completion of Mlamula-Jikijela electrification project	N/A	N/A	270 households electrified at Mlamula-Jikijela with engineer's close-out report by 30 June 2020	0 households electrified at Mlamula-Jikijela (installation of transformers is 30% at end of June 2020)	Target not achieved	Project was not completed due to delays caused community protests cross border crime in February and March 2020, work stoppages by amadela ngokubona organisation, COVID 19 national lockdown.	The municipality has held meetings with Amadela ngokubona forums to find solutions, roll-over application was submitted to MIG and the project will resume once roll-over has been approved in 2nd quarter of 2020/2021	Project Progress Reports and Engineers close-out report
Basic Service Delivery and Infrastructure Development	BSDID -03-19/20-TS3	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyal ingana municipality	Electrification of households (Ward 7 electrification)	66	Completion of Ward 7 electrification project	N/A	N/A	150 households electrified at Ward 7	0 households electrified at Ward 7 by 30 June 2020	Target not achieved	Eskom Electricity capacity Constraints	The municipality has held with engagements with Eskom to resolve capacity issues and the projects will resume on July 2020/2021 FY.	Advert, Appointment letter, Project Progress Reports and Engineers close-out report

Basic Service Delivery and Infrastructure Development	BSDID -03-19/20-TS4	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyalingana municipality	Electrification of households (Mahlungulu Extension electrification)	67	Completion of Mahlunlungu Extension electrification project	300 households electrified at Mahlunlungu Extension with engineer's close-out report by 30 June 2019	162 households electrified at Mahlunlungu Extension by 30 June 2019	308 households electrified at (Mahlunlungu Extension with engineer's close-out report by 30 June 2020)	308 households electrified at (Mahlunlungu Extension with engineer's close-out report by 30 June 2020)	Target	N/A	N/A	Project Progress Reports and Engineers close-out report
Basic Service Delivery and Infrastructure Development	BSDID -03-19/20-TS5	Improved Access to Basic Services	To facilitate the provision of reliable source of energy to uMhlabuyalingana municipality	Electrification of households (Mahlunlungu Phase 2 electrification)	68	Completion of Mahlunlungu phase 2 electrification project	N/A	N/A	124 households electrified at (Mahlunlungu phase 2 with engineer's close-out report by 30 June 2020)	126 households electrified at (Mahlunlungu phase 2 with engineer's close-out report by 30 June 2020)	Target	N/A	N/A	Project Progress Reports and Engineers close-out report
MUNICIPAL FINANCE AND FINANCIAL VIABILITY														
Municipal finance and Financial Viability	MFV&M-02-19/20 FI-07	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Preparation and Submission of adjustment budget to council	69	Council approved budget adjustment	Council approved budget adjustment 28 February 2019	Budget adjustment approved by council on 25 February 2019	28 February 2020 (Council approved budget adjustment)	Adjustment budget approved by council on 25 Feb 2020	Target achieved	N/A	N/A	Council resolution

Municipal finance and Financial Viability	MFV&M-02-19/20 FI-08	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Approval of annual budget	70	Council approved 2020/21 Annual budget	Council approved 2019/20 Annual budget by 30 May 2019	2019/20 Annual budget approved by council on 30 May 2019	30 May 2020 (Council approved 2020/21 Annual budget)	2020/21 Annual budget approved by council on 29 May 2020	Target achieved	N/A	N/A	Process Plan and Council resolution, Council Resolutions on draft Budget and Final Budget 2019-2020
Municipal finance and Financial Viability	MFV&M-02-19/20 FI-13.1	To improve Municipal Finance and Administrative Capability	To develop and maintain systems and procedures for effective and sound management of municipal finances	Comply with financial reporting requirements as outlined in the MFMA	71	Unauthorized, irregular or fruitless and waste expenditure Reports submitted to council	4 Reports on Unauthorized, irregular or fruitless and wasteful submitted to council	4 Reports on Unauthorized, irregular or fruitless and wasteful submitted to council	4 Reports on Unauthorized, irregular or fruitless and waste expenditure Reports submitted to council by 30 June 2020	4 Reports on Unauthorized, irregular or fruitless and waste expenditure Reports submitted to council by 30 June 2020	Target achieved	N/A	N/A	Unauthorized, irregular or fruitless and waste and wasteful expenditure Reports and council resolutions
Municipal finance and Financial Viability	MFV&M-03-19/20 FI-14.2	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Implementation of revenue enhancement strategy	72	Revenue collected	95% of budgeted revenue collected by 30 June 2019	66% of budget revenue collected by 30 June 2019	95% of budgeted revenue collected by 30 June 2020	90% of budgeted revenue collected by 30 June 2021	Target not achieved	Under collection was mainly caused by COVID 19, Non-payment by ITB and government departments	The municipality will revive engagements with main stakeholders, i.e. Ingonyama Trust and National department of Public Works. The municipality will also engage legal practitioners/debt collectors	Proof of revenue collected

Municipal finance and Financial Viability	MFV&M-03-19/20 FI-15	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Adoption of revenue enhancement strategy	73	Council adopted revenue enhancement strategy	Council adopted revenue enhancement strategy 30 June 2019	Revenue Enhancement Strategy adopted by council on 30 June 2019	30 June 2020 (Council adopted revenue enhancement strategy)	Revenue Enhancement Strategy adopted by council on 30 June 2020	Target achieved	N/A	N/A	Revenue enhancement strategy and Council Resolution
Municipal finance and Financial Viability	MFVF&M-03-19/20 FI-16	To improve Municipal Finance and Administrative Capability	To improve revenue and all possible revenue streams applicable to KZN271	Approval of Supplementary Valuation Roll	74	Approved Supplementary Valuation Roll by Council	Approved Supplementary Valuation Roll by Council by 30 June 2019	Supplementary Valuation Roll approved by Council on 30 May 2019	30 June 2020 (Approved Supplementary Valuation Roll by Council)	Supplementary Valuation Roll approved by council on 29 May 2020	Target achieved	N/A	N/A	Council Resolution and Approved SVR
CROSS CUTTING INTERVENTIONS														
Cross Cutting Interventions	CCI-02-19/20-CS31	Single Window of Coordination	To prevent and reduce the impact of disasters in Umhlabuyal ingana	Conduct risk reduction awareness campaigns	75	Risk reduction awareness campaigns conducted	N/A	N/A	24 risk reduction awareness campaigns conducted by 30 June 2020	24 risk reduction awareness campaigns conducted by 30 June 2020	Target achieved	N/A	N/A	Reports and attendance registers
Cross Cutting Interventions	CCI-02-19/20-CS32	Single Window of Coordination	To prevent and reduce the impact of disasters in Umhlabuyal ingana	Review of Disaster Management Plan	76	Reviewed Disaster Management Plan	Reviewed Disaster Management Plan by 30 June 2019	Reviewed Disaster Management Plan adopted council on 26 June 2019	30 June 2020 (Reviewed Disaster Management Plan)	Disaster Management Plan reviewed and approved by council on 30 June 2020	Target achieved	N/A	N/A	Council Resolution and Reviewed Disaster Management Plan

Cross Cutting Interventions	CCI-01-19/20-TS1	Differentiated Approach to Municipal Financing, Planning & Support	To promote development of efficient and sustainable settlement pattern	Revision and approval of Spatial Development framework (SDF)	77	Council approved reviewed Spatial Development framework (SDF)	Reviewed Spatial Development framework (SDF) by 30 June 2019	Reviewed Spatial Development framework (SDF) tabled to council on 26 June 2019	30 June 2020 (Reviewed Spatial Development framework (SDF))	Spatial Development framework (SDF) reviewed and tabled to council for adoption on 30 June 2020	Target achieved	N/A	N/A	Inception Report, Draft reviewed SDF, Final Reviewed SDF
Cross Cutting Interventions	CCI-03-19/20-MM-16	Single window of coordination	To implement and maintain compliant, effective and efficient risk management system and processes	To ensure effective risk management	78	(a) Risk assessments conducted (b) Reports on the Risk Management Implementation Plan	(a) 2 risk assessments conducted by 30 June 2019 (b) 4 risk management committee meetings held by 30 June 2019	(a) 2 risk assessments conducted on 12-13 June and 24 June 2019 (b) 1 risk management committee meeting held by 30 June 2019 due to resignation of the Risk Management Committee chairperson	(a) 2 risk assessments conducted by 30 June 2020 (b) 4 Reports on the Risk Management Implementation Plan tabled to EXCO and Council by 30 June 2020	(a) 0 risk assessments conducted by 30 June 2020 (b) 3 Reports on the Risk Management Implementation Plan tabled to EXCO and Council by 30 June 2020 (Q1 was tabled in January 2020) (Q2 & Q3 was tabled on 30/06/2020)	Target not achieved	Risk assessments and reports could not be conducted and tabled due to strict lockdown restrictions	Risk assessments and reports could not be conducted and tabled due to strict lockdown restrictions and delays in appointing the RMC Chairperson	(a) Risk Register (b) Minutes and Attendance Registers

Cross Cutting Interventions	CCI-03-19/20-MM-17	Single window of coordination	To pro-actively identify and address potential risks that may affect the functionality of the organization	Preparation of updated Risk Management Implementation Plan	79	Updated Risk Management Implementation Plan approved by Risk Management Committee	Updated Risk Management Implementation Plan approved by Risk Management Committee by 30 September 2018	Updated Risk Management Implementation Plan approved by council on 01 Oct 2018	30 September 2019 (Updated Risk Management Implementation Plan approved by Risk Management Committee)	Updated Risk Management Implementation Plan approved by Risk Management Committee on 02 September 2019	Target achieved	N/A	N/A	Risk Management Implementation Plan and Risk Management Committee minutes
Cross Cutting Interventions	CCI-03-19/20-CO-18	Single window of coordination	To pro-actively identify and address potential risks that may affect the functioning of the organization	Review Business Continuity Plan	80	Reviewed Business Continuity Plan	Reviewed Business Continuity Plan by 30 June 2019	Business Continuity Plan not reviewed due to lack of capacity	30 June 2020 (Reviewed Business Continuity Plan)	Business Continuity Plan was reviewed	Target not achieved	Reviewed Business Continuity plan could not be tabled to RMC, IT Steering committee and Council	Reviewed BCP will be tabled to Risk Management Committee during Q2 of 2020/21 FY	IT Steering Committee minutes, Council resolution, Reviewed Business Continuity Plan
	GOOD GOVERNANCE AND PUBLIC PARTICIPATION													

Good Governance and Public Participation	GGPP-03-19/20 CS33	Single window of coordination	To enhance programmes for special groups, arts and culture and heritage	Coordination of youth programmes	81	Youth programmes implemented	N/A	N/A	7 Youth Programmes coordinated and implemented (a) Youth outreach programme (b) Teenage pregnancy (c) Youth Festive season beach monitoring (d) Youth campaign on substance abuse (e) Registration Assistance programme (f) Career ExPo (g) Youth commemoration by 30 June 2020	5 Youth Programmes coordinated and implemented (a) Youth outreach programme (b) Teenage pregnancy (c) Youth Festive season beach monitoring (d) Youth campaign on substance abuse (e) Registration Assistance programme	Target not achieved	Career ExPo and Youth commemoration could not take place due to Covid 19 lockdown	Due to covid 19 pandemic the Municipality will explore the possibility to utilize virtual platform to conduct campaign. The Municipality will also use community radio where possible	Reports and attendance registers
Good Governance and Public Participation	GGPP-03-19/20 CS34	Single window of coordination	To enhance programmes for special groups, arts and culture and heritage	Coordination of arts and culture programmes	82	Arts and Culture program coordinated	N/A	N/A	4 Arts and Culture programs coordinated (a) 2 Reed dance events supported (Nongoma and Ingwavuma events) (b) Arts Festival (c) 4 traditional cultural activities (d) Talent search and coaching	4 Arts and Culture programs coordinated (a) 2 Reed dance events supported (Nongoma and Ingwavuma events) (b) Arts Festival (c) 4 traditional cultural activities (d) Talent search and coaching	Target achieved	N/A	N/A	Reports and participant attendance register

Good Governance and Public Participation	GGPP-03-19/20 CS35	Governance and Policy	enhance health of communities and citizens	Hold LAC Meetings	83	LAC Meetings held	N/A	N/A	4 LAC Meetings held by 30 June 2020	4 LAC Meetings held by 30 June 2020	Target achieved	N/A	N/A	Minutes and attendance registers
Good Governance and Public Participation	GGPP-03-19/20 CS36	Governance and Policy	To promote participative, facilitative and accountable governance	Holding of ward committee meetings	84	Ward committee meetings held	216 ward committee meetings held by 30 June 2019	216 ward committee meetings held by 30 June 2019	216 ward committee meetings held by 30 June 2020	182 ward committee meetings held by 30 June 2020	Target not achieved	COVID 19 and Lockdown regulations	N/A	Attendance registers and minutes
Good Governance and Public Participation	GGPP-02-19/20 MM-07	Single Window of Coordination	Ensure Functional Performance Management System implemented	Compilation and submission of B2B reports and Support Plans	85	B2B quarterly performance reports and support plans submitted to Provincial Cogta	4 B2B quarterly performance report and support plans submitted to Provincial Cogta by 30 June 2019	4 B2B quarterly performance report and support plans submitted to Provincial Cogta by 30 June 2019	4 B2B quarterly performance reports and support plans submitted to Provincial Cogta by 30 June 2020	4 B2B quarterly performance report and support plans submitted to Provincial Cogta by 30 June 2020	Target achieved	N/A	N/A	Quarterly reports, Proof of submission
Good Governance and Public Participation	GGPP-02-19/20 MM-08	Single Window of Coordination	To strengthen partnership with various stakeholders through communicating municipal business	Communication with stakeholders using print and electronic media	86	Radio slots broadcasted	4 radio slots broadcasted by 30 June 2019	4 radio slots broadcasted by 30 June 2019	4 radio slots broadcasted by 30 June 2020	4 radio slots broadcasted by 30 June 2020	Target achieved	N/A	N/A	Invoices

Good Governance and Public Participation	GGPP-02-19/20 MM-09	Single Window of Coordination	To provide adequate customer care to uMhlabuyal ingana community	Revision, approval of Complaints Management policy	87	Reviewed and council Complaints Management policy	Reviewed and council approved Customer Care policy, Complaints Management policy approved by council on 26 June 2019	Reviewed Customer Care policy, Complaints Management policy approved by council on 26 June 2019	30 June 2020 (Reviewed and council approved Complaints Management policy)	Complaints Management policy reviewed and approved by council on 30 June 2020	Target achieved	N/A	N/A	Complaints Management policy and Council resolution
Good Governance and Public Participation	GGPP-02-19/20 MM-10	Single Window of Coordination	To provide adequate customer care to uMhlabuyal ingana community	Review Batho Pele Policy, Procedure Manual and Service delivery charter	88	Reviewed and adopted Batho Pele policy, procedure manual and Service delivery charter	Reviewed and adopted Batho Pele policy, procedure manual and Service delivery charter by 30 June 2019	Reviewed Batho Pele policy, procedure manual and Service delivery charter adopted council on 26 June 2019	30 June 2020 (Reviewed and adopted Batho Pele policy, procedure manual and Service delivery charter)	Batho Pele policy, procedure manual and Service delivery charter reviewed and adopted by council on 30 June 2020	Target achieved	N/A	N/A	Batho Pele policy, Procedure manual, Service delivery charter and council resolution
Good Governance and Public Participation	GGPP-02-19/20 MM-11	Single Window of Coordination	To provide adequate customer care to uMhlabuyal ingana community	Revision of Communication Strategy	89	Reviewed Communication Strategy	Reviewed Communication Strategy by 30 June 2019	Reviewed Communication Strategy approved council on 26 June 2019	30 June 2020 (Reviewed and approved Communication Strategy)	Communication Strategy approved by council on 30 June 2020	Target achieved	N/A	N/A	Council resolution, Reviewed communication strategy

Good Governance and Public Participation	GGPP-02-19/20 MM-12	Improved municipal Finance and Administrative Capability	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Table Municipal Public Accounts Committee reports to Council	90	Municipal Public Accounts Committee reports tabled to council	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2019	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2019	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2020	4 Municipal Public Accounts Committee reports tabled to council by 30 June 2020	Target achieved	N/A	N/A	4 MPAC Reports and Council Resolution
Good Governance and Public Participation	GGPP-02-19/20 MM-13	Improved municipal Finance and Administrative Capability	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Submission of Audit Committee Reports to Council	91	Audit Committee Reports submitted to council	4 Audit Committee Reports submitted to council by 30 June 2019	4 Audit Committee Reports submitted to council by 30 June 2019	4 Audit Committee Reports submitted to council by 30 June 2020	4 Audit Committee Reports submitted to council by 30 June 2020	Target achieved	N/A	N/A	4 audit committee reports and council resolutions
Good Governance and Public Participation	GGPP-02-19/20 MM-14	Improved municipal Finance and Administrative Capability	To administer the affairs of the municipality in accordance with the relevant legislations and policies	Submission of Internal Audit Report to Audit Committee	92	Internal audit reports submitted to Audit Committee	4 Internal audit reports submitted to Audit Committee by 30 June 2019	4 Internal audit reports submitted to Audit Committee by 30 June 2019	4 Internal audit reports submitted to Audit Committee by 30 June 2020	4 Internal audit reports submitted to Audit Committee by 30 June 2020	Target achieved	N/A	N/A	Internal Audit Reports

Good Governance and Public Participation	GGPP-02-19/20 MM-15	Single Window of Coordination	To develop a credible IDP in terms of short medium-term guide for development and service delivery	Compile a credible 2020/21 IDP	93	Council approved 2020/21 IDP	Council approved 2019/20 IDP by 30 June 2019	2019/20 IDP approved by council on 26 June 2019	30-Jun-20	2020/21 IDP adopted by council on 30 June 2020	Target achieved	N/A	N/A	Council Resolution, approved 20/21 Reviewed IDP
Good Governance and Public Participation	GGPP-03-19/20 FI-01	To improve Municipal Finance and Administrative Capability	To be fully compliant with the regulations	Submission of Quarterly SCM reports to Council	94	Quarterly SCM reports submitted to Council	4 Quarterly SCM reports submitted to Council by 30 June 2019	4 Quarterly SCM reports submitted to Council by 30 June 2019	4 Quarterly SCM reports submitted to Council by 30 June 2020	4 Quarterly SCM reports submitted to Council by 30 June 2020	Target achieved	N/A	N/A	Council resolution and 4 SCM reports
SOCIAL AND ECONOMIC DEVELOPMENT														
Social and Economic Development	SED-01-19/20 TS-1.1	Creation of a conducive and enabling environment for economic growth and development.	To create job opportunities through Community Work Programme - CWP	Creation of job opportunities	95	Jobs opportunities created/maintained through CWP	N/A	N/A	3 CWP Cooperatives monitored	3 CWP Cooperatives monitored	Target achieved	N/A	N/A	Progress Report on CWP cooperatives

Social and Economic Development	SED-02-19/20 TS-2.1	Creation of a conducive and enabling environment for economic growth and development.	To create job opportunities through Expanded Public Works Programme - EPWP	Creation of job opportunities	96	Jobs opportunities created/maintained through EPWP	N/A	N/A	100 job opportunities created/maintained through EPWP by 30 June 2020	131 job opportunities created/maintained through EPWP by 30 June 2020	Target achieved	EPWP were divided into three categories and are paid on different scales and there were savings to employ more people	N/A	EPWP Employees data
Social and Economic Development	SED-07-19/20 TS-7	Single Window of Coordination	To create an environment conducive for investment and economic growth	Review LED Strategy	97	Reviewed and adopted LED Strategy	Reviewed and adopted LED Strategy by 30 June 2019	LED Strategy reviewed and adopted by council on 30 May 2019	30-Jun-20	LED Strategy not adopted	Target not achieved	Coordination with LED stakeholders was disturbed by Covid 19 outbreak	Coordination with stakeholders will be conducted during Q2 of 20/21 FY	LED Strategy and council resolution

CHAPTER 4

ORGANISATIONAL DEVELOPMENT (PERFORMANCE REPORT PART 2)

COMPONENT A: INTRODUCTION TO THE MUNICIPAL PERSONNEL

The Organisational structure is reviewed annually and has been set out into six (6) effective departments to achieve the Municipality's objectives. There are a number of vacancies requiring personnel within the Office of the Municipal Manager, Corporate Services, Community Services and Technical Services, LED and Planning Departments. Departments struggle with filling critical positions and budget constraints that are being overcome by reviewing the organogram and budget.

One major role that the Human Resources is tasked with is to ensure that employees are looked well after and that their morale is enhanced on a continuous basis. The following programmes were implemented in the 2019/2020 financial year and are implemented annually:

- Employee Wellness
- Employee Assistance Program
- Employee Performance Management

Staff Compliment: The total number of employees at the end of June 2019/2020 financial year was 157 and the municipality filled 157 positions in the financial year 2019/2020.

4.1 EMPLOYEE TOTALS, TURNOVER AND VACANCY RATE

Table-90-Employee Totals, Turnover and Vacancies

Description	Employees				
	Year – 2018/2019	Year 2019/2020			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	-	-	-	-	-
Wastewater (Sanitation)	-	-	-	-	-
Electricity	-	-	-	-	-
Waste Management	30	36	36	8	6%
Housing	-	-	-	-	-
Wastewater (Storm water Drainage)	-	-	-	-	-
Roads	8	9	9	-	0%
Transport	12	12	12	11	9%
Management	13	14	14	-	0%
Planning	3	3	3	1	1%
Local Economic Development	1	1	1	1	1%

Planning (Strategic & Regulatory)	2	2	2	-	0%
Community & Social Services	20	22	22	-	0%
Environmental Protection	-	-	-	-	-
Health	-	-	-	-	-
Security & Safety	10	10	10	-	-
Sport & Recreation	1	1	1	-	0%
Corporate Policy Offices and Other	15	15	15	3	2%
Totals	115	125	125	24	19%

Vacancy Rate: The posts for the 2019/2020 financial year were according to the approved organogram for the municipality. The actual positions filled are indicated in table 91 below.

Table-91-Number of Filled Positions per Functional Level

Vacancy Rate: Year 0			
Designation	Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents)	*Vacancies (as a proportion of total posts in each category)
	No.	No.	%
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Posts)	3	0	0
Other S57 Managers (Finance Posts)	1	0	0
Police Officers (Traffic Officers)	7	0	10
Fire fighters	10	0	6
Senior management Levels 15 (excluding Finance Posts)	17	0	5
Senior management Levels 15 (Finance Posts)	3	0	1
Highly skilled supervision: Levels 14 (excluding Finance Posts)	13	0	4
Highly skilled supervision: Levels 14 (Finance Posts)	6	0	0
Total	62	0	26

Turnover Rate: Strategies are in place to improve work performance and reduce turnover. Municipal staff turnover is reflected on the table below.

Table-92-Turnover Rate

Turn-over Rate			
Details	Total Appointment as of beginning of Financial Year No.	Terminations during the Financial Year No.	Turn-over Rate
Year -2019/2020	10	5	50%
*Divide the number of employees who have left the organization within a year, by total number of employees who occupied posts at the beginning of the year.			

4.5 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

UMhlabuyalingana has developed the following workforce management policies within the 2019/2020 financial year.

4.2 POLICIES

Table-93-HR Policies and Plans

Name of Policy	Completed %	Reviewed %	Date adopted by Council
Overtime & Standby Policy	100%	100%	18/05/2016
Occupational Health & Safety Policy	100%	100%	28/08/2015
Subsistence & Travelling Policy	100%	100%	28/07/2016
Work and Attendance Policy	100%	100%	18/05/2016
Termination Policy			
Retention Strategy	100%	100%	18/05/2016
IT Strategy	100%	100%	26/06/2017
Employment Practice Policy	100%	100%	31/03/2015
Delegation of Powers Framework & Delegations Register	100%	100%	31/03/2015
Disciplinary Procedure Policy	100%	100%	06/10/2015
Performance Management Policy & Practice	100%	100%	31/03/2015
Management of Poor Performance Policy	100%	100%	18/12/2015
Records Management Policy	100%	100%	30/06/2017
Business Licensing Policy	100%	100%	18/12/2015
Informal Economy Policy	100%	100%	18/12/2015
Homeowners Policy	100%	100%	06/10/2016
Chronic Policy	100%	100%	31/03/2015
Remuneration Policy	100%	100%	30/12/2016
IT Governance Framework	100%	-	31/03/2016
Telephone Usage Policy	100%	-	28/07/2016
Framework Management Policy	100%	-	31/03/2016
IT Change Management Policy	100%	-	30/03/2017
Patch Management Policy	100%	-	30/03/2017

User Account Management Procedure	100%	-	30/03/2017
Back-up & Restore Policy	100%	-	28/06/2017
IT Risk Management Policy	100%	-	31/05/2016
IT Security Policy	100%	-	28/06/2017
Asset Disposal Policy	100%	-	31/05/2016
Asset Management Policy	100%	-	31/05/2016
Risk Management Policy	100%	-	26/04/2017
Budget Policy	100%	-	31/05/2016
Credit Control and Debt Collection Policy	100%	-	31/05/2016
Indigent Policy	100%	-	30/09/2016
Investment and Cash Management Policy	100%	-	31/05/2016
Pauper Burial Policy	100%	-	31/05/2016
Petty Cash Policy	100%	-	31/05/2016
Rate Policy	100%	-	31/05/2016
Supply Chain Management Policy	100%	-	31/05/2016
Waste Management Bylaws, Waste Management Policy and Waste Management Tariffs	100%	-	30/05/2017
Disaster Recovery Plan	100%		28/06/2017
Communication and Customer Care Policy	100%	-	
Fleet Management Policy	100%	-	26/04/2017
Alcohol and Subsistence	100%	-	26/04/2017
Confidentiality Policy	100%	-	26/04/2017
Acting Policy	100%	-	26/04/2017
Public Usage Policy	100%	-	30/09/2016
In serve Training Policy and Language Policy	100%	-	30/05/2017
IT Change Management Procedure	100%	-	30/03/2017
IT Performance and capacity Management Policy	100%	-	30/03/2017
User Account Management Policy	100%	-	30/03/2017
User Account Management Procedure	100%	-	30/03/2017
Physical Security and Environmental Controls Policy	100%	-	30/03/2017
Activity Monitoring Policy and Procedure	100%	-	30/03/2017
IT Charter	100%	-	28/06/2017
Backup and Restore Procedure	100%	-	28/06/2017

4.3 INJURIES, SICKNESS AND SUSPENSIONS

Table-94-Injuries, Sickness and Suspensions

Type of Injury	Injury Leave Taken Days	Employees using Injury Leave No.	Proportion employees using Sick Leave %	Average Injury Leave per employee Days	Total Estimated Cost R'000
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Permanent disablement	0	0	0	0	0
Fatal	0	0	0	0	0
Total	0	0	0	0	0

Table-95-Number of Days and Cost of Sick Leave

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave Days	Proportion of sick leave without medical certification %	Employees using sick leave No.	Total employees in post* No.	Average sick leave per employee Days	Estimated Cost R'000
Lower skilled (Levels 1-2)	6	-	4	34	18%	3894
Skilled (Levels 3-5)	16	1	07	25	64%	11920
Highly skilled production (Levels 6-8)	44	-	37	50	88%	51436
Highly skilled supervision (Levels 9-12)	22	-	16	24	92%	41338
Senior management (Levels 13-15)	11	-	08	19	58%	34012
MM and S57	3	-	2	5	60%	57766
Total	102	1	44	157	65%	200366
*Number of employees in post at the beginning of the year						
*Average is calculated by taking in column 2 divided by total employees in column 5						

Table-96-Number and Period of Suspensions

<i>Number and Period of Suspensions</i>				
<i>Position</i>	<i>Nature of Alleged Misconduct</i>	<i>Date of Suspension</i>	<i>Details of Disciplinary Action taken, or Status of Case and Reasons why not Finalised</i>	<i>Date Finalised</i>
N/A	N/A	N/A	N/A	N/A

Table-97-Disciplinary Action Taken on Cases of Financial Misconduct:

<i>Disciplinary Action Taken on Cases of Financial Misconduct</i>			
<i>Position</i>	<i>Nature of Alleged Misconduct and Rand value of any loss to the municipality</i>	<i>Disciplinary Action Taken</i>	<i>Date Finalized</i>

4.4 PERFORMANCE REWARDS

Table-98-Performance Rewards by Gender

<i>Performance Rewards by Gender</i>					
<i>Designations</i>	Beneficiary Profile				
	Gender	Total number of employees in group	Number of beneficiaries	Expenditure on rewards 2019/2020 R'000	Proportion of beneficiaries within group %
Lower skilled (Levels 1-2)	Female	-	-		-
	Male	-	-		-
Skilled (Levels 3-5)	Female	-	-		-
	Male	-	-		-
Highly skilled production (Levels 6-8)	Female	-	-		-
	Male	-	-		-
Highly skilled supervision (Levels 9-12)	Female	-	-		-
	Male	-	-		-
Senior management (Levels 13-15)	Female	-	-		-
	Male	-	-		-
MM and S57	Female	1	1	R116 614.29	
	Male	4	4	R453 436.27	
Total				R570 050.56	

Has the statutory municipal calculator been used as part of the evaluation process?
Note: MSA 2000 S51 (d) requires that... 'performance plans, on which rewards are based should be aligned with the IDP'... (IDP objectives and targets are set out in Chapter 3) and that Service Delivery and Budget Implementation Plans (developed under MFMA S69 and Circular 13) should be consistent with the higher level IDP targets and must be incorporated appropriately in personal performance agreements as the basis of performance rewards. Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).

COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

In accordance with the Government: Municipal Finance Management Act, Act 53 of 2003 and National Treasury: Competency Regulations, UMhlabuyalingana's financial competency development is as detailed in Table 4.7. The Municipality has built capacity in the management and finance departments, improving competency and performance in the functional areas.

Table-99-Progress Report on Financial Competency Development at UMhlabuyalingana

Management Level	Gender	Employees in post as at 30 June Year 2019/2020	Skills Matrix											
			Number of skilled employees required and actual as at 30 June Year 2019/2020											
			Learnerships			Skilled programmes and other short courses			Other forms of training			Total		
		No.	Actual: End of 2018/19	Actual: End of 2019/20	2019/20 Target	Actual: End of 2018/19	Actual: End of 2019/20	2019/20 Target	Actual: End of 2018/19	Actual: End of 2019/20	2019/20 Target	Actual: End of 2018/19	Actual: End of 2019/20	Year 2019/20 Target
MM and s57	Female	2	-	-	-	-	-	-	-	-	-	-	-	-
	Male	3	-	-	-	-	-	-	-	-	-	-	-	1
Councillors, senior officials and managers	Female	18	-	9	9	2	4	4	-	-	-	2	13	12
	Male	31	-	5	5	2	5	5	-	-	-	2	10	7
Technicians and associate professionals	Female	2	-	-	-	-	1	1	-	-	-	-	1	4
	Male	4	-	-	-	-	-	-	-	-	-	-	-	3
Professionals	Female	13	-	-	-	-	1	4	-	-	-	-	1	5
	Male	10	-	-	-	3	-	3	-	-	-	-	3	3
Sub Total	Female	35	-	9	9	2	6	10	-	-	-	2	15	21
	Male	48	-	5	5	5	5	11	-	-	-	2	13	14
Total		83	-	14	-	-	11	21	-	-	-	4	28	35
*Registered with professional Associate body e.g. CA (SA)														

Table-100-Qualification Profile for Leadership, Governance and Managers for 2019/2020

Financial Competency Development: Progress Report*						
Description	A. Total number of officials employed by municipality (Regulation 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated total of A and B	Consolidated competency assessments completed for A and B (Regulation 14(4)(a),(b) and (d))	Consolidated total number of officials whose performance agreements comply Regulation 16 (Regulation 14(4)(f))	Consolidated total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial Officials	14	2	16	-	-	-
Accounting officer	1	-	1	-	-	-
Chief financial officer	1	-	1	1	1	1
Senior managers	1	-	1	-	-	-
Any other financial officials	-	-	-	-	-	-
Supply Chain Management Officials	2	-	2	-	-	-
Heads of Supply chain management units	1	-	1	-	-	-
Supply chain management senior managers	-	-	-	-	-	-
Total	20	2	22	1	1	1
*This is a statutory report under the National Treasury: Local Government, MFMA Competency Regulations (June 2007)						

Table-101-Skills and Development Expenditure

Skills Development Expenditure										R488 771.92
Management Level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learner ships		Skilled programmes and other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and s57	Female	2	-	-	R522 000.00	R410 771.92	R78 000.00	R78 000.00	R600 000.00	R488 771.92
	Male	3	-	-						
Legislators, senior officials and managers	Female	8	-	-						
	Male	11	-	-						
Professionals	Female	13	-	-						
	Male	10	-	-						
Technicians and associate professionals	Female	2	-	-						
	Male	4	-	-						
Clerks	Male	17	-	-						
	Female	8	-	-						
Service and sales workers	Male	3	-	-						
	Female	14	-	-						
Plant and machine operators and assemblers	Female	-	-	-						
	Male	14	-	-						
Elementary occupations	Male	14	-	-						
	Female	20	-	-						
Subtotal	Female	66	-	-						
	Male	91	-	-						
Total		157	-	-	R522 000.00	R410 771.92	R78 000.00	R78 000.00	R600 000.00	R488 771.92
*% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									10%	R5 714 357.00

Table-102-Skills Expenditure

Skills Development Expenditure										R488 771.92
Management Level	Gender	Employees as at the beginning of the financial year	Original Budget and Actual Expenditure on skills development Year 1							
			Learner ships		Skilled programmes and other short courses		Other forms of training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and s57	Female	2	-	-	R522 000.00	R410 771.92	R78 000.00	R78 000.00	R600 000.00	R488 771.92
	Male	3	-	-						
Legislators, senior officials and managers	Female	18	-	-						
	Male	31	-	-						
Professionals	Female	13	-	-						
	Male	10	-	-						
Technicians and associate professionals	Female	2	-	-						
	Male	4	-	-						
Clerks	Male	17	-	-						
	Female	8	-	-						
Service and sales workers	Male	3	-	-						
	Female	14	-	-						
Plant and machine operators and assemblers	Female	-	-	-						
	Male	14	-	-						
Elementary occupations	Male	14	-	-						
	Female	20	-	-						
Subtotal	Female	66	-	-						
	Male	91	-	-						
Total		157	-	-	R522 000.00	R410 771.92	R78 000.00	R78 000.00	R600 000.00	R488 771.92
% and *R value of municipal salaries (original budget) allocated for workplace skills plan.									10%	R5 714 357.00

Staff and Councillor Training Budget During 2019/2020

Budget: R600 000, 00

Expenditure: R488 771.92

Training Budget During 2019/2020

Budget: R600 000

Expenditure: R488 771.92

Table-103-Training Report July 2019 to June 2020

	Municipal Officials			
BENEFICIARIES	NAME OF EMPLOYEE	JOB TITLE	NAME OF COURSE	DATE
Municipal Officials	Miss. N.L. Myeni	Technical Officer	Labour Intensive Construction NQF level 7	16-18 July 2019
Municipal Officials	Mrs. F.S. Msabala	Technical Manager	Labour Intensive Construction NQF level 7	16-18 July 2019
Municipal Official	Mr. M.S Qwabe	Director Technical Services	Labour Intensive Construction NQF level 7	16-18 July 2019
Municipal Officials	Miss. J.P. Mngomezulu	Fire Fighter	First Aid Level 3	23-25 October 2019
Municipal Officials	Mr. J.B. Mthimkhulu	Fire Fighter	First Aid Level 3	23-25 October 2019
Municipal Officials	Miss. T. Mthembu	General Worker	First Aid Level 3	23-25 October 2019
Municipal Officials	Miss. K.C. Lembede	Senior Admin Clerk	First Aid Level 3	23-25 October 2019
Municipal Officials	Mr. M.P. Thwala	Caretaker	First Aid Level 3	23-25 October 2019
Municipal Officials	Mr. A.J. Mdluli	Library Assistant	First Aid Level 3	23-25 October 2019
Municipal Officials	Mr. B.P. Mthiyane	Cyber cadet	First Aid Level 3	23-25 October 2019

Municipal Councillors				
BENEFICIARIES	NAME OF COUNCILLOR		NAME OF COURSE	DATE
Municipal Councillor	CLlr Mthethwa	Nkululeko	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mlambo	Fikile	Workshop on Policies	October 2020
Municipal Councillor	CLlr Tembe	Busi	Workshop on Policies	October 2020
Municipal Councillor	CLlr Ntsele	Bonginhlanhla	Workshop on Policies	October 2020
Municipal Councillor	CLlr Tembe	Sbonelo	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mathenjwa	Moureen	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mhlongo	Zodwa	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mthethwa	Sipho	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mhlongo	Mpiyakhe	Workshop on Policies	October 2020
Municipal Councillor	CLlr Magagula	Thabo	Workshop on Policies	October 2020
Municipal Councillor	CLlr Tembe	Lucky	Workshop on Policies	October 2020
Municipal Councillor	CLlr Nxumalo	Themba	Workshop on Policies	October 2020
Municipal Councillor	CLlr CLlr Mathenjwa	Maxwell	Workshop on Policies	October 2020
Municipal Councillor	CLlr Nxumalo	Simon	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mthembu	Gorge	Workshop on Policies	October 2020
Municipal Councillor	CLlr Tembe	David	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mthembu	Mthandeni	Workshop on Policies	October 2020
Municipal Councillor	CLlr Vumase	Nomonde	Workshop on Policies	October 2020
Municipal Councillor	CLlr Gwala	Johnson	Workshop on Policies	October 2020
Municipal Councillor	CLlr Ndabeni	Nduna	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mdletshe	Ndukuzakhe	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mhlongo	Edmund	Workshop on Policies	October 2020
Municipal Councillor	CLlr Sithole	Jabulani	Workshop on Policies	October 2020
Municipal Councillor	CLlr Zikhali	Bonginkosi	Workshop on Policies	October 2020
Municipal Councillor	CLlr Tembe	Khemba	Workshop on Policies	October 2020
Municipal Councillor	CLlr Ndlovu	Simangele	Workshop on Policies	October 2020
Municipal Councillor	CLlr Myeni	Thulani	Workshop on Policies	October 2020
Municipal Councillor	CLlr Mkhwanazi	Londiwe	Workshop on Policies	October 2020

Municipal Councillor	Cllr Ngubane	Jabulisiwe	Workshop on Policies	October 2020
Municipal Councillor	Cllr Gumede	S'bongile	Workshop on Policies	October 2020
Municipal Councillor	Cllr Tembe	Bangani	Workshop on Policies	October 2020
Municipal Councillor	Cllr Mthembu	Mayeza	Workshop on Policies	October 2020
Municipal Councillor	Cllr Mlambo	Thembinkosi	Workshop on Policies	October 2020
Municipal Councillor	Cllr Gumede	Hlengiwe	Workshop on Policies	October 2020
Municipal Councillor	Cllr Khumalo	Thembinkosi	Workshop on Policies	October 2020
Municipal Councillor	Cllr Cllr. Mlambo	Fikile	Councilors Roles and Responsibilities Skills Programme	07-11 October 2019
Municipal Councillor	Cllr Cllr. G.S. Mthembu	Gorge	Councilors Roles and Responsibilities Skills Programme	07-11 October 2019
Municipal Councillor	Cllr. Gwala	Johnson	Councilors Roles and Responsibilities Skills Programme	07-11 October 2019
Municipal Councillor	Cllr. Nxumalo	Themba	Councilors Roles and Responsibilities Skills Programme	07-11 October 2019
Municipal Councillor	Cllr. Ngubane	Jabulisiwe	Councilors Roles and Responsibilities Skills Programme	07-11 October 2019
Municipal Councillor	Cllr. Gumede	Hlengiwe	Councilors Roles and Responsibilities Skills Programme	07-11 October 2019
Municipal Councillor	Cllr. Myeni	Thulani	Councilors Roles and Responsibilities Skills Programme	07-11 October 2019

Table-104-Number of Employees Whose Salaries Were Increased Due to Their Positions Being Upgrade

Number of Employees Whose Salaries were Increased Due to their Positions being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	N/A
	Male	N/A
Skilled (Levels 3-5)	Female	N/A
	Male	N/A
Highly skilled production (Levels 6-8)	Female	N/A
	Male	N/A
Highly skilled supervision (Levels 9-12)	Female	N/A
	Male	N/A
Senior management (Levels 13-15)	Female	N/A
	Male	N/A
MM and S57	Female	N/A
	Male	N/A
Total		
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the number at the right-hand side of the column		

Table-105-Employees Whose Salary Levels Exceed

Employees whose Salary levels exceed the grade determined by Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	N/A	N/A	N/A	N/A

Table-106-Employees Appointed to Posts Not Approved

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exists
N/A	N/A	N/A	N/A	N/A

Disclosures of Financial Interests

Refer to disclosures made by officials and councillors concerning their financial interests as required by PM Regulations 805 of 2006 are set out in Appendix

CHAPTER 5

FINANCIAL PERFORMANCE

COMPONENT A: STATEMENT OF FINANCIAL PERFORMANCE

Financial performance of UMhlabuyalingana is analysed using the following 3 main components in this chapter (5)

- Component A: Statement of Financial Performance
- Component B: Spending Against Capital Budget
- Component C: Other Financial Matters

5.1 STATEMENT OF FINANCIAL PERFORMANCE

During 2019/2020 financial year, the municipality collected a total revenue of R228 202 090 and had operating expenses of R227 021 619 and Capital Expenditure of R29 824 243

Consultancy fees amounts to R5 873 888 which is including Legal Fees, business and advisory services and infrastructure and planning services fees. (Refer to table 155)

Table-107-Statement of Financial Performance

Description	Original Budget	Final Budget	Actual Income & Expenditure	Variance	Actual Income As % Of Final Budget
<u>Financial Performance</u>					
<u>Revenue from exchange transactions</u>					
Service Charges	654,902	624,360	624,360	-	100%
Licences and permits	3,592,040	5,332,170	2,292,370	3,039,800	43%
Commissions received	2,210	29,857	91,728	-61,871	307%
Rental income	413,353	375,615	375,615	0	100%
Interest on Investments	4,035,388	6,843,481	4,675,157	2,168,324	68%
Interest on Outstanding Debtors	720,904	922,504	678,165	244,339	74%
Other Own Revenue	125,031	1,642,573	1,006,811	635,762	61%
Impairment gains	-	-	-	-	
Total revenue from exchange transactions	9,543,828	15,770,560	9,744,205	6,026,354	
<u>Revenue from non-exchange transactions</u>					
-					
<u>Taxation revenue</u>					
Property Rates	26,977,968	25,474,312	21,114,011	4,360,301	83%
Government Grants	209,412,000	212,195,022	196,467,450	15,727,572	93%
Public Contributions & Donations	-	-	-	-	
Transfer revenue					

Traffic fines	1,149,060	3,050,990	876,900	2,174,090	29%
Total revenue from non-exchange transactions	237,539,028	240,720,324	218,458,361	22,261,963	91%
Contributions from reserves	-	13,000,000	-	13,000,000	0%
Total revenue	247,082,856	269,490,883	228,202,566	41,288,317	85%
			-		
Expenditure	-	-	-	-	
Employee Costs	- 89,314,429	-72,556,552	- 72,060,486	-496,066	99%
Remuneration of Councillors	- 13,455,753	-13,455,755	- 13,025,998	-429,757	97%
Debt Impairment	- 11,000,000	-5,861,737	-5,974,581	112,844	102%
Depreciation & Asset Impairment	- 25,626,819	-23,126,819	- 23,043,787	-83,032	100%
Impairment gains/loss		-1,400,000	-1,427,656	27,656	102%
Finance Charges	- 105,260	-2,105,260	-2,305,434	200,174	110%
Contracted Service	- 26,585,866	-45,990,488	- 46,869,260	878,772	102%
Operating lease expense	- 605,761	-2,605,761	-2,901,127	295,366	111%
Transfers and Subsidies	- 1,300,000	-6,258,000	-6,086,458	-171,542	97%
Asset write off	-	-2,000,000	-2,539,836	539,836	127%
Inventory Consumed	- 1,767,500	-2,481,500	-2,747,636	266,136	111%
Operational Cost	- 33,846,867	-44,652,489	- 45,395,079	742,590	102%
Inventory - COVID-19	-	-2,453,775	-2,587,565	133,790	105%

Loss on disposal of assets	-	-	-	-	0%
Actuarial losses	-	-	-56,716	56,716	0%
Total Expenditure	- 203,608,255	-224,948,135	- 227,021,619	2,073,484	101%
Surplus/(Deficit)	43,474,601.00	44,542,748.21	1,180,947.47	43,361,800.74	
Gains and losses-	-	-	-		
Surplus/(Deficit) After Capital Transfers & Contributions	43,474,601.00	44,542,748.21	1,180,947.47	43,361,800.74	
Share of Surplus/(Deficit) Of Associate	-				
Surplus/(Deficit for The Year	43,474,601.00	44,542,748.21	1,180,947.47	43,361,800.74	
<u>Capital Expenditure & Funds Sources</u>					
Capital Expenditure					
Transfers Recognised – Capital	- 33,918,000	-34,708,905	- 20,586,031	(14,122,874.00)	59%
Public Contributions & Donations	-	-	-	-	0%
Borrowing	-	-	-	-	0%
Internally Generated Funds	- 9,460,000	-9,833,843	-9,238,212	(595,631.00)	94%
Total capital expenditure	- 43,378,000	-44,542,748	- 29,824,243	(14,718,505.00)	67%

5.2 GRANTS

Table-108-Grant Performance

Grant name	2019	2019/2020			Variance	
		Original budget	Adjustment budget	Actual	Original budget %	Adjustment budget %
NATIONAL						
Equitable Share	145,676	166,017,000	166,017,000	166,017,000	100%	100%
Finance Management Grant	1,900,000	1,900,000	1,900,000	1,787,402	94%	94%
Expanded Public Works Programme Grant	3,047,000	3,525,000	3,525,000	3,525,000	100%	100%
PROVINCIAL						
Library Grant	1,873,000	2,460,000	2,460,000	2,460,000	100%	100%
Corridor Development Grant	1,000,000	-	-	-	-	-
Town Planning Grant	497,200	-	502,800	406,000	0	81%
Disaster Relief Grant	-	-	864,000	864,000	0	100%
Small Town Rehabilitation Grant	5,408,095	-	591,905	481,252	0	81%
Sports and Recreation Gran	16,500	-	33,500	29,000	0	87%
Tourism Grant	1,060,720	-	1,389,280	251,040	0	18%
Environmental Grant	199,997	-	-	-	-	-
	15,148,188	173,902,000	177,283,485	175,820,694	101%	99%

5.3 ASSET MANAGEMENT

Table-109-Asset Management:

	2019	2019/2020			Variance	
		Original budget	Adjustment budget	Actual	Original budget %	Adjustment budget %
Repairs and maintenance expenditure	8,022,839	4,560,965	3,910,965	8,864,973	194%	227%

Asset Management: The capital expenditure to total expenditure ratio was 12%. The norm for this ratio ranges between 10%-20%. Although the ratio was above 10% and it doesn't reflect low spending on infrastructure and does not hold potential risk to service delivery, It does hold financial sustainability risk because the infrastructure does not include economic (revenue generating) and social type infrastructure.

Repairs and maintenance ratio was 3%. This ratio was below the norm which is 8% and is an indication that insufficient monies are being spent on repairs and maintenance to the extent that it could increase impairment of useful assets.

Debtors Management: The collection ratio was 74% and below the norm of 95%. This ratio indicates the collection rate which is the level of payment by debtors. This is an indication that revenue collection of the municipality requires urgent attention and corrective measures should be implemented.

Liquidity Management: The cash /cost coverage ratio indicated that the municipality's ability to meet its monthly fixed operational commitments from cash and short-term investments without collecting additional revenue during the month. Our ratio was 2 months and the norm is 1- 3 months.

The current ratio was used to assess the municipality's ability to pay back its short-term liabilities with its short-term assets which is cash, inventory and receivable.

COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

During 2019/2020 financial year, the capital expenditure was 67% of the Capital budget. 59% was grant funded and 94% was funded by internal funds. Capital grants were received from the Municipal Infrastructure Grant (MIG). All capital projects were new projects, thus roads, community centres and Sports fields and were funded by MIG.

5.5 CAPITAL EXPENDITURE

Table-110-Capital Expenditure-Funding Sources:

	2018-2019	2019-2020			variance	
		Original Budget	Adjustment Budget	Actual	Act-Org %	Act - Adj %
Source of finance						
Grant and subsidies	39,077,430	33,918,000	34,291,813	20,695,459	61%	60%
Other	2,438,895	9,460,000	10,257,091	9,128,784	96%	89%
	41,516,325	43,378,000	44,548,904	29,824,243	69%	67%
Percentage of finance						
Grants and subsidies	94%	78%	77%	69%	61%	60%
Other	6%	22%	23%	31%	96%	89%
Capital expenditure						
Raods	24,821,842	21,918,000	33,699,909	20,214,207	92%	60%
Community halls and centres	11,846,765	12,000,000	477,091	477,091	4%	100%
Markets stalls	2,408,823	-	591,904	481,252	-	81%
Other	2,438,895	9,460,000	9,780,000	8,651,693	91%	88%
	41,516,325	43,378,000	44,548,904	29,824,243	69%	67%
Percentage of expenditure						
Raods	60%	51%	76%	68%	92%	60%
Community halls and centres	29%	28%	1%	2%	4%	100%
Markets stalls	6%	-	1%	2%	0%	81%
Other	6%	22%	22%	29%	91%	88%

COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.6 CASH FLOW

Table-111-Cashflow Outcomes

Description	2019	2019-2020		
		Original budget	Adjustment budget	Actual
Cash flow from operating activities				
Receipts				
Cash receipts from customers and others	22,798,422	18,080,518	18,969,018	27,348,904
Government grants	223,011,000	233,413,000	229,277,000	209,684,000
Interest income	4,802,233	2,010,967	6,843,481	4,675,157
Other receipts	4,048,481	7,402,320	20,047,544	2,569,848
	254,660,136	260,906,805	275,137,043	244,277,909
Payments				
Employee costs	(79,031,951)	(102,770,182)	(94,530,307)	(85,086,484)
Suppliers	(120,345,593)	(63,803,494)	(102,688,639)	(114,334,272)
Interest paid	(3,384)	(105,260)	(105,260)	(336,772)
	(199,380,928)	(166,678,936)	(197,324,206)	(199,757,528)
Net cash flow from operating activities	55,279,208	94,227,869	77,812,837	44,520,381
Cash flows from investing activities				
Purchase of property plant and equipment	(40,634,933)	(67,378,000)	(68,542,747)	(29,448,987)
proceeds from sale of property plant and equipment	448,422	-	-	-
purchase of other intangible assets	(69,031)	-	-	(375,256)
Net cash flow from investing activities	(40,255,542)	(67,378,000)	(68,542,747)	(29,824,243)
Net decrease in cash and cash equivalents	15,023,666	26,849,869	9,270,090	14,696,138

Cash and cash equivalents and the beginning of the year	34,628,447	49,652,113	49,652,113	49,652,113
Cash and cash equivalents and the end of the year	49,652,113	76,501,982	58,922,203	64,348,251

It is important for the municipality to manage its cash flows and ensure that they maintain their liquidity status so they can be able to meet their long- and short-term obligations. Cash flows of the municipality are looking great as they have increased when comparing cash and cash equivalents for 2019 against cash and cash equivalents for 2020 financial year.

5.7 BORROWINGS AND INVESTMENTS

Table-112-Municipal and Entity Investments

Municipal and Entity Investments	2017/2018	2018/2019	2019/2020
<u>Municipality</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank	12 278 329	13 059 626	13 890 938
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers' Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Repurchase Agreements – Banks			

Municipal Bonds			
Other			
Municipality sub-total	12 278 329	13 059 626	13 890 938
<u>Municipal Entities</u>			
Securities - National Government			
Listed Corporate Bonds			
Deposits – Bank			
Deposits - Public Investment Commissioners			
Deposits - Corporation for Public Deposits			
Bankers’ Acceptance Certificates			
Negotiable Certificates of Deposit – Banks			
Repurchase Agreements – Banks			
Municipal Bonds			
Other			
Entities sub-total	0	0	0
Consolidated total	12 278 329	13 059 626	13 890 938

The municipality does not have borrowings it only has short term investments. Short term investments are made to different banks in different types of investment accounts like fixed deposits and money market accounts.

5.8 PUBLIC PRIVATE PARTNERSHIPS

Public Private Partnerships: The municipality did not have partnership agreements during 2019/2020 financial year.

COMPONENT D: OTHER FINANCIAL MATTERS

5.9 SUPPLY CHAIN MANAGEMENT

UMhlabuyalingana Municipality has a centralised SCM Unit which is under the management of the CFO. The unit has 4 officials, 3 of these officials have done training on the prescribed level of competency requirements. All the SCM Committees have been established and are functioning properly in the implementation of the SCM processes.

5.10 GRAP COMPLIANCE

The municipality has fully implemented the Standards of GRAP (Generally Recognised Accounting Practice) in accordance with the MFMA and Directive 5 issued by the Accounting Standards Board (ASB) and did not deviate from any standard.

CHAPTER 6

AUDITOR GENERAL'S AUDIT FINDINGS

Auditor-General of South Africa

uMhlabuyalingana Local Municipality

Audit Report 2019/20

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

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the uMhlabuyalingana local municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2020, statement of financial performance, statement of changes in net assets, cash flow statement, and the statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the uMhlabuyalingana local municipality as at 30 June 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (Dora).

Basis for the opinion

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

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

Material impairments – trade debtors

7. As disclosed in note 31 to the financial statements, material impairments of R5,97 million (2019: R6,45 million) were incurred as recoverability of these amounts were doubtful.

Other matter

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

Unaudited disclosure notes

9. 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

10. 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.
11. 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

12. 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.
13. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Introduction and scope

14. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
15. 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 measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to 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.
16. 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 services delivery and infrastructure development priority presented in the municipality's annual performance report for the year ended 30 June 2020.
17. 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.
18. I did not identify material findings on the usefulness and reliability of the reported performance information for the development priority.

Other matter

19. I draw attention to the matter below.

Achievement of planned targets

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

Report on the audit of compliance with legislation

Introduction and scope

21. 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.
22. The material finding on compliance with specific matters in key legislation is as follows:

Procurement and contract management

23. Competitive bids were adjudicated by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2). This non-compliance was identified in the procurement processes for all bids awarded during the year.

Other information

24. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report
25. 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.
26. 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.
27. 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

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

29. The accounting officer and senior management were not properly trained to ensure that SCM evaluations are properly executed in compliance with applicable prescript.

Other reports

30. 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.
31. An investigation is currently in progress in terms of section 106 of Municipal Systems Act No. 32 of 2000 by KwaZulu-Natal Co-operative Governance and Traditional Affairs in relation to alleged irregularities. This investigation relates to the contracts that were awarded in the previous years.
32. In addition, another investigation by the HAWKS in relation to alleged misrepresentation by the supplier is currently in progress. This investigation relates to the contracts that were awarded in the previous years.

Auditor-General

Pietermaritzburg

31 March 2021



Auditing to build public confidence

Annexure – Auditor-general's responsibility for the audit

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

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may

reasonably be thought to have a bearing on my independence and, where applicable, related safeguards.

6.2 AG ACTION PLAN 2019/2020

No.	AFS Component	Criteria/Requirement	AGSA Finding	Root Cause	Remedial Action
Material Findings: Annexure A					
1	Procurement and contract Management- Bid adjudication committee not properly constituted	<p>In terms of section 29(2) of the SCM regulation, the bid adjudication committee must consist of at least four senior managers of the municipality which must include:</p> <p>a) the chief financial officer or, if the chief financial officer is not available, another manager in the budget and treasury office reporting directly to the chief financial officer and designated by the chief financial officer; and</p> <p>b) at least one senior supply chain management practitioner who is an official of the municipality, and</p> <p>c) A technical expert in the relevant field who is an official, if such an expert exists in an advisory capacity.</p>	<p>During the audit of procurement, we identified that the BAC committee for the below tenders awarded was not properly constituted in line with SCM Regulation 29(2):</p> <p>Therefore, the municipality has incurred irregular expenditure on these contracts due to non-compliance with SCM regulation 29(2).</p>	<p>Management did not implement adequate control to ensure that the bid committees are constituted in accordance with the requirements of the SCM regulations.</p>	<p>1. Management will appoint independent service provider to conduct investigation regarding the Irregular identified by AG. Outcome of the report will be table to MPAC, EXCO and Council for implementation of recommendations.</p> <p>2. Management going forward will ensure BAC is properly constituted as per SCM Reg 29.</p>
Other Important Matters: Annexure B					
2	Property, Plant and Equipment- BUNDLING OF STREET LIGHTS AND ROAD SIGNS AS A SINGLE LINE ITEM	In terms of GRAP 17, para 48: Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the	The bundling of streetlights and road signs as one single line item makes it impossible for auditors to determine if there have been any damages during	Ineffective asset management as the grouping of street lights and road signs makes it impossible to separately identify each	<p>1. Management will engage the service provider to assist with BOQ.</p> <p>2. Unbundle of Asset will be</p>

		<p>item shall be depreciated separately.</p>	<p>the current year or any impairment that should have been recognized on the asset/s.</p> <p>Furthermore, if there are any additions to street lights, it would be difficult to depreciate the asset accurately as they will all have the same depreciation date which will lead to incorrect presentation and disclosure on the AFS as the valuation of assets will not be accurately determined.</p> <p>As the street lights and road signs are disclosed as a single line item, it makes it impossible to separately identify each asset, and to determine if any impairment or write off of the asset in the case of damage of the individual assets was accounted for or was needed to be accounted for. It is also not clear if all these streetlights and road signs were available for use on the same day or were available for use at different intervals as the depreciable date is the same. Furthermore, the street name/ location and the total number of streetlights and the total number of road signs was not indicated in the FAR.</p>	<p>asset which results in future difficulty in identifying the additions and impairments of such street lights & road signs.</p> <p>Assets Management Department couldn't find BOQ form the Contractor and Technical Department to enable them to have cost per Street Lights. The capitalisation of Street Lights was done based on the total cost paid to the Contractor.</p>	<p>performed by management to properly disclose transactions.</p>
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3	INCORRECT DEPRECIATION RATE USED ON DEPRECIATING THE STREET LIGHTS	<p>MFMA section 63 (2) states that, The accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure -</p> <p>a) that the municipality has and maintains a management, accounting and information system that accounts for the assets and liabilities of the municipality;</p> <p>b) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and</p> <p>c) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.</p> <p>GRAP 17.55 further states that, the depreciable amount of an asset shall be allocated on a systematic basis over its useful life.</p>	<p>Contrary to the requirements, it was noted that the useful life used to depreciate the street lights in the FAR was different to the useful life indicated in the Municipality's asset management policy.</p> <p>In terms of the Mhlabayalingana Local Municipality Fixed Asset Management Policy, "The chief financial officer shall assign a useful operating life to each depreciable asset recorded on the municipality's fixed asset register. In determining such useful life the chief financial officer shall adhere to the useful lives set out in the annexure to this policy." As per Part 32 Annexure provided: Street lights are depreciated over 25 years.</p> <p>On inspection of the AFS It was noted that the depreciation rate of the streetlights was not disclosed in the AFS. It was further noted that the disclosure of the infrastructure assets' depreciable rate was indicated as 30 years, whereas the infrastructure depreciable rates as per the FAR ranges between 5 years and 30 years and as per the asset management policy ranges between 3 years and 30 years. The differences between the useful lives of the streetlights and the infrastructure assets are illustrated in the relevant tables below:</p>	<p>Management did not prepare valid, accurate and complete financial reports that are supported and evidenced by reliable information.</p> <p>Inadequate monitoring and review of internal controls relating to asset management and compliance with GRAP & MFMA requirements.</p> <p>It was an oversight on the side of management not to include depreciation rate of Street Lights in AFS.</p> <p>Depreciation rate was not aligned with Fixed Asset Policy.</p>	<p>1. Management to update Fixed Assets Management Policy</p> <p>2. Management to update Accounting policies in the AFS.</p>

			<p>Table 1: Differences between the useful lives of the streetlights as per FAR and the Asset policy Description: Manguzi streetlights Depreciation rate as per FAR: 10 years Depreciation rate as per policy: 25 years</p> <p>Table 2: Differences on the depreciable rate of infrastructure assets Description: Infrastructure assets Depreciation rate as per FAR: 5-30 years Depreciation rate as per policy: 3-30 years Depreciation rate as per AFS: 30 years</p> <p>The differences between the depreciation rate used in the FAR and disclosed in the AFS could result to material misstatements on the valuation of the street lights/ infrastructure assets and consequently leads to over/ under-misstatement of the PPE balance disclosed in the annual financial statements.</p>		
4	LAND NOT IN THE NAME OF THE MUNICIPALITY	GRAP 1.17 provides that, the financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets,	The land disclosed in the annual financial statements is not in the name of the municipality. There is no title deed for the municipality owning the land and there is no agreement and/ or any other written proof from the Ngonyama Trust giving the municipality the right to use the land asset. The supporting documents (title deed/	<p>Management did not prepare valid, accurate and complete financial reports that are supported and evidenced by reliable information.</p> <p>Land in the name of the municipality but Title deeds were not provided to Auditors</p>	1. Management will obtain Lease agreements for all municipal Sites.

		<p>liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation. In terms of GRAP 17, para 07, the cost of an item of property, plant and equipment shall be recognised as an asset if, and only if:</p> <p>(a) it is probable that future economic benefits or service potential associated with the item will flow to the entity; and</p> <p>(b) The cost or fair value of the item can be measured reliably.</p>	<p>agreement) was requested from management but was not provided. Further discussions were held with management, who indicated that there is no documentation held by the municipality that supports ownership of the land. Upon enquiry from the CFO and asset manager, improvements have been made by the municipality, which hold value. However, no lease agreement or title deed and/or any other written proof between Ngonyama Trust and the municipality giving them the right to use the land was given to auditors on request from management.</p> <p>As a result the auditor was unable to confirm with certainty that the asset belong to the municipality. LAND:COUNCIL CHAMBERS ASSET, ID:L0002, LOCATION:UMHLABUYLI NGANA COUNCIL CHAMBERS, CARRYING AMOUNT:658 992,46</p>		
5	ADDITIONS TO INTANGIBLE ASSETS INCORRECTLY RECORDED UNDER COMPUTER EQUIPMENT ADDITIONS	<p>In terms of GRAP 17, definitions, Property, plant and equipment are tangible items that:</p> <p>(a) Are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes; and</p> <p>(b) Are expected to be used during more than one reporting period.</p>	<p>Property plant and equipment includes items 2 and 3 from the invoice. Microsoft office 2016 and Windows have been included in Computer Equipment as well as intangible assets. Not only is this amount duplicated, but it is also classified incorrectly into computer equipment (PO03366).</p> <p>There could be a material misstatement on the valuation of computer assets as the intangible</p>	This should be removed because proper explanation was provided during the Audit.	No duplicate transactions

			assets were incorrectly recorded under computer assets. Therefore, the PPE balance may be overstated.		
6	POOR MAINTAINANCE OF ASSETS – COMMUNITY HALLS	<p>In terms of section 63(1)(a) of the Municipal Finance Management Act, “The accounting officer of a municipality is responsible for the management of the assets of the municipality, including the safeguarding and the maintenance of those assets”</p> <p>In terms of Part 11 of the Municipality Asset management policy, “Every head of department shall be directly responsible for the physical safekeeping of any fixed assets controls or used by the department in question.”</p> <p>Paragraph 12 of the Municipality Asset management policy states that, every Head of Department shall be directly responsible for ensuring that all assets are properly maintained in a manner which will ensure that such assets attain their useful operating lives.</p> <p>GRAP 21 para.20 states that an entity shall assess at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the entity shall estimate the recoverable service amount of the asset.</p> <p>GRAP 21 para.23 further states that in assessing whether there is any indication that an asset may be impaired, an entity shall consider, as a minimum, the following</p>	<p>During the physical verification of fixed assets, it was noted that the following community halls were of poor condition due to lack of maintenance.</p> <p>The following issues were identified with the poor maintenance of the halls:</p> <ul style="list-style-type: none"> • Grass is overgrown and now growing through the paving. • Parking lots are non-existent as thick grass has fully grown over the area. • Windows and doors are broken as a result of vandalism. • Fencing has been critically damaged (refer to picture 2 below) • There are leaks in halls. (refer to picture 4 below) • There is no running water or electricity. • Animals are grazing on the community hall land and are wondering into the openings in halls. On inspection of Mahlakwe Hall, there was goat faeces in the hall (refer to image 5 below) • Buildings have not been maintained for a very long time. 	Management have not ensured proper maintenance protocols for their assets, constituting poor asset management.	Management need to develop assets maintenance plan

	<p>indications:</p> <p>External sources of information</p> <p>a) Cessation, or near cessation, of the demand or need for services provided by the asset.</p> <p>b) Significant long-term changes with an adverse effect on the entity have taken place during the period or will take place in the near future, in the technological, legal or government policy environment in which the entity operates.</p> <p>Internal sources of information</p> <p>c) Evidence is available of obsolescence or physical damage of an asset.</p> <p>d) Significant long-term changes with an adverse effect on the entity have taken place during the period, or are expected to take place in the near future, in the extent to which, or manner in which, an asset is used or is expected to be used. These changes include the asset becoming idle, plans to discontinue or restructure the operation to which an asset belongs, plans to dispose of an asset before the previously expected date and reassessing the useful life of an asset as finite rather than indefinite.</p> <p>e) A decision to halt the construction of the asset before it is complete or in a usable condition.</p> <p>f) Evidence is available from internal reporting that indicates that the service performance of an</p>			
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		asset is, or will be, significantly worse than expected.			
Audit of Performance Information					
7	AoPO: Indicator and targets not consistent between the IDP, SDBIP and APR	<p>Section 121(3)(f) of the Municipal Finance Management Act (MFMA), requires that the annual report of a municipality must include, an assessment by the municipality's accounting officer of the municipality's performance against the measurable performance objectives referred to in section 17 (3) (b) for revenue collection from each revenue source and for each vote in the municipality's approved budget for the relevant financial year.</p> <p>Furthermore, section 41 (a) – (c) of the Municipal Systems Act No. 32 of 2000, (MSA), indicates that a municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed—</p> <ul style="list-style-type: none"> • set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the municipality's development priorities and objectives set out in its integrated development plan; • set measurable performance targets with regard to each of those development priorities and objectives; • with regard to each of those development priorities and objectives and against the key 	<p>Reference number Indicator / measure Unit of measurement Planned target as per APR Reported achievement per system generated report/ register/ list Reported achievement per APR submitted for audit Document the nature, cause and circumstance of any difference identified BSDID03 - 19/20 - TS3 Completion of ward 7 electrification project Number 150 households electrified at ward 7 0 households electrified at ward 7 with engineers close out report by 30 June 2020 Target not achieved The statements contradicts itself because, 0 households electrified at ward 7, but the engineers submitted a close out report by 30 June 2020 Furthermore, it was also noted that there is no planned development objective per annual planning document in respect of the following reported development objective as per Annual Performance Report (APR)</p>	Inadequate review of the SDBIP to the APR to ensure consistency of the indicators and target	Management should review the Annual Performance Report to ensure that the planned and reported strategic objectives, indicators and targets are consistent. In addition, adequate reviews and reconciliation between SDBIP and APR should be performed to ensure that all planned performance indicators have been reported upon in the municipality's annual performance report

		<p>performance indicators and targets set in terms of paragraphs (a) and (b)—</p> <ul style="list-style-type: none"> (i) monitor performance; and (ii) measure and review performance at least once per year; <p>In addition, section 46 of the MSA requires that a municipality must prepare for each financial year a performance report reflecting:</p> <ul style="list-style-type: none"> • the performance of the municipality and of each external service provider during that financial year; • a comparison of the performances referred to in paragraph (a) with targets set for and performances in the previous financial year; and <p>measures taken to improve performance</p> <p>Contrary to the requirement above, during the review and comparison of the scorecard, SDBIP and the annual performance report (APR) the following inconsistencies were noted:</p> <ul style="list-style-type: none"> • the municipality's planned strategic objectives, indicators and targets and • reported strategic objectives, indicators and targets were not consistent 			
Payables					
8	NON-COMPLIANCE WITH MFMA – PAYMENT OF SUPPLIERS WITHIN 30 DAYS	<p>The MUNICIPAL FINANCE MANAGEMENT ACT NO. 56 OF 2003</p> <p>Section 65(1) of the Municipal Finance Management Act states</p>	<p>Contrary to the requirement above, through the review of the suppliers' general ledger and supplier invoice, as at November 2019, we noted the invoice that</p>	<p>Management did not ensure that they complied with the requirements of the MFMA with regards to section 62 of the act.</p>	<p>1. Monitoring of Invoice Register which is kept by SCM.</p> <p>2. Provide proper report on all</p>

		<p>that the Accounting Officer of a municipality is responsible for the management of the expenditure of the municipality. Section 65(2) of the Municipal Finance Management Act states that the Accounting Officer must take all reasonable steps to ensure:</p> <p>(a) that the municipality has and maintains an effective system of expenditure control, including procedures for approval, authorization, withdrawal and payment of funds.</p> <p>(c) that the municipality has and maintains a system of internal control in respect of creditors and payments.</p> <p>(e) that all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement, unless prescribed otherwise for certain categories of expenditure;</p>	<p>have not been paid within 30 days as required by regulation 65(2)(e). The table below the related invoice:</p> <table><tr><td>TABLE</td><td>1</td></tr><tr><td>Supplier Name</td><td>Received Date</td></tr><tr><td>Payment Date</td><td>Amount</td></tr><tr><td>RICHARDBAY PRINTERS</td><td>09</td></tr><tr><td>OCTOBER 2019</td><td>20</td></tr><tr><td>NOVEMBER 2019</td><td></td></tr><tr><td>R3</td><td>335</td></tr></table> <p>Furthermore; we have inspected the suppliers age analysis, and identified that there were many more other overdue accounts as at 30 June 2020.</p>	TABLE	1	Supplier Name	Received Date	Payment Date	Amount	RICHARDBAY PRINTERS	09	OCTOBER 2019	20	NOVEMBER 2019		R3	335	<p>Service provided provide services which were outside to the specification.</p>	<p>good and Service that did not meet specification.</p>
TABLE	1																		
Supplier Name	Received Date																		
Payment Date	Amount																		
RICHARDBAY PRINTERS	09																		
OCTOBER 2019	20																		
NOVEMBER 2019																			
R3	335																		
Employee Related Costs																			
9	Differences between the Actual Annual Financial Statements and Disclosure Notes	<p>In terms of GRAAP 1 (123), Notes shall, as far as practicable, be presented in a systematic manner. Each item on the face of the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts shall be cross referenced to any related information in the notes.</p>	<p>Contrary to the requirement above the following variances were noted on the financial statements together with the supporting note.</p>	<p>Management did not adequately review the financial statements to ensure that they are free from errors</p>	<p>1. Management will perform quarterly financial statement to ensure that we minimise errors could occur at year-end.</p> <p>2. Management will also perform independent reviews on the annual financial statement through Cogta and Treasury.</p>														

1 0	Late Submission of the Approved Procurement Plan to Treasury	Section 74(1) of the MFMA prescribes that, the accounting officer of a municipality must submit to the National Treasury, the provincial treasury, the department for local government in the province or the Auditor-General such information, returns, documents, explanations and motivations as may be prescribed or as may be required. "In terms of the MFMA Circular No. 62 Municipal Finance Management Act No. 56 of 2003 and KZN Municipal Amended Circular 04 of 2018/2019; The accounting officer or accounting authority must- Submit an approved annual procurement plan to the relevant Treasury by 30 June of each year. Align the procurement plan with the institution's budget and annual performance plan for a specific financial year."	Contrary to the requirement above; during planning phase of the audit of uMhlabuyalingana Municipality, it was noted that the procurement plan which is required to be submitted to the relevant Treasury by 30 June 2019 was only submitted on the 18th of July 2019 which is later than the date required by the MFMA circular. This may be due to inappropriate planning and budgeting processing and will result in non-compliance with MFMA and MFMA Circular.	Poor planning and management of the procurement plan by the municipality's management. Inadequate monitoring and review of compliance with MFMA circular for the submission of the approved annual procurement plan to Treasury.	1. Management will develop procurement plan and the procurement plan will be approved with Budget. 2. Letter for the Office of the Municipal Manager will be distributed to all departments indicating due date for submission.
1 1	Incomplete disclosure – note 41 Comparative Reclassification	Section 122 (3) of the MFMA states that, "Both annual financial statements and consolidated annual financial statements must be prepared in accordance with generally recognised accounting practice prescribed in terms of section 91 (1) (b) of the Public Finance Management Act." In terms of GRAP 1 Para 35. An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the	A. Contrary to the requirements above, through the review of the financial statements, as at 30 June 2020. It was noted that the comparative reclassification disclosed in the financial statements is incomplete as the nature and the reason for reclassification of INEP and unspent conditional grant was not disclosed. B. Furthermore, we have inspected the operational cost comparative reclassification and noted that the balance does not net off, resulting in a difference of R212 573.00 (R3	Management did not adequately review the financial statements to ensure that they are free from errors	1. Management will perform quarterly financial statement to ensure that we minimise errors could occur at year-end. 2. Management will also perform independent reviews on the annual financial statement through Cogta and Treasury.

		<p>revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs .49 and .50. Furthermore, GRAP 1 Para 49 provides that, If the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose (including as at the beginning of the preceding period):</p> <p>(a) the nature of the reclassification;</p> <p>(b) the amount of each item or class of items that is reclassified; and</p> <p>(c) the reason for the reclassification.</p> <p>GRAP 1 Para 50 further states that, When it is impracticable to reclassify comparative amounts, an entity shall disclose:</p> <p>(a) the reason for not reclassifying the amounts; and</p> <p>(b) the nature of the adjustments that would have been made if the amounts had been reclassified</p>	690 703 – R3 478 130.00). It is also not clear where the certain items (amounts) were reclassified to, as we could not trace the following expenditure to the items disclosed on the note.		
1 2	Incorrect Calculation of the Commitments Balance	According to Section 122(1) of the MFMA, every municipal entity must for each financial year prepare annual financial statements which fairly presents	Part A: Incorrect amount used in the calculation of the commitment Commitment for Construction Mbazwana to KwaMabila Access	Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and	1. Management will perform quarterly financial statement to ensure that we minimise errors could occur at year-end to ensure that commitments are recorded

	<p>the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125.</p> <p>GRAP 1.17 provides that, financial statements shall present fairly the financial position, financial performance and cash flows of an entity. Fair presentation requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, revenue and expenses. The application of Standards of GRAP with additional disclosures, when necessary, is presumed to result in financial statements that achieve a fair presentation.</p> <p>In terms of GRAAP 1.123(b) &(c), Notes shall: (b)disclose the information required by Standards of GRAP that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement or statement of comparison of budget and actual amounts; and (c) provide additional information</p>	<p>Road was calculated based on an incorrect appointment amount. The total award amount as indicated in the commitments schedule and the table below is incorrect as the original contract amount of Melokuhle as per the appointment letter/ SLA was R6 545 015 and approved extension amount was R1 309 003,03 as per the extension letter dated 01/07/2020 and the council resolution dated 30/06/2020. The contract amount for Vumesa was 12% of the construction fee as per the SLA, thus making up a total contracted amount of R8 796 500,19</p> <p>The adjustment budget amount used for the calculation of the commitment could not be justified as there were no variations or extensions of the original contract supporting the adjustment budget, this was confirmed with management.</p> <p>Part B 2: Incorrect disclosure and incorrect classification of the expenditure related to UMHL02/2019/2020 contract</p> <p>Simphulwazi engineer's consultants were appointed in 2020, however the contractor for that particular project was not yet appointed. Through inspection of the SLA (service level agreement), it was noted that the amount is calculated at 8% of the contractor's</p>	<p>available to support financial and performance reporting. Consequently, financial statements are misstated.</p>	<p>correctly.</p> <p>2. Monthly management and monitoring commitment register</p>
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		<p>that is not presented on the face of the statement of financial position, statement of financial performance, statement of changes in net assets, cash flow statement or statement of comparison of budget and actual amounts, but is relevant to an understanding of any of them. . According to municipality's commitments accounting policy (1.29 Commitments) Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources. Commitments are not recognized in the statement of financial position as a liability, but are included in the disclosure in the following cases:</p> <ul style="list-style-type: none"> - Approved and Contracted commitments - Where the expenditure has been approved and the contract has been awarded at the reporting date; and - Where disclosure is required by specific GRAP standard. The municipality will disclose authorised operational and capital expenditure, that which has been approved and contracted for and that which has been approved and not yet contracted for. 	<p>amount/ / construction fee, which, at year end was not available.</p> <p>As it was not possible to appoint the contractor in the current year under audit, the commitment relating to such contractor should rather be separately disclosed as "Authorised expenditure which has been approved and not yet contracted for."</p> <p>The municipality incorrectly disclosed a commitment of R3 957 330,67 which was calculated based on the budgeted amount of R4 500 000, which includes both the contractor's estimated fee and the consultant's already contracted fee calculated based on the budgeted amount for the project. The municipality should disclose capital expenditure commitment relating to this contract separately, to show amount relating to expenditure, which has been approved and contracted for and that which has been approved but not yet contracted for in line with the accounting policy of the Municipality. Furthermore, a brief narrative information may be added on the note to indicate that the commitment was based on the estimated (budget) amount for the project.</p> <p>Part C 3: Overpayment on the contract incorrectly disclosed as a</p>	
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			<p>commitment.</p> <p>The UMHL03/2018/2019 - HAMSA - Mahlangu Jikela Electrification contract, shown an overpayment of expenditure amounting to R544 657.35, which is a difference between contract amount as per SLA (R9 891 025,73) and expenditure incurred on the contract as at 30/06/2020 (R10 435 682,35). Therefore, there is no commitment to be recognized as the expenditure incurred is already above the contracted amount and on inspection of the Council resolution dated 30/06/2020, this contract was not part of the extensions approved by the Council. Furthermore, it was noted that the municipality disclosed a commitment of R74 613, which could not be justified as no supporting documentation was submitted to auditors after discussions with management, Part D 4 : Misstatement of the commitments disclosed amount.</p> <p>During the audit of commitments, it was noted that the following commitment balances were calculated based on an incorrect appointment amount as per SLA. The municipality used the adjustment budget which could not be justified as there were no extensions or variations approved. Management indicated that it is the policy of the municipality to</p>		
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			<p>deduct the total expenditure from the total award amount unless if there were extensions or variations. However, on performance of recalculations of the commitments balance it was noted that all the commitments' amounts were incorrectly calculated by subtracting the total expenditure incurred as at 30/06/2020 from the adjusted budget, instead of using the total award amounts as per SLAs. The appointment amount recalculated by the auditor was obtained by adding the contractors' original amount as per appointment letter/ SLAs with approved extensions (where applicable) plus applicable percentage (%) of construction fee of the consultants' contracts to get the total award amount for these projects as indicated above. The recalculated commitment amounts were calculated using the contract amount as per the SLAs and the total expenditure incurred as at 30 June 2021, and the resulting differences are indicated in the table above.</p> <p>It was further noted that the consultants fee amount was incorrectly calculated, the expected amount should have been a 8% consultant's fee of R4 500 000 equals R360 000.00 and not R400 000 as indicated in the commitments' register and the table below.</p>		
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			It was further noted that with respect to the consultant's fee contract stated above, an expenditure of R542 669.33 had already been incurred, resulting to an overpayment of R182 669,33 (542 669.33 – 360 000).		
1 3	Errors noted in the evaluation outcome	<p>Section 28 of the Municipal Supply Chain Management Regulation state that: -</p> <p>1) A bid evaluation committee must-- a) Evaluate bids in accordance with--</p> <p>i) The specification for a specific procurement; and</p> <p>ii) The points system as must be set out in the supply chain management policy of the municipality or municipal entity in terms of regulation 27 (f) and as prescribe in terms of the Preferential Procurement Policy Framework Act.</p> <p>Preferential Procurement regulation 4 (2) of 2017 states that: A tender that fails to meet any pre-qualifying criteria stipulated in the tender documents is unacceptable.</p> <p>Preferential Procurement regulation 5 (6) of 2017 states that: A tender that fails to obtain the minimum qualifying score for functionality as indicated in the tender documents is not an acceptable tender.</p> <p>MFMA section 112 states that the</p>	<p>Through inspection of the bid documents of the prospective contractors and the winning bidder, the minutes of meetings for bid committees, the following deficiencies were noted:</p> <p>1. The winning bidder was the bidder that should have been disqualified as non-responsive and should not have proceeded for further evaluation as the Certified Workman Compensation Certificate was not provided as part of the compulsory/ mandatory documents,</p> <p>2. Contract was awarded to the contractor that did not meet the minimum qualifying score for functionality. There were calculation errors made by the BEC/ BAC as the bidder was incorrectly awarded 10 more points for experience/ completion of projects although only 4 appointment letters and certificate of completion were submitted. Compared to the total score of other 3 bidders, Vumase had the highest functionality score as the second ranking contractor had a score of 54%. As no contractor met</p>	<p>Ineffectiveness of controls implemented by Management to ensure accurate calculations and overall compliance with the Supply Chain Management Regulation, Preferential Procurement Regulation Guidelines and the Supply Chain Management policy.</p>	<p>1. Management will co-ordinate training for BSC, BEC and BAC through treasury to eliminate errors on these committees.</p>

		supply chain management policy of a municipality must be fair, equitable, transparent, competitive and cost-effective and comply with a prescribed regulatory framework for municipal supply chain management.	the functionality criteria, the bid should have been re-advertised. 3. Tender was awarded to the contractor that did not meet the pre-valuation/ elimination criteria, as the contractor's MBD 6,1 form indicated that the contractor had no intentions of subcontracting, which was not in line with the pre-qualification criteria which required the winning contractor to subcontracted 5% of the contract to the local black emerging contractor which is 51% owned by the youth or women, as indicated in the invitation to bid document. The award to the bidder who did not meet the minimum qualifying score could result to the incurrence of irregular expenditure and material non-compliance with SCM laws and regulations. The award to the bidder who should have been disqualified during the pre-valuation stage could results to the incurrence of irregular expenditure and material non-compliance with SCM laws and regulations.		
1 4	Unfair elimination of certain suppliers	In terms in Procurement preferential regulation 4(1) and (2); Para (4)(1) requires that only tenders meeting the specified pre-qualification criteria be considered. Para 4(2) further requires that tenders/ quotations which complied with the stipulated qualifying criteria be considered as acceptable and be evaluated further.	During the audit of compliance: competitive bidding process, along with the preferential procurement regulation (PPR17), it was noted that certain bidders were unfairly eliminated as they did provide the documents required, per mandatory documents indicated in the invitation to bid document. Table 1: Bidders incorrectly eliminated and not evaluated	Poor monitoring and review of supply chain management and procurement preferential regulation by management which may result to non-compliance with SCM regulations.	1. Management will co-ordinate training for BSC, BEC and BAC through treasury to eliminate errors on these committees.

			further for functionality. Inadequate training for bid committees as they have eliminated suppliers unfairly, this may result in irregular expenditure.		
1 5	Non-compliance with PPPFA and PPR	<p>Regulation 6 of the Preferential Procurement Regulations, 2017, prescribes the following:</p> <p>6(1) The formula that must be used to calculate the points out of 80 for price in respect of a tender with a Rand value equal to, or above R30 000.00 and up to a Rand value of R50 000 000.00, inclusive of all applicable taxes.</p> <p>6(2) The table that must be used to calculate the points out of 20 for BBBEE.</p> <p>6(3) A tenderer must submit proof of B-BBEE status level of contributor</p> <p>The Supply Chain Management Policy of the Municipality, re-iterate the requirements as listed above and indicated in the PPR 2017.</p>	<p>During the audit of procurement and contract management the following non-compliance with the PPR and the Municipality's SCM policy was noted:</p> <p>1. On inspection of the BEC minutes for the evaluation of prospective suppliers and the valid BBBEE certificates/ sworn affidavit - BBBEE Exempted Micro Enterprise (EME) submitted by the prospective suppliers/ contractors, it was noted that the points for B-BBEE status were not correctly awarded for one of the prospective contractors, although it had a valid sworn affidavit - BBBEE Exempted Micro Enterprise (EME) dated 28/11/2019.</p> <p>The affected contract/s and contractor/s are indicated in the table below:</p> <p>Table 1: Contractor with a valid B-BBEE certificate not awarded BBBEE points- Liwa Construction</p> <p>The BBBEE certificate of this prospective contractor was inspected and it was confirmed that the contractor is a level one contributor. On inspection of the BEC report/ minutes it was noted that no points were awarded to the</p>	<p>Management did not adequately review and monitor compliance with applicable legislation in terms of the procurement of goods and services.</p>	<p>1. Management will ensure that we minimise the number of Tenders that are evaluated and adjudicated in a day to eliminate errors.</p> <p>2. Management will co-ordinate training for BSC, BEC and BAC through treasury to eliminate errors on these committees.</p> <p>3. Prepare procurement plan with timeline and dates per each project</p>

			<p>prospective contractor instead of 20 points. Thus, non-compliance with the PPR requirements as indicated above. However, the correct contractor with the highest points won the tender.</p> <p>The impact of the findings above result in a non-compliance with the Preferential Procurement Regulations. However, despite the non-compliance issues identified above, the correct supplier/contractor was awarded the contract.</p>		
1 6	False Declarations – Awards Made to Persons in Service of the State	<p>In terms of the SCM regulation 44 Irrespective of the procurement process followed, no award may be made to a person in terms of this Policy:</p> <ul style="list-style-type: none"> – (a) Who is in the service of the state (b) If that person is not a natural person, of which any director, manager, principal shareholder or stakeholder is a person in the service of the state; or (c) A person who is an advisor or consultant contracted with the municipality <p>SCM regulation 45 further states that, the notes to the annual financial statements of the municipality must disclose particulars of any award of more than R2000 to any person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including-</p>	<p>We noted that the following suppliers were in the service of the state, however it would seem that suppliers had falsely declared that there were not in the service of the state in the MBD4 form. This resulted in the municipality awarding contracts to persons in the service of state, which is prohibited in terms of MFMA regulation 44. Refer to the table below for details on the awards made to persons in service of the state.</p>	<p>Management did not use all the functions (information) available on the CSD reports when procuring from suppliers or the system used for procurement is not comprehensive</p> <p>Inadequate review and monitoring of compliance with SCM regulations.</p>	<p>1. Management will utilise MBD for declaration of interest and we will also utilise CSD report to monitor the status of directors in the company.</p> <p>2. Management will suspend these service provided on the financial system to ensure that we trade with them.</p>

		(a) The name of that person, (b) The capacity in which that person is in the service of the state, and (c) The amount of the award.			
1 7	Awards Made to Close Family Members of Persons in Service of the State	In terms of the SCM regulation 45 The notes to the annual financial statements of the municipality must disclose particulars of any award of more than R2000 to any person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous 12 months, including- (d) The name of that person, (e) The capacity in which that person is in the service of the state, and (f) The amount of the award.	We noted that there were awards made to the suppliers that are owned/ managed by close family members of persons in the service of the state. However, on inspection of the annual financial statements, it was noted that there was no disclosure of these awards made in line with the requirements of SCM regulation 45. Furthermore, the supplier did not disclose any close relations with the person in service of state. Refer to the table below for details on the awards made to close family members of persons in service of the state.	Inadequate review and monitoring of compliance with SCM regulations.	1. Management will utilise MBD for declaration of interest and we will also utilise CSD report to monitor the status of directors in the company. 2. Management will suspend these service provided on the financial system to ensure that we trade with them.
1 8	Incorrect Disclosure of Statutory Receivables	According to Section 122(1) of the MFMA, every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125. GRAP 3 paragraph 19(b) states that, In virtually all circumstances, a fair presentation is achieved by	During the audit of receivables from non-exchange transactions, it was noted that disclosure has been incorrectly and inadequately presented on the financial statements as disclosure requirements in terms of GRAP 108 has not been adequately complied with. Part A The following deficiencies were noted: • Municipality has not disclosed any debtor as statutory debtors • The property rates and traffic fines qualifies as per definition however, they have not be designated as such. • Disclosures in relation to GRAP 108.34 were not incorporated as there is no	Management did not perform adequate reviews of the annual financial statements to ensure that the annual financial statements are prepared in accordance with the requirements of all GRAP standards applicable in the current reporting period. Management did not adequately review the annual financial statements submitted for audit to ensure compliance with MFMA and GRAP requirements.	1. Management will perform quarterly financial statement to ensure that we minimise errors could occur at year-end. 2. New standards on GRP 108 will be implemented.

		<p>compliance with applicable Standards of GRAP. A fair presentation also requires an entity to present information, including accounting policies, in a manner which provides relevant, reliable, comparable and understandable information; GRAP 108 paragraph 34 states that, An entity shall disclose a description of: (a) how the transaction arises, with specific reference to applicable legislation, supporting regulations, or similar means; (b) how the transaction amount is determined; (c) interest or other charges levied charged (where applicable), including the basis and rate used; (d) the basis used to assess and test whether a statutory receivable is impaired, including how receivables are grouped and assessed for collective impairment; and (e) the discount rate applied to the estimated future cash flows, where applicable, and how it was determined. Furthermore paragraph 35 to 39 & 41 states that:..35 The carrying amount of statutory receivables shall be disclosed separately in the notes to the financial statements, clearly distinguishing statutory receivables from receivables which are financial assets and other receivables..36 An entity shall disclose the amount of any significant impairment losses separately from any revisions to</p>	<p>disclosure relating to the specific applicable legislation that gave rise to these transactions, no indication of how the transaction amount was determined, and bases and the rate used to calculate interest charged, e.g. On property rates. • The municipality recognised the significant impairment loss on these statutory receivables. However, the main events and circumstances that led to the recognition of this impairment loss was not disclosed under note #9 to the annual financial statements. • In addition, the key indicators and assumptions used to assess and calculate the current year impairment of the statutory receivables were not disclosed. This incomplete disclosure will result to non-compliance with GRAP 108 disclosure requirements as the annual financial statements were not prepared in line with all the requirements of GRAP standards.Part BIt was noted that municipality incorrectly disclosed statutory receivables as financial instrument in note #42 of the financial statement', accordingly risk management disclosure is misstated by this inclusion,• Receivables from non-exchange transactions stated at R10 015 480 (2018/19 R15 127 542)</p>	
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		<p>those impairment losses recognized on statutory receivables in the period, either in the statement of financial performance or in the notes to the financial statements..38 For significant impairment losses recognised or reversed, an entity shall disclose the main events and circumstances that led to the recognition or reversal of the impairment loss. An entity shall provide this information in aggregate for other losses or reversals..39 An entity shall disclose information about the key indicators and assumptions used to assess and calculate whether statutory receivables were impaired during the reporting period..41 An entity shall disclose information about the collectability of statutory receivables recognised at the reporting date as follows: (a) An analysis of statutory receivables that are past due at the reporting, and which have been impaired. (b) An analysis of statutory receivables that are past due that have not been impaired. (c) Factors the entity considered in assessing impairment losses in (a) and (b).</p>			
Annexure C: Administrative Matters					
19	BAR CODES MISSING ON ASSETS	<p>MFMA section 63 (2) states that, the accounting officer must for the purposes of subsection (1) take all reasonable steps to ensure - a) that the municipality has and maintains a management,</p>	<p>During the physical verifications, it was noted that some items of property, plant and equipment did not have barcodes on them, which made it difficult to ascertain whether these assets that were on</p>	<p>Management have not safeguarded assets through the use of barcodes and other identifying objects which could result in the loss of assets. There is a lack of control of these</p>	<p>1. Management will ensure that all newly acquired assets are barcoded before distributed to end-users.</p> <p>2. Asset verification is conducted</p>

		accounting and information system that accounts for the assets and liabilities of the municipality; b) that the municipality's assets and liabilities are valued in accordance with standards of generally recognised accounting practice; and c) that the municipality has and maintains a system of internal control of assets and liabilities, including an asset and liabilities register, as may be prescribed.	the floor/ verified were indeed the assets that were selected from the fixed assets register. In addition, the location of the assets selected from the FAR was not indicated in the FAR to at least give some comfort that the assets physically verified were indeed the assets selected from the FAR. However, the assets were physically verified at the municipality's office as they were newly procured.	assets as they may not be easily differentiated from other assets not belonging to the municipality.	twice per financial year which will assist the municipality to identify or to deal with this finding.
20	Misstatements identified in the WIP disclosure	<p>According to Section 122(1) of the MFMA, every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125.</p> <p>GRAP 1 paragraph 1 states that the objective of the standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities</p>	<p>PART A</p> <p>Differences were noted when comparing the prior year disclosure note of work-in progress (Prior year AFS) to the current year's disclosure note of work-in progress (Current year AFS). In the 2018/19 AFS the whole R56 million was disclosed under infrastructure, which agrees with the opening balance of R56 million under infrastructure of the 2020 reconciliation as per note below. However, in 2019/20 AFS the comparative amounts are disclosed as R44 million under infrastructure & R12 million net amount under Community assets, while in the 2020 opening figures R56 million is disclosed under infrastructure and nothing under Community.</p> <p>The inconsistencies noted and the non-disclosure of the reclassification of WIP projects will result to non-compliance with the</p>	Management did not adequately review the annual financial statements submitted for audit to ensure compliance with MFMA and GRAP requirements.	<p>1. Management will perform quarterly financial statement to ensure that we minimise errors could occur at year-end.</p> <p>2. Management will also perform independent reviews on the annual financial statement through Cogta and Treasury.</p>

		<p>GRAP 1 paragraphs 35, 49 and 50 states that: “.35 An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs .49 and .50.”</p> <p>“.49 If the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose (including as at the beginning of the preceding period): (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification.”</p> <p>“.50 When it is impracticable to reclassify comparative amounts, an entity shall disclose: (a) the reason for not reclassifying the amounts; and</p>	<p>requirements of GRAP 1 as the comparability and understandability of the annual financial statements has been impaired.</p> <p>PART B Furthermore, it was noted that WIP additions as per FAR/ WIP listing are R23 107 830,10 vs R23 131 239 as per the disclosure note #3 to the AFS, resulting to a difference of R23 408.90. The difference may result to the overstatement of WIP disclosed in the AFS.</p> <p>PART C It was noted that the projects making up a total opening balance of R44 034 745 in 2019 comparative figures looks like all project have not been moving, there is no new expenditure incurred on them as per disclosure note, however only two projects making up R41 284 231 have been disclosed as taking a significantly longer period of time to complete than expected.</p> <p>This misrepresentation is caused by management failure to allocate movement correctly between infrastructure and community WIP in the 2020 disclosure. Accordingly the R8.8 million movement is misstated. The opening balance for community asset in 2020 is not</p>		
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		<p>(b) the nature of the adjustments that would have been made if the amounts had been reclassified.”</p> <p>GRAP 17.87(b) further states that, “An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed, the carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays”.</p>	<p>zero.</p> <p>Non-disclosure of other project/s making up the 2019 opening balance may result to incomplete disclosure WIP and non-compliance with the requirements of GRAP 17.87(b).</p>		
2 1	Inadequate disclosure of a change in accounting estimate	<p>According to Section 122(1) of the MFMA, every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125.</p> <p>GRAP 1 paragraph 1 states that the objective of the standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the</p>	<p>On inspection of note #40 to the annual financial statements, it was noted that the carrying value of PPE was affected by two changes in accounting estimates, namely: a revised useful life of a certain plant and the landfill sites. Note 40 as indicated below mention the impracticability of determining the effect of a change in estimate on future periods. The statement is not supported, all figures are at management’s disposal to disclose such information e.g. increase of useful life will result further depreciation decreasing by xxx. As a result, the change in estimate disclosure is incomplete as the plant effect was not disclosed.</p>	<p>Management did not adequately review the annual financial statements submitted for audit to ensure compliance with MFMA and GRAP requirements.</p>	<p>1. Management will perform quarterly financial statement to ensure that we minimise errors could occur at year-end.</p> <p>Management will also perform independent reviews on the annual financial statement through Cogta and Treasury.</p>

	<p>entity's financial statements of previous periods and with the financial statements of other entities</p> <p>GRAP 1 paragraphs 35, 49 and 50 states that:</p> <p>“.35 An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs .49 and .50.”</p> <p>“.49 If the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose (including as at the beginning of the preceding period):</p> <ul style="list-style-type: none"> (a) the nature of the reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification.” <p>“.50 When it is impracticable to</p>			
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		<p>reclassify comparative amounts, an entity shall disclose:</p> <p>(a) the reason for not reclassifying the amounts; and</p> <p>(b) the nature of the adjustments that would have been made if the amounts had been reclassified."</p> <p>GRAP 17.87(b) further states that, "An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed, the carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays".</p>			
2	Risk Assessment: The report is not in the name of the municipality	<p>According to Section 122(1) of the MFMA, every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125.</p> <p>GRAP 1 paragraph 1 states that the objective of the standard is to</p>	<p>Upon inspection of the management expert report, we noted that the report is saved on the name of</p> <p>STATUS ON THE REPORT:</p> <p>The report is saved as New Castle June 2017</p> <p>The period covered by the report indicates: GRAP 19 Landfill Evaluation of the Closure and Rehabilitation for Umhlabuyalingana Municipality June 2019</p> <p>Data used for the valuation has also been obtained from the sources listed in Annexure 1 of the report.</p> <ul style="list-style-type: none"> • Previous year Landfill Audit report (if applicable) • Design Report of the Landfill (if 	<p>Management should ensure that they review the relevant reports and submissions from the expert to ensure that it pertains to the municipality before any payments for services rendered.</p>	<p>1. Management will ensure that all external reports are reviewed by management before they are implemented by management.</p>

	<p>prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities</p> <p>GRAP 1 paragraphs 35, 49 and 50 states that:</p> <p>“35 An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs .49 and .50.”</p> <p>“49 If the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose (including as at the beginning of the preceding period):</p> <p>(a) the nature of the reclassification;</p> <p>(b) the amount of each item or class of items that is reclassified; and</p>	<p>applicable)</p> <p>SHOULD</p> <p>BE:</p> <p>The report should be saved as uMhlabuyalingana June 2020</p> <p>The period covered by the report indicates: GRAP 19 Landfill Evaluation of the Closure and Rehabilitation for Umhlabuyalingana Municipality June 2020</p> <p>Data used for the valuation has also been obtained from the sources listed in Annexure 1 of the report.</p> <ul style="list-style-type: none"> • Previous year Landfill Audit report • Design Report of the Landfill 		
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		<p>(c) the reason for the reclassification.”</p> <p>“.50 When it is impracticable to reclassify comparative amounts, an entity shall disclose:</p> <p>(a) the reason for not reclassifying the amounts; and</p> <p>(b) the nature of the adjustments that would have been made if the amounts had been reclassified.”</p> <p>GRAP 17.87(b) further states that, “An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed, the carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays”.</p>			
2 3	Incomplete contract register	<p>According to Section 122(1) of the MFMA, every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and</p>	<p>During planning of the audit, it was noted that contract register received from the management of the municipality was incomplete and cannot be relied upon. The following issues were noted.</p> <ol style="list-style-type: none"> 1. Certain contracts did not have bid/quotation numbers 2. Certain contracts did not have CSD numbers. 3. Certain contracts were extended, however, the contract register neither reflect the contract extension value nor the contract 	<p>Management did not ensure a proper contract register was prepared and monitored throughout the financial year.</p>	<ol style="list-style-type: none"> 1. Management will ensure that contract register is fully populated with the required information. 2. Contract register will be updated monthly by contract management officer and reviewed by SCM Manager who will ensure that all column are fully populated. 3. Contract register to be submitted management and council committees.

		<p>125.</p> <p>GRAP 1 paragraph 1 states that the objective of the standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities</p> <p>GRAP 1 paragraphs 35, 49 and 50 states that: ".35 An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs .49 and .50."</p> <p>".49 If the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose (including as at the beginning of the preceding period): (a) the nature of the</p>	<p>extension period. This could result in payments made that are not in line with the regulations that could lead to irregular expenditure</p> <p>This could indicate that the municipality is awarding suppliers that are not registered on the central supplier database, which is in contravention with SCM regulations.</p>		
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		<p>reclassification; (b) the amount of each item or class of items that is reclassified; and (c) the reason for the reclassification.”</p> <p>“.50 When it is impracticable to reclassify comparative amounts, an entity shall disclose: (a) the reason for not reclassifying the amounts; and (b) the nature of the adjustments that would have been made if the amounts had been reclassified.”</p> <p>GRAP 17.87(b) further states that, “An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed, the carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays”.</p>			
2 4	Non-compliance with SCM Regulations - Bid documentation for competitive bids & evaluation errors	<p>According to Section 122(1) of the MFMA, every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial</p>	<p>During the testing of compliance for the bids selected the following was noted: 1. Incorrect allocation of functionality points for one criteria for UMHL03 contract as the bid evaluation and bid adjudication committees scored 19 points for Project Method Statement of the bidder instead of 20. The experience for the past 5 years was</p>	<p>Inadequate management review and monitoring of compliance with applicable legislation.</p> <p>Management did not ensure that pre-qualification criteria was properly prepared and reviewed which is a result of poor internal control.</p>	<p>1. Management will ensure that we minimise the number of Tenders that are evaluated and adjudicated in a day to eliminate errors.</p> <p>2. Management will co-ordinate training for BSC, BEC and BAC through treasury to eliminate errors on these committees.</p>

	<p>results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125.</p> <p>GRAP 1 paragraph 1 states that the objective of the standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities</p> <p>GRAP 1 paragraphs 35, 49 and 50 states that: ".35 An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs .49 and .50."</p> <p>".49 If the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified, unless the reclassification is impracticable. When comparative amounts are</p>	<p>included on the bid documents inspected. However, this bidder should have been disqualified as non-responsive as the Certified Workman Compensation Certificate was not provided as part of the compulsory/ mandatory documents.</p> <p>2. Contractor was advanced to the next evaluation stage although the bidder did not submit the Certified Workman Compensation Certificate as part of the compulsory/ mandatory documents. However, this bidder did not win the contract. Therefore, no financial impact to the municipality resulted from this error.</p> <p>3. The elimination criteria of the bids as approved by the Bid Specification Committee as per the BSC minutes of meetings, dated 18 September 2019 was different to the elimination criteria indicated in the invitation to bid document and the evaluation report of the Bid Evaluation Committee. BSC stated that "A tender must not be disqualified from the tendering process if the tenderer does not submit a certificate substantiating that the B-BBEE status level of contribution or is non-compliant contributor. Such tender will score zero (0) out of a maximum of 10 points for B-BBEE. However, the invitation to bid document sent to prospective suppliers still listed the non-submission of the original</p>	<p>3. Prepare procurement plan with timeline and dates per each project</p>
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		<p>reclassified, an entity shall disclose (including as at the beginning of the preceding period):</p> <p>(a) the nature of the reclassification;</p> <p>(b) the amount of each item or class of items that is reclassified; and</p> <p>(c) the reason for the reclassification.”</p> <p>“.50 When it is impracticable to reclassify comparative amounts, an entity shall disclose:</p> <p>(a) the reason for not reclassifying the amounts; and</p> <p>(b) the nature of the adjustments that would have been made if the amounts had been reclassified.”</p> <p>GRAP 17.87(b) further states that, “An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed, the carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays”.</p>	<p>BBBEE certificate as part of the elimination criteria, consequently certain suppliers were eliminated for not submitting the B-BBEE certificate as per the BEC/ BAC minutes inspected.</p> <p>The findings mentioned above are illustrated in their relevant tables below.</p> <p>Table 1: Incorrect allocation of functionality points for one criteria for UMHL03 contract.</p> <p>Table 2: Non-responsive bidder evaluated further for functionality</p> <p>Table 3: Difference in elimination criteria approved by BSC and the invitation to bid document as well as the BEC/BAC evaluation report:</p>		
2 4	The DTI was not notified of the successful bidder and the value of the contract	According to Section 122(1) of the MFMA, every municipal entity must for each financial year prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its	Contrary to the above, there was no evidence that DTI was notified of the successful bidder and the value of the award, and that DTI was provided with the copies of contracts SBD/MBD 6.2 Certificates together with the Declaration C	Management did not ensure compliance with National Treasury instructions to make sure that the procurement of goods from Designated Sectors is submitted to the Department of Trade and Industry.	1. Management will ensure that report all local content and production purchases will be submitted to DTI as part to monthly SCM reports.

		<p>performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125.</p> <p>GRAP 1 paragraph 1 states that the objective of the standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities</p> <p>GRAP 1 paragraphs 35, 49 and 50 states that: ".35 An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs .49 and .50."</p> <p>".49 If the presentation or classification of items in the financial statements is amended,</p>	submitted by the successful tenderers as per the National Treasury instruction note.		
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		<p>comparative amounts shall be reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose (including as at the beginning of the preceding period):</p> <p>(a) the nature of the reclassification;</p> <p>(b) the amount of each item or class of items that is reclassified; and</p> <p>(c) the reason for the reclassification.”</p> <p>“.50 When it is impracticable to reclassify comparative amounts, an entity shall disclose:</p> <p>(a) the reason for not reclassifying the amounts; and</p> <p>(b) the nature of the adjustments that would have been made if the amounts had been reclassified.”</p> <p>GRAP 17.87(b) further states that, “An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed, the carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected, including reasons for any delays”.</p>			
25	Deviation: Reasons for deviation from the quotation process not sufficiently documented.	According to Section 122(1) of the MFMA, every municipal entity must for each financial year	Part A: During the audit of compliance: Deviation, it was noted that the	Management did not ensure that SCM regulations are strictly applied in the procurement of	1. Management to provide reasons for utilising the newspapers in the area.

	<p>prepare annual financial statements which fairly presents the state of affairs of the municipality or entity, its performance against its budget, its management of revenue, expenditure, assets and liabilities, its business activities, its financial results, and its financial position as at the end of the financial year; and disclose the information required in terms of sections 123, 124 and 125.</p> <p>GRAP 1 paragraph 1 states that the objective of the standard is to prescribe the basis for presentation of general purpose financial statements, to ensure comparability both with the entity's financial statements of previous periods and with the financial statements of other entities</p> <p>GRAP 1 paragraphs 35, 49 and 50 states that: ".35 An entity changes the presentation of its financial statements only if the changed presentation provides information that is reliable and is more relevant to users of the financial statements and the revised structure is likely to continue, so that comparability is not impaired. When making such changes in presentation, an entity reclassifies its comparative information in accordance with paragraphs .49 and .50."</p>	<p>reasons for deviating from the SCM procurement process was not sufficiently documented as a result it was difficult to assess whether the reasons for deviations were reasonable and/ or justifiable. Through inspection of deviation form, it was noted that none of the reasons listed in the regulation were documented. Upon discussion with the management, it was indicated that the deviations emanated from advertising, which is not necessarily an emergency, or available from a single provider, but rather impractical to follow the process.</p> <p>Auditors further evaluated the deviation register and noted that such information was not documented as a reason for deviation and the total amount of the recommended supplier deviations as reported in the AFS pertains to Ilanga Newspaper and Zululand Observer. Part B:</p> <p>Furthermore, it could not be confirmed whether the winning provider submitted a declaration of interest in relation to SCM regulation 13(c) requirements cited above. This is because no MBD forms completed and signed by the supplier were provided for audit. The non-compliance identified may result to irregular expenditure.</p>	<p>goods and services and reasons for deviating from the SCM processes are adequately documented and approved before the award of the contract.</p>	<p>2. Management will advertise for the appointment of the advertising agency.</p>
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		<p>“49 If the presentation or classification of items in the financial statements is amended, comparative amounts shall be reclassified, unless the reclassification is impracticable. When comparative amounts are reclassified, an entity shall disclose (including as at the beginning of the preceding period):</p> <p>(a) the nature of the reclassification;</p> <p>(b) the amount of each item or class of items that is reclassified; and</p> <p>(c) the reason for the reclassification.”</p> <p>“50 When it is impracticable to reclassify comparative amounts, an entity shall disclose:</p> <p>(a) the reason for not reclassifying the amounts; and</p> <p>(b) the nature of the adjustments that would have been made if the amounts had been reclassified.”</p> <p>GRAP 17.87(b) further states that, “An entity shall disclose the following in the notes to the financial statements in relation to property, plant and equipment which is in the process of being constructed or developed, the carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected,</p>			
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		including reasons for any delays".			
Fleet Management					
2 6	UNLICENSED MOTOR VEHICLE: During physical inspection of municipal fleet, we noted that the vehicle's license discs, in respect of the vehicle listed below, have expired and not renewed at the time of audit. Through further enquiry from the Fleet Officer, Internal Audit was advised that the license disc of the vehicle was renewed however, it was not displayed due to that the disc holder got damaged	Management agrees with the finding, these vehicles are owned by Umkhanyakude District Municipality and during the time of renewing these vehicles, certain vehicles in Umkhanyakude were not licensed, therefore these vehicles were blocked by those vehicles.	<ul style="list-style-type: none"> • Management should ensure that the municipal vehicles are licensed, and the license disc is displayed; and • Management should also ensure that all the implemented controls are continuously monitored in order to ensure effective fleet management. 	The weakness could be attributable to ineffectiveness of internal controls that have been implemented by management to ensure validity of vehicles licence at all time	UNLICENSED MOTOR VEHICLE: During physical inspection of municipal fleet, we noted that the vehicle's license discs, in respect of the vehicle listed below, have expired and not renewed at the time of audit. Through further enquiry from the Fleet Officer, Internal Audit was advised that the license disc of the vehicle was renewed however, it was not displayed due to that the disc holder got damaged
2 7	PETROL SLIPS NOT ATTACHED ON RETURNED VEHICLE ISSUE FORMS: Through inspection of the trip's authorisation forms, we noted instances where petrol slips supporting costs incurred could not be provided and further enquire with relevant official, we could not be provided with the supporting documentation.	Management agrees with the finding, these petrol slips during audit were faded and we have since went back to garages to collect clearly visible slips.	<ul style="list-style-type: none"> • Management should enhance its controls through performance of continuous reviews directed at ensuring complete compliance with the various requirements of the Municipal Fleet Management and Vehicle Usage Policy; • All receipts including those relating to toll fees and all petrol slips for purchases during authorised trips should be attached to the vehicle issue forms on return from authorised trips for review and record of the Municipal Transport Officer; and • Management should reconcile these receipts to the 	The weakness could be attributable to management oversight	PETROL SLIPS NOT ATTACHED ON RETURNED VEHICLE ISSUE FORMS: Through inspection of the trip's authorisation forms, we noted instances where petrol slips supporting costs incurred could not be provided and further enquire with relevant official, we could not be provided with the supporting documentation.

			bank statements and ensure that all the transactions are supported by receipts.		
Occupational Health and Safety					
2	UNINSTALLED FIRE FIGHTING EQUIPMENT : The internal auditors noticed that the Government Notice R: 1031 on General Safety Regulation paragraph 4(11), states that, “an employer shall install an adequate amount of efficient fire-fighting equipment in suitable locations in and around every building in which such substances are used, handled or stored, or as may be recommended by the fire chief of the local authority concerned”.	We agree with the finding, the safety signs are budgeted for financial year 2021/22 and will be installed in the first quarter.	Management should ensure that all relevant warning and/or direction signs are installed in all areas to ensure effective health and safety of the employees and complete compliance with the OHS regulation.	<ul style="list-style-type: none"> • The weakness could be attributable to the inadequacy and ineffectiveness of internal controls that have been implemented by management to ensure that the Municipality provides a occupationally healthy and safe environment to its employees; • It could be attributable to Management oversight 	To ensure that all relevant firefighting equipment's are installed in all areas to ensure effective health and safety of the employees and complete compliance with the OHS regulation;
2 9	UN-INSTALLED SAFETY SIGNS: The internal auditors noticed that government notice R: 1031 on General Safety Regulations paragraph 2B, states that, “the provisions of any regulation prescribe a particular notice or sign to be displayed by an employer or by a user at a workplace, the employer or user may, in lieu thereof, display a corresponding symbolic sign, as contained in a safety standard incorporated for this purpose into these regulations under section 44 of the Machinery and Occupational Safety Act, in which case the employer or user shall be deemed to have complied with such provisions”.	We agree with the finding, the uninstalled firefighting equipment are budgeted for financial year 2021/22 and will be installed in the first quarter.	<ul style="list-style-type: none"> • Management should ensure that all relevant fire-fighting equipment are installed in all areas to ensure effective health and safety of the employees and complete compliance with the OHS regulation; and • The Municipality should review its systems and processes in order to ensure full compliance with all the relevant norms and standards prescribed by the OHS regulation 	It could further be attributable to Management oversight.	To ensure that all the signs are installed in all areas to ensure effective health and safety of the employees and complete compliance with the OHS regulation



**Umhlabuyalingana Local Municipality
Annual Financial Statements
for the year ended 30 June 2020**

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity	Municipality KZN 271
Nature of business and principal activities	The main purposes of the municipality is to engage in local governance activities which include planning and promotions of integrated development planning, economic and environmental development and supplying of services to the community.
Executive committee members	
Mayor	Cllr. NS Mthethwa
Deputy mayor	Cllr. FG Mlambo
Speaker	Cllr. BT Tembe
Grading of local authority	Medium capacity municipality
Accounting Officer	Mrs. NP Gamede
MPAC Chairperson	Cllr. SP Mthethwa
Chief Finance Officer (CFO)	Mr. NPE Myeni
Ordinary Executive members	Cllr. BN Ntsele Cllr. SN Tembe Cllr. MZ Mhlongo Cllr. MD Mathenjwa Cllr. ZM Mhlongo
Registered office	Municipal Building Kwangwanase 3973
Postal address	Private Bag X 901 Kwangwanase 3973
Bankers	First National Bank of South Africa
Attorneys	AP Shangase Associates

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

General Information

List of councilors in office

Cllr. KO Tembe
Cllr. TN Magagula
Cllr. LD Tembe
Cllr. M Mthembu
Cllr. SG Nxumalo
Cllr. GS Mthembu
Cllr. DA Tembe
Cllr. MI Mthembu
Cllr. N Vumase
Cllr. JB Gwala
Cllr. NJ Ndabeni
Cllr. NC Mdletshe
Cllr. EG Mhlongo
Cllr. JE Sithole
Cllr. BC Zikhali
Cllr. SM Ndlovu
Cllr. TS Myeni
Cllr. LE Mkhwanazi
Cllr. JG Ngubane
Cllr. SS Gumede
Cllr. BJ Tembe
Cllr. MD Mathenjwa
Cllr. TL Mlambo
Cllr. HK Gumede
Cllr. TS Khumalo
Cllr. TJ Nxumalo
Cllr. ET Nxumalo

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

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

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COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
SDL	Skills Development Levy
GRAP	Generally Recognised Accounting Practice
MAP	Municipal Assistant Programme
FMG	Finance Management Grant
CIGFARO	Chartered Institute of Government Finance, Audit and Risk Officers
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

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 judgments 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 municipality sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the municipality and all employees are required to maintain the highest ethical standards in ensuring the municipality's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the municipality is on identifying, assessing, managing and monitoring all known forms of risk across the municipality. While operating risk cannot be fully eliminated, the municipality endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 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 municipality is wholly dependent on the 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 Mhlabuyalingana Municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's external auditors.

I would like to bring to your attention the following material matters to your attention:

I certify that the salaries, allowances and benefits of councilors as disclosed in note 27 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1998 and the Minister of Provincial and Local Government's determination in accordance with the Act.

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

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

Accounting Officer
Mrs. NP Gamede

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	2020	2019
Assets			
Current Assets			
Inventories	7	189 463	188 694
Receivables from non-exchange transactions	9	10 015 480	15 127 542
Receivables from exchange transactions	8	700 991	600 047
Cash and cash equivalents	10	64 348 251	49 652 113
		75 254 185	65 568 396
Non-Current Assets			
Property, plant and equipment	3	304 999 121	301 221 318
Intangible assets	4	902 731	825 183
		305 901 852	302 046 501
Total Assets		381 156 037	367 614 897
Liabilities			
Current Liabilities			
Operating lease liability	5	11 410	16 064
Payables from exchange transactions	13	13 444 854	12 975 331
VAT payable	14	404 301	3 809 162
Employee benefit obligation	6	31 789	150 033
Unspent conditional grants and receipts	11	17 639 112	4 422 566
Provisions	12	10 200 501	7 765 494
INEP liability	53	4 054 694	5 000 163
		45 786 661	34 138 813
Non-Current Liabilities			
Employee benefit obligation	6	2 486 593	2 223 118
Provisions	12	12 814 185	12 362 138
		15 300 778	14 585 256
Total Liabilities		61 087 439	48 724 069
Net Assets		320 068 598	318 890 828
Accumulated surplus		320 068 598	318 890 828

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in Rand	Note(s)	2020	2019
Revenue			
Revenue from exchange transactions			
Service charges	15	624 360	583 201
Licences and permits	18	2 291 920	3 567 590
Commissions received	16	91 728	80 323
Rental income	20	375 615	367 907
Other income	21	1 006 784	559 995
Interest received	22	4 675 157	4 802 233
Total revenue from exchange transactions		9 065 564	9 961 249
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	23	21 114 011	19 963 019
Interest on Rates - Debtors		678 165	1 549 899
Transfer revenue			
Government grants & subsidies	24	196 467 450	194 914 176
Public contributions and donations	25	-	812 637
Fines, Penalties and Forfeits	17	876 900	1 567 950
Total revenue from non-exchange transactions		219 136 526	218 807 681
Total revenue		228 202 090	228 768 930
Expenditure			
Employee related costs	26	(72 060 486)	(66 559 952)
Remuneration of councillors	27	(13 025 998)	(12 471 999)
Depreciation and amortisation	28	(23 046 488)	(22 750 071)
Impairment loss	29	(1 427 656)	(4 158 190)
Finance costs	30	(2 305 434)	(1 285 741)
Lease rentals on operating lease	19	(2 901 127)	(2 136 576)
Debt Impairment	31	(5 974 581)	(6 446 013)
Inventory consumed	7	(2 747 636)	(2 909 810)
Assets write-off	32	(2 539 836)	(671 628)
Contracted services	33	(46 869 260)	(39 895 875)
Transfers and Subsidies	35	(6 086 458)	(2 872 501)
Covid 19 inventory	7	(2 587 565)	-
Operational cost	34	(45 395 079)	(45 917 434)
Total expenditure		(226 967 604)	(208 075 790)
Actuarial gains/losses	6	(56 716)	(49 695)
Gain or loss on disposal of assets	3	-	(1 067 852)
Surplus for the year		1 177 770	19 575 593

Umhlabuyalingana Local Municipality
Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Balance at 01 July 2018	299 315 235	299 315 235
Changes in net assets		
Surplus for the year	19 575 593	19 575 593
Total changes	19 575 593	19 575 593
Balance at 01 July 2019	318 890 828	318 890 828
Changes in net assets		
Surplus for the year	1 177 770	1 177 770
Total changes	1 177 770	1 177 770
Balance at 30 June 2020	320 068 598	320 068 598
Note(s)		

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

Figures in Rand	Note(s)	2020	2019
Cash flows from operating activities			
Receipts			
Cash receipts from customers and other		27 348 904	22 798 422
Grants		209 684 000	223 011 000
Interest income		4 675 157	4 802 233
Other receipts		2 569 848	4 048 481
		<u>244 277 909</u>	<u>254 660 136</u>
Payments			
Employee costs		(85 086 484)	(79 031 951)
Suppliers		(114 334 272)	(120 345 593)
Interest Paid		(336 772)	(3 384)
		<u>(199 757 528)</u>	<u>(199 380 928)</u>
Net cash flows from operating activities	36	44 520 381	55 279 208
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(29 448 987)	(40 634 933)
Proceeds from sale of assets	3	-	448 422
Purchase of other intangible assets	4	(375 256)	(69 031)
Net cash flows from investing activities		(29 824 243)	(40 255 542)
Net decrease in cash and cash equivalents		14 696 138	15 023 666
Cash and cash equivalents at the beginning of the year		49 652 113	34 628 447
Cash and cash equivalents at the end of the year	10	64 348 251	49 652 113

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Refuse Removal	654 902	(30 542)	624 360	624 360	-	
Licences and permits	3 592 040	1 740 130	5 332 170	2 291 920	(3 040 250)	Note 48.1
Commissions received	2 210	27 647	29 857	91 728	61 871	Note 48.2
Rental income	413 353	(37 738)	375 615	375 615	-	
Other income	125 031	1 517 542	1 642 573	1 006 784	(635 789)	Note 48.5
Interest received - Investment	4 035 388	2 808 093	6 843 481	4 675 157	(2 168 324)	Note 48.3
Total revenue from exchange transactions	8 822 924	6 025 132	14 848 056	9 065 564	(5 782 492)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	26 977 968	(1 503 656)	25 474 312	21 114 011	(4 360 301)	
Interest on rate debtors	720 904	201 600	922 504	678 165	(244 339)	Note 48.4
Transfer revenue						
Government grants	209 412 000	2 783 185	212 195 185	196 467 450	(15 727 735)	
Fines	1 149 060	1 901 930	3 050 990	876 900	(2 174 090)	Note 48.6
Total revenue from non-exchange transactions	238 259 932	3 383 059	241 642 991	219 136 526	(22 506 465)	
Total revenue	247 082 856	9 408 191	256 491 047	228 202 090	(28 288 957)	
Expenditure						
Employee related cost	(89 314 429)	16 757 877	(72 556 552)	(72 060 486)	496 066	
Remuneration of councilors	(13 455 753)	-	(13 455 753)	(13 025 998)	429 755	
Depreciation and amortisation	(25 626 819)	2 500 000	(23 126 819)	(23 046 488)	80 331	
Impairment loss	-	(1 438 000)	(1 438 000)	(1 427 656)	10 344	
Finance costs	(105 260)	(2 000 000)	(2 105 260)	(2 305 434)	(200 174)	Note 48.7
Operating lease expense	(605 761)	(2 000 000)	(2 605 761)	(2 901 127)	(295 366)	Note 48.8
Debt Impairment	(11 000 000)	5 138 263	(5 861 737)	(5 974 581)	(112 844)	
Inventory consumed	(1 767 500)	(1 024 000)	(2 791 500)	(2 747 636)	43 864	
Assets Written - Off	-	(2 000 000)	(2 000 000)	(2 539 836)	(539 836)	
Contracted service	(26 585 866)	(20 284 622)	(46 870 488)	(46 869 260)	1 228	
Transfer and Subsidies	(1 300 000)	(4 958 000)	(6 258 000)	(6 086 458)	171 542	Note 48.9
Inventory COVID-19	-	(2 598 775)	(2 598 775)	(2 587 565)	11 210	
Operational cost	(33 846 867)	(11 605 621)	(45 452 488)	(45 395 079)	57 409	
Total expenditure	(203 608 255)	(23 512 878)	(227 121 133)	(226 967 604)	153 529	
Operating surplus	43 474 601	(14 104 687)	29 369 914	1 234 486	(28 135 428)	
Actuarial gains/losses	-	-	-	(56 716)	(56 716)	
Surplus before taxation	43 474 601	(14 104 687)	29 369 914	1 177 770	(28 192 144)	
Surplus for the year excluding capital expenditure	43 474 601	(14 104 687)	29 369 914	1 177 770	(28 192 144)	
Capital Expenditure	(43 378 000)	(1 994 747)	(45 372 747)	(29 824 243)	15 548 504	Note 49.10

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis						
	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Comparison of Budget and Actual amounts	96 601	(16 099 434)	(16 002 833)	(28 646 473)	(12 643 640)	

Accounting Policies

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

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Other significant judgments, sources of estimation uncertainty and/or relating information, have been disclosed in the relating notes.

Trade receivables

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

The municipality first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

1.3 Significant judgements and sources of estimation uncertainty (continued)

Options granted

Management is aware of the new GRAP standard effective from 1 April 2019 GRAP 108 Statutory Receivables. This means that municipalities that apply standards of GRAP need to consider the standard in preparing their financial statements for 30 June 2020. Although the standard is effective from 1 April 2019, entities are allowed a three-year period within which to change the classification and measurement of their statutory receivables. This three-year period is voluntarily adopted by municipality. Municipality would comply with GRAP 108 by 30 June 2022. See note 52 for additional information on Transitional Provision per Directive 8 on Statutory Receivables.

Impairment of property, plant and equipment

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

The calculation in respect of the impairment of property, plant and equipment is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This was performed across all classes of property, plant and equipment.

Provisions, contingent liabilities

Management's judgment is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the effect of discounting is material, the using cost of capital.

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 12 - Provisions.

Provisions for Landfill site

The entity has an obligation to rehabilitate its landfill site in terms of its licence stipulations. Provision is made for this obligation based on the size/ extent of the land to be rehabilitated and the rehabilitation period.

Useful lives of property plant and equipment and intangible assets

The useful lives of assets are based on management's estimates. Management considers the impact of technology, service requirements and required return on assets to determine the optimum useful-life expectation, where appropriate. This was performed on an individual basis as well as per service-identifiable categories across all classes.

Effective interest rate

The municipality used the prime interest rate to discount future cash flows.

Allowance for doubtful debts

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

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Municipality has used these criteria to assess if its an agent:

- 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.

Additional information is disclosed in Note 53.

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Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Post retirement benefit

The cost of long services awards benefits is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.4 Property, plant and equipment

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

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.

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
Buildings	Straight-line	20 -30 years
Boreholes	Straight-line	20 years

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1.4 Property, plant and equipment (continued)

Mobile clinics	Straight-line	30 years
Furniture and fixtures	Straight-line	7 - 10 years
Motor vehicles	Straight-line	5 - 7 years
Office equipment	Straight-line	3 - 7 years
IT equipment	Straight-line	3 - 7 years
Creche	Straight-line	30 years
Infrastructure	Straight-line	3 - 30 years
Roads and Paving	Straight-line	20 years
Roads and Water	Straight-line	3 - 10 years
Gravel roads	Straight-line	10 years
Community Halls	Straight-line	30 years
Bins and containers	Straight-line	15 years
Libraries	Straight-line	30 years
Fence	Straight-line	5 - 10 years
Gates	Straight-line	5 - 10 years
Jojo Tanks	Straight-line	30 years
Park facilities	Straight-line	10 years
Landfill sites	Straight-line	30 years
Leased Office Equipment	Straight-line	5 years
Specialised vehicles	Straight-line	10 years
Special Plant and Equipment	Straight-line	10 - 15 years
Street lights	Straight-line	10 - 25 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 whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

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

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

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

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Accounting Policies

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the 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.

An intangible asset is recognised when:

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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

Item	Depreciation method	Average useful life
Computer software	Straight-line	5 years
Other Intangible assets	Straight-line	3 years

The 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 is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

1.6 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

The 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.

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.

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Accounting Policies

1.6 Financial instruments (continued)

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

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) 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. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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 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.

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 counterpart has failed to make a payment when contractually due.

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.

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Accounting Policies

1.6 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalents	Financial asset measured at amortised cost
Consumer debtors	Financial asset measured at amortised cost
Receivables and exchange transactions	Financial asset measured at amortised cost
Receivables and non-exchange transactions	Financial asset measured at amortised cost
VAT Receivables	Financial asset measured at amortised cost

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Unspent conditional grants	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

Initial recognition and measurement

Financial instruments are recognised initially when the municipality becomes a party to the contractual provisions of the instruments.

The municipality classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value plus in case of a financial instrument not subsequently measured at fair value, transaction costs that are directly attributable to acquisition or issue.

Transaction costs on financial instruments at fair value through surplus or loss are recognised in surplus or loss.

Subsequent measurement

Financial instruments at fair value are subsequently measured at fair value, with gains and losses arising from changes in fair value being included in surplus or loss for the period.

Financial assets and liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Impairment of financial assets

At each end of the reporting period the municipality assesses all financial assets; (individually for all significant debtors account and collectively for other debtors with similar credit risk characteristics), other than those at fair value, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the municipality, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in surplus or loss.

Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in surplus or loss.

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Accounting Policies

1.7 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the 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.

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Accounting Policies

1.8 Inventories

Inventories comprise current assets, consumption or distribution during the ordinary course of business.

Inventories shall be 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
- the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their present 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.

Inventories held for sale in the ordinary course of business are valued at the lower of cost and net realisable value, or where unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Inventories held for consumption, distribution, consumables stores, raw materials, are valued at lower of cost or net replacement cost.

The carrying amount of inventories is recognised as an expense in the period that the inventory was sold, distributed, written off or consumed, unless that cost qualifies for capitalisation to the cost of another asset. The first-in-first-out method is the basis of allocating costs to inventories, except for water balance which is determined at weighted average cost at the reporting date based on the water volume in the network on hand.

Redundant and slow-moving inventories are identified and written down to the estimated net realisable value, and are recognised as an expense in the period in which the write-down or loss occurs. Inventories identified for write-down/write-off, but for which a council resolution, to authorise the write-down/write-off, has not yet been obtained, is provided for as a provision for obsolete stock. 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.

1.9 Impairment of cash-generating assets

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

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

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

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Accounting Policies

1.10 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

1.11 Employee benefits

Short-term employee benefits

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

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

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

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

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

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1.11 Employee benefits (continued)

Defined benefit plans

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

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

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

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

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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

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

1.12 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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1.12 Provisions and contingencies (continued)

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

Provisions are not recognised for future operating surplus.

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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

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.

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

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

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

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

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

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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.

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

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

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest income

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method.

1.14 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.14 Revenue from non-exchange transactions (continued)

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

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

Revenue comprises gross inflows of economic benefits or service potential received and receivable by the municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

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.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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.

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.

1.15 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.16 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.

1.17 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

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 judgment 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.

Umhlabuyalingana Local Municipality

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Accounting Policies

1.18 Value Added Tax (VAT)

The municipality accounts for VAT on an invoice basis.

1.19 Comparative figures

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

1.20 Unauthorised expenditure

Unauthorised expenditure means:

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

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.21 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.22 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

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

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

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

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

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.22 Irregular expenditure (continued)

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

Irregular expenditure, in relation to a municipality, means-

- expenditure incurred by a municipality 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 170,25
- expenditure incurred by a municipality 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 the Act;
- 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 30 No. 20 of 1998) or
- 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 any of the municipality's by-laws giving effect to such policy, and which has not been condoned in 35 terms of such policy or by-law, but excludes expenditure by a municipality which falls within the definition of "unauthorised expenditure".

1.23 Use of an estimate

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

1.24 Offsetting

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

1.25 Budget information

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

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

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

The approved budget covers the fiscal period from 2019/07/01 to 2020/06/30.

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.

1.26 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.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.26 Related parties (continued)

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 ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

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

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

1.27 Events after reporting date

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

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

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

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

1.28 Retention

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.28 Retention (continued)

Retention is also commonly called retainage and is a term referring to the percentage of payment held back from a construction contract.

This is a financial term and the owners of a building, or those who are paying for its work to be done, take the lead in drawing up and enforcing the retention plan. General contractors sometimes have retention plans as well.

Retention is a percentage of the amount certified as due to the contractor on an interim certificate, that is deducted from the amount due and retained by the client.

The purpose of retention is to ensure that the contractor properly completes the activities required of them under the contract. Retention can also be applied to nominated sub-contractors, and the main contractor may also apply retention to domestic sub-contractors.

- Often the percentage of retention ranges from 5% to 10% depending on:

- a) The risk of the project, if the risk of failure is high then the percentage will be at maximum 10%.
- b) The experience of the awarded contractor, if the contractor has minimum experience of the work to be executed then the percentage will be maximum 10%.

- Half of the amount retained is released on certification of practical completion ('substantial completion' for Institution of Civil Engineers (ICE) contracts) and the remainder is released upon certification of making good defects (or 'final statement' for design and build contracts such as Joint Contracts Tribunal (JCT)).

- Interim certificates should make clear the amount of retention and a statement should also be prepared showing retention for nominated sub-contractors. The contract may require that retention is kept in a separate bank account and that this is certified to contractors. In this case, the client will generally keep any interest paid on the account.

1.29 Commitments

Items are classified as commitments where the municipality commits itself into future transactions that will normally result in the outflow of resources.

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; and
- Where disclosure is required by specific GRAP standard.

The municipality will disclose authorised operational and capital expenditure, that which has been approved and contracted for and that which has been approved and not yet contracted for. Outstanding operating lease commitments owing by the municipality and the periods in which payments fall due will also be disclosed.

Commitments are disclosed under note 37 of the annual financial statements.

1.30 Contracted Services

Contracted Services are distinguish between Outsourced Services, Contractors and Professional and Special Services.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.30 Contracted Services (continued)

Outsourced Services

The municipality should have the capacity and expertise to carry out certain services, but for some reasons not utilising their own staff. The reasons might include temporary incapacity or the outsourcing of services to save costs. In evaluating the classification of outsourced services it should be established whether the services being procured could have been provided by the municipality itself. It could also be that the municipality ordinarily has the expertise to provide the service but temporarily could not do so or to save costs.

Consultants and Professional Services

Consulting services refer to specialist services and skills provided that are required for the achievement of a specific objective, with the aim of providing expert and professional advice on a time and material basis. It is unnecessary to maintain these skills in-house, since they are required on a once-off or temporary basis. Therefore a consultant is a professional person appointed by the department to provide technical and specialist advice or to assist with the design and implementation of specific projects/programs. The legal status of this person can be an individual a partnership or a corporation. The fact that a consultant is defined as a professional person implies that the consultant is professionally qualified. The provision of advice or service is in line with a contractual arrangement. Remuneration is usually based on an hourly fee or a fixed fee for a product/deliverable. This category consists of groups for "Business and Advisory Services", "Infrastructure and Planning", "Laboratory" and "Legal Service".

Contractors

Contractors are required to provide services that are not the core business of the municipality. It is normally not cost effective to maintain these skills within the department. Contractors include costs associated with the use of contracted individuals or businesses on projects or tasks. This does not include amounts payable to contractors in respect of provision of services such as cleaning and security even if a staff element can be identified.

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2020	Impact is currently being assessed
• IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unable to reliably estimate the impact
• GRAP 20: Related parties	01 April 2019	Unable to reliably estimate the impact
• GRAP 32: Service Concession Arrangements: Grantor	01 April 2019	Unlikely there will be a material impact
• GRAP 109: Accounting by Principals and Agents	01 April 2019	Impact is currently being assessed
• IGRAP 18: Interpretation of the Standard of GRAP on Recognition and Derecognition of Land	01 April 2019	Impact is currently being assessed

2.2 Standards and interpretations effective, but not yet adopted

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

Standard/ Interpretation:

- GRAP 108: Statutory Receivables

Effective date:

Years beginning on or
after

01 March 2022

Expected impact:

Impact is currently being
assessed

Umlabuyalingana Local Municipality
Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	658 992	-	658 992	658 992	-	658 992
Buildings	39 033 094	(13 168 623)	25 864 471	39 033 094	(11 872 797)	27 160 297
Infrastructure assets	392 725 059	(129 262 393)	263 462 666	372 968 276	(110 204 907)	262 763 369
Other property, plant and equipment	24 986 804	(9 973 812)	15 012 992	18 866 086	(8 227 426)	10 638 660
Total	457 403 949	(152 404 828)	304 999 121	431 526 448	(130 305 130)	301 221 318

Reconciliation of property, plant and equipment - 30 June 2020

	Opening balance	Additions	Additions through WIP	Write-offs	Change in accounting estimate	Depreciation	Impairment loss	Total
Land	658 992	-	-	-	-	-	-	658 992
Buildings	27 160 297	-	-	-	-	(1 295 826)	-	25 864 471
Infrastructure assets	262 763 369	-	23 107 830	(2 521 767)	1 045 088	(19 504 198)	(1 427 656)	263 462 666
Other property, plant and equipment	10 638 660	6 341 157	-	(18 069)	-	(1 948 756)	-	15 012 992
	301 221 318	6 341 157	23 107 830	(2 539 836)	1 045 088	(22 748 780)	(1 427 656)	304 999 121

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Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Additions through WIP	Disposals	Transfers received	Transfers	Donated assets	Write offs	Depreciation	Impairment loss	Total
Land	658 992	-	-	-	-	-	-	-	-	-	658 992
Buildings	28 377 509	72 900	-	-	-	-	-	-	(1 290 112)	-	27 160 297
Infrastructure assets	246 995 064	1 390 623 37	577 826	-	25 538 713	(25 538 713)	-	-	(19 041 954)	(4 158 190)	262 763 369
Other property, plant and equipment	12 517 942	1 593 584	-	(1 516 274)	-	-	812 361	(665 279)	(2 103 674)	-	10 638 660
	288 549 507	3 057 107 37	577 826	(1 516 274)	25 538 713	(25 538 713)	812 361	(665 279)	(22 435 740)	(4 158 190)	301 221 318

Pledged as security

There was no property, plant and equipment pledged as security.

Specialised assets

Included in the property, plant and equipment is sanitizer trailer specially purchased to help curb the spread of pandemic COVID-19. The sanitizer trailers is used by the municipality to disinfect office space and other related areas where from time to time is required.

Sanitizer trailers 175 000
It is expected that the machinery will be utilised for the duration of the pandemic, and beyond

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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3. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Cumulative expenditure recognised in the carrying value of property, plant and equipment

Infrastructure - Multipurpose Centre	24 042 985	23 584 045
Infrastructure- Community Halls	17 241 246	17 241 246
Infrastructure- Market Stalls	-	2 226 558
Infrastructure- Bridge and Causeway	-	2 691 242
Infrastructure - Roads	28 175 515	9 121 893
Infrastructure - Sportfields	-	320 903
Youth Enterprise	887 971	887 971
	70 347 717	56 073 858

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Manguzi Multipurpose	24 042 985	23 584 045
Manguzi Multipurpose Centre is a multi year project, we have recently appointed the new contractor to complete the project that was surrendered by previous contractor. The project is estimated to be completed by 30 June 2021		
Nyamazane Sportfield	-	320 903
Sportfield irrigation is outstanding on the facility.		
KwaMbila Community hall	17 241 246	-
Technical department is reviewing the snack list and awaiting for practical completion certificate to be issued by project managers		
	41 284 231	23 904 948

Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Community	Total
Opening balance	44 034 745	12 039 113	56 073 858
Additions/capital expenditure	812 026	22 295 803	23 107 829
Transferred to completed items	(2 579 644)	(5 933 424)	(8 513 068)
Impairments	-	(320 903)	(320 903)
	42 267 127	28 080 589	70 347 716

Reconciliation of Work-in-Progress 2019

	Included within Infrastructure	Included within Community	Total
Opening balance	44 034 745	-	44 034 745
Additions/capital expenditure	-	37 577 826	37 577 826
Transferred to completed items	-	(25 538 713)	(25 538 713)
	44 034 745	12 039 113	56 073 858

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
3. Property, plant and equipment (continued)		
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 - Plumbing	197 000	19 900
Contracted services - G5 Material	1 791 900	341 355
Contracted services - G7 Material	1 807 640	353 800
Contracted - Hiring Excavator	-	375 500
Contracted Service - Hiring of Grader	-	323 390
TLB hire	-	492 824
Tipper truck	-	394 134
Potholes	-	189 900
Contracted Service - Building Renovations	-	405 040
Gate repair	-	54 650
Service Septic Tanks	188 000	26 501
Road Markings	-	130 433
Tree Cutting	705 107	351 700
Aircon Regas	132 600	77 560
Water pump	23 800	36 080
Electrical	23 780	20 777
Contracted Service - Motor Vehicle	3 723 744	3 012 532
Contracted Service - Grass Cutting	-	180 900
Painting	42 800	65 000
Spares machinery	-	59 341
Grader hire	150 000	325 900
Library renovations	-	321 500
Main building renovations	1 589	219 558
Computer repair	77 013	-
Excavator hire	-	244 564
	8 864 973	8 022 839
Repairs and Maintenance		
Employee related cost	322 441	576 759

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.

Figures in Rand

4. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	2 149 093	(1 246 362)	902 731	1 773 838	(948 655)	825 183

Reconciliation of intangible assets - June 2020

	Opening balance	Additions	Amortisation	Total
Computer software	825 183	375 256	(297 708)	902 731

Reconciliation of intangible assets - June 2019

	Opening balance	Additions	Disposals	Amortisation	Total
Computer software, other	1 078 775	69 031	(8 293)	(314 330)	825 183

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
5. Operating lease liability		
Current liabilities	(11 410)	(16 064)
Minimum lease payment due:		
- within one year	551 028	1 539 022
- in second to fifth year inclusive	-	542 217
	551 028	2 081 239

Operating lease payments have been 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 have been recognised as an operating lease liability.

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of two years and rentals vary in terms of a contract of the lease. Certain leases are subject to escalation at a rate of 5% over the lease period. No restrictions are imposed by lease arrangements.

6. Employee benefit obligations

Long Service Awards

The Council offers employees leave awards that may be exchanged for cash on certain anniversaries of commencing service and a retirement gift determined by reference to length of service.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out as at 30 June 2020 by Independent Actuarial One Pangaea Financial ('OPF'), Fellow 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.

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Opening balance	(2 373 151)	(1 944 212)
Service cost	(348 149)	(312 918)
Interest cost	(210 739)	(180 451)
Expected benefit payment	470 373	114 125
Actuarial (gain)/loss	(56 716)	(49 695)
	(2 518 382)	(2 373 151)
Non-current liabilities	(2 486 593)	(2 223 118)
Current liabilities	(31 789)	(150 033)
	(2 518 382)	(2 373 151)

Assumptions used at the reporting date:

Discount rates used		
General Inflation Rate	10.18%	9.17%
Consumer Price Index (CPI)	4.97%	5.29%
Real Rate	5.97%	6.29%
Net discount rate	3.97%	2.71%
	63	63

Umhlabuyalingana Local Municipality

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Figures in Rand	2020	2019
6. Employee benefit obligations (continued)		
Members withdrawn from services: (Average for males and females)		
Age 20	12,00 %	12,00 %
Age 25	6,60 %	6,60 %
Age 30	5,10 %	5,10 %
Age 35	3,60 %	3,60 %
Age 40	2,60 %	2,60 %
Age 45	1,80 %	1,80 %
Age 50	1,10 %	1,10 %
	-	-
Changes in the present value of the defined benefit obligation are as follows:		
Opening balance	(2 373 151)	(1 944 212)
Service cost	(348 149)	(312 918)
Interest cost	(210 739)	(180 451)
Benefits paid	470 373	114 125
Actuarial loss/(gain)	(56 716)	(49 695)
	(2 518 382)	(2 373 151)
Net expense recognised in the statement of financial performance		
Current service cost	348 149	312 918
Interest cost	210 739	180 451
Actuarial (gains) losses	56 716	49 695
Settlement	(470 373)	(114 125)
	145 231	428 939

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Figures in Rand	2020	2019
6. Employee benefit obligations (continued)		
Demographic and Decrement Assumption		
The following withdrawal assumptions were applicable over the prior and current valuation periods:		
20	12,00 %	12,00 %
25	6,60 %	6,60 %
30	5,10 %	5,10 %
35	3,60 %	3,60 %
40	2,60 %	2,60 %
45	1,80 %	1,80 %
50	1,10 %	1,10 %

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

The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation report, 30 June 2019 the duration of liabilities was 9.37 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 29 June 2020 is 10.18% per annum, and the yield on inflation linked bonds of a similar term was about 4.49% per annum. This implies an underlying expectation of inflation of 4.97% per annum $([1 + 10.18\% - 0.5\%] / [1 + 4.49\%] - 1)$.

We have assumed that salary inflation would exceed general inflation by 1.0% per annum, i.e. 5.79% per annum.

However, it is the relative levels of the discount rate and salary inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.97% per annum $([1 + 10.18\%] / [1 + 5.97\%] - 1)$.

Valuation assumptions

The key assumptions used in the valuation, with the prior year's assumption shown for comparison, are summarised below:

	30 June 2020	30 June 2019
Discount rate	10,18%	9.17%
CPI	4,97%	5.29%
Salary increase rate	5,97%	6.29%
Net Discount Rate	3,97%	2.71%

Valuation Method

In accordance with the requirements of GRAP25, the Projected Unit Credit method has been applied. Accrued liabilities are defined as the actuarial present value of all benefits expected to be paid in future based on service accrued to the valuation date and awards projected to retirement date. In determining these liabilities, due allowance has been made for future award increases.

The valuation has been made with reference Actuarial Society of South Africa (ASSA) guidelines, in particular, the Advisory Practice Note 207, and is consistent with the requirements of GRAP25.

Umhlabyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
7. Inventories		
Opening	188 694	126 206
Inventory purchased	5 335 970	2 972 298
Inventory consumed	(2 747 636)	(2 909 810)
Covid-19 consumables	(2 587 565)	-
	189 463	188 694

Inventory consist of stationery, cleaning materials and consumable materials. Stock take was conducted at 30 June 2020 to determine the quantity and value of inventory at hand.

Inventories was assessed for redundancy and abnormal wastage. No obsolete inventory was discovered.

COVID-19 Inventory

Since the COVID-19 was declared a national disaster, there have been numerous measures put in place to curb its rapid spread and the provision of assistance to those less fortunate. In response to the COVID-19 pandemic municipalities have incurred increased expenditures, namely:-

- Purchase of personal protective equipment such as masks
- Hygiene items such as sanitizers
- Protective clothing
- Fumigation chemicals
- Surgical gloves and wipers

8. Receivables from exchange transactions

Gross balances

Creditors Overpayment	149 865	149 865
Debtor PMU	5 113	9 913
Debtors Refuse	896 630	514 868
Debtors - Rentals	401 840	203 781
Other Debtors	195 598	155 726
	1 649 046	1 034 153

Less: Allowance for impairment

Refuse debtors	(678 028)	(339 297)
Rentals debtors	(270 027)	(94 809)
	(948 055)	(434 106)

Net balance

Creditors Overpayment	149 865	149 865
Debtor PMU	5 113	9 913
Debtors - Refuse	218 602	175 571
Debtors - Rentals	131 813	108 972
Other debtors	195 598	155 726
	700 991	600 047

Creditors Overpayment

> 365 days	149 865	149 865
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Debtors PMU

Current (0 -30 days)	5 113	9 913
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Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
8. Receivables from exchange transactions (continued)		
Debtors Refuse		
Current (0 -30 days)	113 931	98 153
31 - 60 days	54 091	38 219
61 - 90 days	38 319	32 581
91 - 120 days	38 319	32 581
121 - 365 days	651 970	313 334
	896 630	514 868
Rental		
Current (0 -30 days)	64 092	60 325
31 - 60 days	28 152	23 710
61 - 90 days	27 875	21 544
91 - 120 days	26 862	15 593
121 - 365 days	254 859	82 609
	401 840	203 781
Other		
Current (0 -30 days)	195 598	155 726
Summary of debtors by customer classification		
Reconciliation of allowance for impairment		
Balance at beginning of the year	(434 106)	(95 543)
Contributions to allowance	(513 949)	(338 563)
	(948 055)	(434 106)
Consumer debtors past due but not impaired		
Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2020, 260 272 (2019: 220 407) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
1 month past due	95 971	124 643
2 months past due	82 271	47 882
3 months past due	82 249	47 882
9. Receivables from non-exchange transactions		
Gross balances		
Consumer debtors - Rates	47 713 658	51 172 222
Fines	7 112 691	6 475 291
	54 826 349	57 647 513
Less: Allowance for impairment		
Consumer debtors - Rates	(39 923 663)	(38 106 073)
Fines	(4 887 206)	(4 413 898)
	(44 810 869)	(42 519 971)
Net balance		
Consumer debtors - Rates	7 789 995	13 066 149
Fines	2 225 485	2 061 393
	10 015 480	15 127 542

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
9. Receivables from non-exchange transactions (continued)		
Reconciliation of provision for impairment of receivables from non-exchange transactions:		
Rate Debtors		
Opening balance	(38 106 072)	(32 862 210)
Allowance for impairment - Rate debtors	(1 817 591)	(5 243 862)
	(39 923 663)	(38 106 072)
Traffic fines		
Opening balance	(4 413 898)	(3 719 606)
Allowance for impairment	(473 307)	(694 292)
	(4 887 205)	(4 413 898)
Net balance	(44 810 868)	(42 519 970)
The ageing of amounts past due but not impaired is as follows:		
1 month past due	1 094 970	895 579
2 months past due	543 076	810 799
3 months past due	538 052	789 426
	2 176 098	2 495 804
Receivables from non-exchange transactions past due but not impaired Receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired.		
At 30 June 2020, R2 176 098 - (2019:R2 495 804) were past due but not impaired.		
Fines		
Current (0 -30 days)	378 332	344 297
31 - 60 days	280 350	259 679
61 - 90 days	463 540	429 362
91 - 120 days	438 890	406 530
121 - 365 days	5 551 579	5 035 423
	7 112 691	6 475 291

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
9. Receivables from non-exchange transactions (continued)		
Summary of debtors by customer classification		
Business		
Current (0 -30 days)	987 770	517 666
31 - 60 days	413 626	430 016
61 - 90 days	402 374	347 741
91 - 120 days	401 792	335 271
121 - 365 days	18 017 634	19 244 849
	20 223 196	20 875 543
Less: Allowance for impairment	(17 944 995)	(19 482 421)
	2 278 201	1 393 122
Government and ITB		
Current (0 -30 days)	367 231	760 289
31 - 60 days	181 363	372 375
61 - 90 days	181 363	371 375
91 - 120 days	180 079	371 375
121 - 365 days	24 359 235	27 237 406
	25 269 271	29 112 820
Less: Allowance for impairment	(19 980 717)	(18 387 060)
	5 288 554	10 725 760
Household and Agriculture		
Current (0 -30 days)	121 190	50 308
31 - 60 days	60 595	26 154
61 - 90 days	60 528	26 154
91 - 120 days	38 147	26 154
121 - 365 days	1 940 731	1 055 088
	2 221 191	1 183 858
Less: Allowance for impairment	(1 997 951)	(236 591)
	223 240	947 267
Total		
Current (0 -30 days)	1 476 191	1 328 263
31 - 60 days	655 584	828 545
61 - 90 days	644 265	745 270
91 - 120 days	620 018	732 800
121 - 365 days	44 317 600	47 537 343
	47 713 658	51 172 221
Less: Allowance for impairment	(39 923 663)	(38 106 072)
	7 789 995	13 066 149
10. Cash and cash equivalents		
Cash and cash equivalents consist of:		
Cash on hand	2 000	21
Bank balances	50 391 796	36 528 403
Short-term deposits	6 469 940	6 118 671
Fixed deposit - Long term	7 420 998	6 940 955
Cash in Transit	63 517	64 063
	64 348 251	49 652 113

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand

2020

2019

10. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
First National Bank - Current Account Hluhluwe - 62025236408	50 766 908	36 620 012	22 304 156	50 391 796	36 528 403	22 304 156
First National Bank - Call Account Hluhluwe - 62266899825	1 348 858	1 347 591	1 352 822	1 348 858	1 341 913	1 352 822
First National Bank - Call Account Hluhluwe - 74275256516	5 063 093	4 721 471	4 393 217	5 063 093	4 721 471	4 393 217
Standard Bank - Call Account Empangeni - 068824491	20 638	19 727	18 941	20 638	19 727	18 941
Nedbank - Call Account Richardsbay - 28702097	36 835	35 044	33 144	36 835	35 044	33 144
First National Bank - Call Account Hluhluwe - 62424086785	516	516	516	516	516	516
First National Bank - Fixed Deposit Account - 74622621601	7 420 998	6 940 955	6 479 688	7 420 998	6 940 955	6 479 688
Total	64 657 846	49 685 316	34 582 484	64 282 734	49 588 029	34 582 484

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

COGTA - Small Town Rehabilitation	162 260	162 260
Arts and Culture	100 000	100 000
Manguzi Road Project	17 307	17 307
Urban Development	907 195	907 195
Manzengwenya Project	7 500	7 500
M A P	251 168	251 168
Phelandaba Development Grant	178 600	178 600
Nhlang Lake Restaurant	5 600	5 600
KwaTembe Concrete Project	86 111	86 111
Mbazwana and Munguzi Hubs	160 000	160 000
MIG	14 300 580	29 336
Finance Management Grant	112 598	-
Environmental Grant	-	4
Town planning	110 653	591 905
Wall to Wall Scheme	96 800	502 800
Border Development	1 138 240	1 389 280
Sports Ground	4 500	33 500
	17 639 112	4 422 566

Movement during the year

Balance at the beginning of the year	4 422 562	3 325 740
Additions during the year	43 667 000	50 335 002
Income recognition during the year	(30 450 450)	(49 238 176)
	17 639 112	4 422 566

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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12. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Interest cost	Utilised during the year	Additions	Total
Skhemelele landfill site	8 792 491	837 959	-	-	9 630 450
Mbazwana landfill site	4 780 845	423 898	-	462 178	5 666 921
Thandizwe landfill site	6 029 722	534 631	-	582 911	7 147 264
Performance bonus	524 574	-	(524 574)	570 051	570 051
	20 127 632	1 796 488	(524 574)	1 615 140	23 014 686

Reconciliation of provisions - 2019

	Opening Balance	Interest cost	Additions	Total
Skhemelele landfill site	6 767 215	473 705	1 551 571	8 792 491
Mbazwana landfill site	3 808 077	357 618	615 150	4 780 845
Thandizwe landfill site	4 803 212	451 037	775 473	6 029 722
Performance bonuses	-	-	524 574	524 574
	15 378 504	1 282 360	3 466 768	20 127 632

Non-current liabilities	12 814 185	12 362 138
Current liabilities	10 200 501	7 765 494
	23 014 686	20 127 632

The current portion is made up of provision for bonuses 2020: (R 570 051) 2019: (R 524 574) and Skhemelele landfill site 2020: (R 9 630 450) 2019: (R 8 792 491).

Performance bonuses

A section 57 bonus provision is also provided for. The bonus is performance based, and is dependant on a performance assessment. The timing of the bonus is uncertain.

Environmental rehabilitation provision

The municipality operates two Landfill sites, which are Thandizwe and Mbazwana.

Skhemelele is in the process of being closed down.

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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12. Provisions (continued)

The Municipality estimated rehabilitation cost are R22 444 635 (2018: R19 603 058) to restore the landfill site at the end of its useful life, estimated to be 17 years from the date of revaluation. The amount of rehabilitation is dependent on future costs technology, inflation and site consumption. The discount rate of the provision was 8.085% (2019: 8.5%).

The financial implication of rehabilitating the landfill site was determined by the independent practitioner engineer Zin Metalwox.

The date on which Zin Metalwox valued landfill sites was 30 June 2020. The landfill sites are revalued every four years.

During the financial period there was a change in rehabilitation cost for Mbazwana and Thandizwe Landfill Site, that resulted in an increase in the underlying assets and provision of R462 177 and R582 911 respectively.

Skhemelele Landfill Site is in the process of being rehabilitated. Detailed design for the closure of the site as laid out in the Environmental Management Programme (EMPr). The closure and rehabilitation activities will comply with the Minimum Requirements for Waste Disposal by Landfill (Second Edition, 1998). In compliance with the requirements for a communal landfill, during closure of the existing landfill the following activities will be conducted:

Closure

Depending on the volume of waste on site, the waste must be consolidated and taken to a licensed landfill facility or the waste must be consolidated and capped on site;

- Reshaping and recontouring of borrow pits so that they are no longer a safety hazard must take place;
- Placement of a "no dumping" notice at the site; and,
- Closing and locking the gate to the site so that no illegal dumping can take place.

13. Payables from exchange transactions

Trade payables	837 743	1 915 206
Accrued leave pay	5 251 051	4 181 003
Accrued bonus	1 433 721	1 306 096
Retention Creditors	5 618 187	4 415 734
Other creditors	93 802	77 730
Debtors with credit balance	19 358	82 236
Jozini	190 992	997 326
	13 444 854	12 975 331

Ageing trade and other payables

Current (0 -30 days)	603 576	1 915 206
30 - 60 days	104 285	-
60 - 90 days	118 243	-
90 -120 days	18 197	-
120+ days	12 800	-
less: Creditors with debit balances	(19 358)	-
	837 743	1 915 206

14. VAT payable

VAT payables	404 301	3 809 162
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15. Refuse removal

Refuse removal	624 360	583 201
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Umhlabuyalingana Local Municipality

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Figures in Rand	2020	2019
16. Commission received		
Motor licensing	91 728	80 323
17. Fines, Penalties and Forfeits		
Traffic Fines	876 900	1 567 950
18. Licences and permits (exchange)		
Traffic income	2 291 920	3 567 590
19. Lease rentals on operating lease		
Equipment		
Contractual amounts	2 901 127	2 136 576
20. Rental Income		
Rental income	375 615	367 907
21. Other income		
Business Licensing	1 400	998
Sundry income	144 523	137 046
Library Income	29 002	35 926
Tender Documents	224 781	107 131
Property clearance revenue	3 600	1 950
Building plans revenue	5 478	15 391
Insurance refund	-	252 153
Fire Services	-	9 400
Law enforcement fines	3 000	-
Arts and Culture refund	595 000	-
	1 006 784	559 995
22. Investment revenue		
Interest revenue		
Bank	3 790 610	4 802 233
Investments	884 547	-
	4 675 157	4 802 233

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
23. Property rates		
Rates		
Residential	655 578	334 700
Commercial	6 407 035	11 173 817
State	14 269 640	12 587 001
Property trust	1 431 000	1 457 500
Less: Income forgone	(1 649 242)	(5 589 999)
	21 114 011	19 963 019
Valuations		
Residential / Hospitality	131 200 000	93 500 000
Commercial	741 730 000	547 075 000
State	934 400 000	687 340 000
Municipality	76 100 000	300 000
Protected Area and Trust Land	736 900 000	736 900 000
Place of Worship	6 300 000	4 300 000
Public service infrastructure	1 570 000	-
	2 628 200 000	2 069 415 000

Property valuations is performed every 5 years. The last general valuation roll came into effect on 1 July 2019. Annual valuations are processed on an annual basis to take into account changes in individual property value due to alterations and subdivisions.

A tariff of R0,0025 (2019: R0,0025) is applied to property valuations of ITB to determine assessment rates. The billing remained constant from previous year.

Business Properties are billed at R0.0087 (2019: R0,01) per Rand for a period. Hospitality will be included in this category.

Protected Area and Public Benefit Organisations are valued but exempt from billing.

The new general valuation was implemented on 01 July 2019.

Umhlabuyalingana Local Municipality

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Figures in Rand	2020	2019
24. Government grants and subsidies		
Operating grants		
Equitable share	166 017 000	145 676 000
Financial Management Grant	1 787 402	1 900 000
EPWP Grant	3 525 000	3 047 000
Library Grant	2 460 000	1 873 000
Youth Enterprise Programme Grant	-	1 000 000
Skhemelele Nodal	406 000	497 200
Disaster management grant	864 000	-
Town Planning Grant	481 252	5 408 095
Environmental Grant	-	199 997
Sports Grounds	29 000	16 500
Border Development	251 040	1 060 720
	175 820 694	160 678 512
Capital grants		
Municipal Infrastructure Grant	20 646 756	34 235 664
	196 467 450	194 914 176
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	30 450 450	49 238 176
Unconditional grants received	166 017 000	145 676 000
	196 467 450	194 914 176
Equitable Share		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
COGTA -Small Town Rehabilitation		
Balance unspent at beginning of year	162 260	162 260
Conditions still to be met - remain liabilities (see note 11).		
Spatial Development		
Balance unspent at beginning of year	100 000	100 000
Conditions still to be met - remain liabilities (see note 11).		
Project Consolidate Manguzi		
Balance unspent at beginning of year	17 307	17 307
Conditions still to be met - remain liabilities (see note 11).		
Library Grant		
Current-year receipts	2 460 000	1 873 000
Conditions met - transferred to revenue	(2 460 000)	(1 873 000)
	-	-

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
24. Government grants and subsidies (continued)		
Urban Development Grant		
Balance unspent at beginning of year	907 195	907 195
Conditions still to be met - remain liabilities (see note 11).		
Manzengwenya Project		
Balance unspent at beginning of year	7 500	7 500
Conditions still to be met - remain liabilities (see note 11).		
Municipal Assistance Program (MAP)		
Balance unspent at beginning of year	251 168	251 168
Conditions still to be met - remain liabilities (see note 11).		
Phelandaba Development Grant		
Balance unspent at beginning of year	178 600	178 600
Conditions still to be met - remain liabilities (see note 11).		
Nhlange Lake Restaurant		
Balance unspent at beginning of year	5 600	5 600
Conditions still to be met - remain liabilities (see note 11).		
Kwa Tembe Concrete Project		
Balance unspent at beginning of year	86 111	86 111
Conditions still to be met - remain liabilities (see note 11).		
Mbazwana and Manguzi Hubs		
Balance unspent at beginning of year	160 000	160 000
Conditions still to be met - remain liabilities (see note 11).		
MIG		
Balance unspent at beginning of year	29 336	-
Current-year receipts	34 918 000	34 265 000
Conditions met - transferred to revenue	(20 646 756)	(34 235 664)
	14 300 580	29 336
Conditions still to be met - remain liabilities (see note 11).		
FMG		
Balance unspent at beginning of year	-	-
Current-year receipts	1 900 000	1 900 000

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
24. Government grants and subsidies (continued)		
Conditions met - transferred to revenue	(1 787 402)	(1 900 000)
	112 598	-
Conditions still to be met - remain liabilities (see note 11).		
EPWP		
Balance unspent at beginning of year	-	-
Current-year receipts	3 525 000	3 047 000
Conditions met - transferred to revenue	(3 525 000)	(3 047 000)
	-	-
Tourism and Environmental Affairs Grant		
Balance unspent at beginning of year	4	-
Current-year receipts	-	200 000
Conditions met - transferred to revenue	(4)	(199 996)
	-	4
Town planning grant		
Balance unspent at beginning of year	591 905	-
Current-year receipts	-	6 000 000
Conditions met - transferred to revenue	(481 252)	(5 408 095)
	110 653	591 905
Conditions still to be met - remain liabilities (see note 11).		
Skhemelele nodal grant		
Balance unspent at beginning of year	502 800	-
Current-year receipts	-	1 000 000
Conditions met - transferred to revenue	(406 000)	(497 200)
	96 800	502 800
Conditions still to be met - remain liabilities (see note 11).		
Border Development		
Balance unspent at beginning of year	1 389 280	1 250 000
Current-year receipts	-	1 200 000
Conditions met - transferred to revenue	(251 040)	(1 060 720)
	1 138 240	1 389 280
Conditions still to be met - remain liabilities (see note 11).		
Sports ground		
Balance unspent at beginning of year	33 500	-
Current-year receipts	-	50 000
Conditions met - transferred to revenue	(29 000)	(16 500)
	4 500	33 500
Conditions still to be met - remain liabilities (see note 11).		

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
24. Government grants and subsidies (continued)		
Disaster management grant		
Current-year receipts	864 000	-
Conditions met - transferred to revenue	(864 000)	-
	-	-
25. Public contributions and donations		
Public contributions and donations	-	812 637
Conditions still to be met - remain liabilities (see note 11)		
Provide explanations of conditions still to be met and other relevant information		

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Figures in Rand	2020	2019
26. Employee related costs		
Basic salary	49 816 793	47 657 488
Cellphone Allowance	903 310	739 166
Performance Bonus	615 527	1 320 440
Medical aid - company contributions	2 290 026	1 962 783
UIF	360 195	355 318
Leave pay provision charge	1 222 271	816 602
Overtime payments	2 393 468	1 534 501
Long-service awards	542 183	393 268
13th Cheques	2 899 061	2 489 539
Acting allowances	45 380	510 291
Car allowance	3 816 000	2 832 000
Standby Allowance	1 010 402	529 005
GroupLife Insurance	497 942	471 783
SALGBC - Levies	17 186	16 091
Rural Allowance	633 153	508 430
Pension	4 997 589	4 423 247
	72 060 486	66 559 952
Remuneration of Municipal Manager (NP Gamede)		
Annual Remuneration	1 169 406	1 176 952
Car Allowance	180 000	180 000
Performance Bonuses	134 887	140 147
Contributions to UIF, SDL, Levies and Pension Funds	28 727	30 342
Cellphone allowance	32 400	32 400
Rural Allowance	116 941	119 536
	1 662 361	1 679 377
Remuneration of Chief Finance Officer (N.P.E Myeni)		
Annual Remuneration	997 316	997 316
Car Allowance	162 000	162 000
Performance Bonuses	116 614	116 398
Contributions to UIF, Medical and Pension Funds	24 936	28 290
Cellphone allowance	27 600	27 600
Rural Allowance	108 798	108 798
	1 437 264	1 440 402
Remuneration of Corporate and Human Resources (N.V.F Msane)		
Annual Remuneration	997 316	997 316
Car Allowance	162 000	162 000
Performance Bonuses	116 614	116 398
Contributions to UIF, Medical and Pension Funds	24 923	28 355
Cellphone allowance	27 600	27 600
Rural Allowance	108 798	108 798
	1 437 251	1 440 467
Remuneration of Community Director (S.Shange)		
Annual Remuneration	835 477	227 354
Car Allowance	162 000	-
Performance Bonuses	117 913	-
Contributions to UIF, Medical and Pension Funds	23 859	-
Rural Allowance	83 548	45 333
Cellphone	14 400	-

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Figures in Rand	2020	2019
26. Employee related costs (continued)	1 237 197	272 687
Remuneration of Director Technical Services (M.S Qwabe)		
Annual Remuneration	864 397	864 397
Car Allowance	162 000	162 000
Performance Bonuses	103 347	103 131
Contributions to UIF, Medical and Pension Funds	170 639	180 439
Cellphone allowance	27 600	27 600
Rural Allowance	94 298	94 298
	1 422 281	1 431 865

Umhlabuyalingana Local Municipality

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Figures in Rand	2020	2019
27. Remuneration of Councilors		
Mayor	905 529	872 239
Deputy Mayor	733 088	706 600
Exco Members	2 022 965	1 382 704
Speaker	733 088	706 600
Councilors	2 543 414	3 490 181
Travel Allowance	4 533 914	3 902 675
Cellphone and data Allowance	1 554 000	1 411 000
	13 025 998	12 471 999
Mayor Cllr N.S Mthethwa		
Annual Remuneration	622 881	604 894
Car Allowance	207 627	201 631
Backpay	30 351	21 224
Cellphone Allowance	40 800	40 800
Mobile data	3 600	3 600
SDL	6 923	8 308
	912 182	880 457
Deputy Mayor Cllr F.G Mlambo		
Annual Remuneration	498 306	483 916
Car Allowance	166 102	161 305
Backpay	24 281	16 979
Cellphone Allowance	40 800	40 800
Mobile data	3 600	3 600
SDL	5 365	6 613
	738 454	713 213
Speaker Cllr B.T Tembe		
Annual Remuneration	498 306	483 916
Car Allowance	166 102	161 305
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	24 281	16 979
SDL	5 302	6 550
	738 391	713 150
Exco Members Cllr B.N Ntsele		
Annual Remuneration	260 620	253 094
Car Allowance	86 873	84 365
Backpay	9 525	8 881
SDL	3 385	4 071
Data Allowance	3 600	3 600
Cellphone allowance	40 800	40 800
	404 803	394 811
Exco Member Cllr S.N Tembe		
Annual Remuneration	260 620	253 094
Car Allowance	86 873	84 365
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	9 525	8 881
SDL	3 203	3 911
	404 621	394 651

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Figures in Rand	2020	2019
27. Remuneration of Councilors (continued)		
Exco Member Cllr M.D Mathenjwa		
Annual Remuneration	260 620	253 094
Car Allowance	86 873	84 365
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	9 525	8 881
SDL	3 251	3 937
	404 669	394 677
Exco Member Cllr Z.M Mhlongo		
Annual Remuneration	260 620	253 094
Car Allowance	86 873	84 365
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	9 525	8 881
SDL	3 331	3 890
	404 749	394 630
Exco Member Cllr M.Z Mhlongo		
Annual Remuneration	260 620	253 094
Car Allowance	86 873	84 365
Cellphone Allowance	40 800	40 800
Data Allowance	3 600	3 600
Backpay	9 525	8 881
SDL	3 530	4 121
	404 948	394 861

In-kind benefits

The Executive Mayor, Deputy Executive Mayor, Speaker are full-time. Each is provided with an office at the cost of the Council.

The Executive Mayor, Deputy Mayor and Speaker each has been allocated with two full time bodyguards.

The Mayor has been allocated with the Council owned vehicles for official duties.

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

28. Depreciation and amortisation

Property, plant and equipment	22 748 780	22 435 740
Intangible assets	297 708	314 331
	23 046 488	22 750 071

Umhlabuyalingana Local Municipality

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Figures in Rand	2020	2019
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29. Impairment of assets

Impairments

Impairment Fixed Assets	1 427 656	4 158 190
Certain Property, Plant and Equipment were considered for Impairment in the current period due to lack of maintenance in some areas of Sportsfield. Impairment reversal was also considered on Manguzi Sportfield. The recoverable amount of the asset was based on its fair value less costs to sell.		

The main classes of assets affected by impairment losses are:

Sportsfields

There's lack of maintenance on the local sportfields. It has been visible through verification that soccer fields are not maintained and possibly vandalism on the facilities. Impairment was recommended until facilities are maintained

Municipality has assessed infrastructure assets for impairment. The impairment assessment takes into account both external and internal source of information that indicated that these assets to be impaired. With the advent of the COVID-19 we considered:

- evidence of physical damage
- significant long term changes that have occurred in the way or extent to which the assets is used

30. Finance costs

Interest overdue accounts	336 620	3 384
Other interest	1 968 814	1 282 357
	2 305 434	1 285 741

31. Debt impairment

Contributions to debt impairment provision	2 804 847	6 259 525
Bad debts written off	3 169 734	186 488
	5 974 581	6 446 013

32. Asset Write Off

Property Plant and Equipment write off	2 539 836	671 628
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Spray lights and Netball courts were completely demolished paving way for renovation of Manguzi Multipurpose complex.

33. Contracted services

Outsourced Services

Administrative and Support Staff	268 892	371 266
Burial Services	167 590	195 501
Catering Services	11 216 275	8 014 307
Clearing and Grass Cutting Services	1 069 487	244 800
Internal Auditors	3 738 630	2 057 770
Medical Waste Removal	270 000	-
Professional Staff	514 746	322 163
Refuse Removal	345 567	197 116
Researcher	1 062 155	432 362
Security Services	8 319 370	7 765 848
Drivers Licence Cards	780 847	783 781

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
33. Contracted services (continued)		
Consultants and Professional Services		
Business and Advisory	3 932 697	4 849 530
Infrastructure and Planning	676 742	2 554 467
Legal Cost	1 264 449	922 358
Contractors		
Aerial Surveillance	201 600	213 816
Artists and Performers	500 000	822 482
Catering Services	179 300	526 659
Employee Wellness	154 500	-
First Aid	63 160	60 918
Fire Services	34 672	30 913
Graphic Designers	137 900	-
Maintenance of Buildings and Facilities	708 745	928 164
Maintenance of Equipment	3 805 542	3 261 999
Maintenance of Roads	4 050 587	3 995 525
Medical Services	4 500	83 182
Pest Control and Fumigation	1 672 367	198 400
Photographer	98 800	60 000
Tracing Agents and Debt Collectors	-	5 250
Transportation	681 500	-
Sports and Recreation	651 850	346 398
Stage and Sound Crew	296 790	650 900
	46 869 260	39 895 875

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Figures in Rand	2020	2019
34. Operational cost		
Advertising	383 293	1 057 643
Auditors remuneration	1 735 787	1 729 591
Bank charges	108 196	125 705
Entertainment	67 200	-
Fines and penalties	226 523	-
Gifts and promotions	5 952 241	6 470 653
Hire charges	16 766 112	12 968 044
Insurance	543 478	580 423
Community development events	2 416 390	1 272 891
IT expenses	1 736 626	1 180 503
Fleet expense	72 037	207 440
Marketing	26 394	164 260
Promotion and sponsorship	557 999	190 208
Medical expenses	6 120	-
Motor vehicle expenses	38 559	-
Fuel and oil	2 156 297	2 296 627
Postage and courier	96 146	1 871
Printing and stationery	211 099	572 128
Gender Awareness	62 800	-
Software expenses	238 230	1 511 959
Telephone and fax	5 860	25 571
Transport	353 500	71 050
Training	925 446	1 119 872
Travelling and accommodation	2 426 629	3 941 590
Water and electricity	1 661 409	980 479
Electricity connections	-	285 056
Uniforms	325 873	661 110
Tourism development	5 460	-
Skills development levy	621 751	696 174
Travel allowance	3 222 824	3 351 424
Ward committees	2 442 800	2 511 793
Burial support	2 000	195 024
Caretaker remuneration	-	16 500
Landfill site cost	-	1 551 571
Wellness for employees	-	180 274
	45 395 079	45 917 434

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
35. Transfers and subsidies		
School support	146 221	121 800
Town improvement	-	402 520
Fire fighting	-	719 630
Social Relief	2 690 984	1 628 551
Bereavement assistance	1 534 123	-
Disaster supplies	1 715 130	-
	6 086 458	2 872 501

The COVID-19 pandemic has had a significant impact on the day to day lives of individuals and organizations at large around the world. In South Africa, the threat of COVID-19 necessitated Government to declare it a National Disaster and since then Government has implemented measures to mitigate the threat of COVID-19 on the lives of the citizens as well as on the economy.

During this lockdown period:

- construction and maintenance activities have been halted;
- services have been limited where public facilities have closed for prolonged or short periods of time;
- there has been a demand for medical services, water, sanitation and temporary settlements from government;
- revenue and debt collections have decreased because people are unable to work thereby increasing the risk of non-payment of services;

Since the COVID-19 was declared a national disaster, there have been numerous measures put in place to curb its rapid spread and the provision of assistance to those less fortunate. In response to the COVID-19 pandemic, municipalities have incurred increased expenditures, namely:-

- Purchase of personal protective equipment such as masks
- Hygiene items such as sanitizers

Disaster supplies

Items of disaster supplies were acquired during the pandemic to assist curb the spread of the virus. These items include: Reflector jackets, Disaster relief tents, LED lamps, First Aid kits, Blankets, Chemicals and Overalls.

Bereavement assistance

With the compliance requirements to Disaster Management Act communities were restricted with movements and had to comply with the said regulations. Municipality had to intervene and assist in a number of areas to bereave affected communities.

Assistance ranged from arranging of hearse, buying coffins, provision of food and transportation of deceased.

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
36. Cash generated from operations		
Surplus	1 177 770	19 575 594
Adjustments for:		
Depreciation and amortisation	23 046 488	22 750 070
(Profit)/Loss on sale of property, plant and equipment	-	1 067 852
Donated assets	-	(812 361)
Assets write off	2 539 836	673 572
Impairment deficit	1 427 656	4 158 190
Debt impairment	5 974 581	6 446 013
Operating lease liability	(4 654)	16 064
Employee benefit provision	145 231	428 939
Movements in provisions	2 887 054	4 749 128
Other movements	(4 214 822)	(527 281)
Changes in working capital:		
Inventories	(769)	(62 488)
Receivables from exchange transactions	(614 893)	244 176
Other receivables from non-exchange transactions	2 821 164	(9 153 491)
Payables from exchange transactions	469 523	518 137
VAT	(3 404 861)	(889 894)
Unspent conditional grants and receipts	13 216 546	1 096 825
INEP Liability	(945 469)	5 000 163
	44 520 381	55 279 208
37. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• KwaMbila Blacktop Access Road	2 974 004	-
• Posini to Library Road	9 442	117 005
• Manzengwenya Gravel Road	109 735	-
• Mqobela access road	252 878	-
• Manguzi Stormwater and walkway	-	727
• Skhemelele community market	-	591 177
• Othungwini access road	205 473	-
• Mashabane Access Road	491 883	-
• Moses Zikhali Access Road	301 170	-
• IYK Tarred Road	1 159 716	-
• Mlamula Jikijela Electrification	564 318	-
• Mahlungulu Electrification	1 701 057	-
• Manguzi electrification	158 078	-
• Kwashodi Electrification	2 339 546	-
	10 267 300	708 909
Total capital commitments		
Already contracted for	10 267 300	708 909
Authorised operational expenditure		

This committed expenditure relates to infrastructure assets and will be financed by available bank facilities, existing cash resources, funds internally generated, or grants

Umhlabuyalingana Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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38. Contingencies

38.1. Bhokusisa Derrick Zungu and 26 Others

This matter is still pending at the arbitration and will be heard again on 11 November 2020(subject to written confirmation by the bargaining council). There has been several sittings but we believe that the matter will be finalised in November 2020.

Legal costs are estimated at R 180 000

The applicants were employed on a fixed term contract basis. They dispute the limited duration contract and claim to have been employed on an indefinite basis. Their claim is spurious and bound to fail. Their claim is not ascertainable even if they were to succeed.

38.2 Department of Labour

This is the potential liability for assessment to be done by Department of Labour on returns due in terms of Compensation for Occupational Injuries and Disease Act (COIDA). The Department of Labour is claiming R 99 206 560.83 from the Municipality in respect of outstanding returns in terms of Compensation of Occupational Injuries and Diseases Act (COIDA). The Municipality has applied for the reassessment of the amount but the Commissioner for Compensation of Occupational Injuries and Diseases declined to accept the bid for reassessment.

Negotiations are ongoing with Commissioner and the and Labour Court for re-assessment. Legal Cost will amount to R800 000.

39. Related parties

Management remuneration
Council remuneration

Refer to note 26
Refer to note 27

Tenders awarded to close family member

Partner in entity name	Supplier name	Business partner	Relation	Amount	Total
Sisonke Fasion Design Primary Cooperative Limited	Con-Nhlaka Trading	Sphesihle Nxumalo	Member	48 900	48 900
Enjoy-Blue Gold Bakery and Multipurpose	Locked Castle Trading	Khonzani Mthembu	Director	90 000	90 000
				138 900	138 900

40. Change in estimate

Property, plant and equipment

The useful life of certain plant was estimated in 2018 to be 20 years. In the current period management have revised their estimate to 30 years. The effect of this revision has decreased the depreciation charges for the current and future periods.

The effect of estimate was determined to be R28 873, had the change in estimated useful life not done the assets in question could have depreciated by R34 799 in the current period. Now that we have changed the estimated useful life we have depreciated these assets by R5 927.

The estimated cost of Mbazwana and Thandizwe Landfill Sites was revised in the financial year under review. The effect of this revision has resulted in an increase in the underlying assets with the corresponding increase in Landfill Site Provision. Increased the depreciation charges for the current period was R104 509 and the asset increased by R1 045 088

The discount rate was estimated to be 8.085%(2020) a change from 8.085%(2019)

Umhlabuyalingana Local Municipality

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Figures in Rand	2020	2019
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41. Comparatives reclassification

1. INEP Grant

Integrated National Electrification Programme (INEP) grant agreements were evaluated with reference to requirements of GRAP109 and it was established that there's a principal/agent relationship. INEP grants were reclassified from being recognised as Grants to Liability. Please see note 52 for a detailed breakdown and reconciliation Electrification grant. Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year restatement:

Statement of financial position

2019

	Note	As previously reported	Re-classification	Restated
INEP liability		-	5 000 163	5 000 163
Unspent conditional grant and receipt		9 422 729	(5 000 163)	4 422 566
		9 422 729	-	9 422 729

Cash flow statement

2019

	Note	As previously reported	Restated
Changes in working capital			
INEP liability		-	5 000 163
Unspent conditional grant and receipts		6 096 988	1 096 825

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Figures in Rand	2020	2019
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41. Comparatives reclassification (continued)

Reclassification Operational cost

Operational cost note has been reclassified to accurately report expenditure by nature. The effects of the reclassification is as follows. Items on statement of financial performance were previously reported function, as a result it did not show true reflection of expenditure. Management elected to disclose expenditure by nature.

Statement of financial performance note:

Operational cost	Previously reported	After reclassification
Electric meters	285 035	-
Administration	176 852	-
Travel Air	92 466	-
Toll gates	27 595	-
Transportation	159 500	-
Connection fee	54 550	-
Car rental	859 020	-
Drivers license	59 171	-
Vehicle licence	101 773	-
Honoraria	30 000	-
Computer Expense	511 925	-
Eskom connections	72 500	-
Tracker	43 428	-
IT Expense	-	1 180 503
Fleet Expense	-	207 440
Marketing	-	164 260
Promotion and sponsorship	-	190 208
Transport	-	71 050
Electricity connections	-	285 056
Burial support	-	195 024
Employee wellness	-	180 274
	2 473 815	2 473 815

42. Risk management

Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the municipality's financial liabilities balances due within twelve months equal their carrying balances as the impact of discounting is not significant.

Current liabilities		
Trade and other payables from exchange transactions	13 447 265	12 975 331
Unspent conditional grants	17 639 112	4 422 566
	31 086 377	17 397 897

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42. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Consumer debtors comprise of a large number of ratepayers dispersed across different sectors and geographical areas. Management evaluated credit risk relating to customers on an ongoing basis. Credit exposure is managed by application of the municipality's policies regarding credit control and debt collection. The municipality has made a provision for doubtful debts in accordance to its policies. The carrying amount of financial assets is the maximum exposure to credit risk in relation to these assets.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	30 June 2020	30 June 2019
Receivables from exchange transactions	719 403	600 047
Receivables from non-exchange transactions	10 015 480	15 127 542
Cash and cash equivalents	64 348 251	49 652 113

Refer to note 8 for ageing of receivables as well as note 10 for further disclosure of cash and cash equivalents.

Market risk

Interest rate risk

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

43. Going concern

We draw attention to the fact that at 30 June 2020, the municipality had an accumulated surplus of R 1 180 427 and that the municipality's total assets exceed its liabilities by R 320 071 299.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations for the municipality.

Since 31 December 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown.

Governments and central banks have responded with monetary and fiscal interventions to stabilise economic conditions. The municipality has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended 30 June 2020 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the municipality for future periods.

During April 2020, large number municipality major trade customers closed businesses following the outbreak of COVID-19 and related global responses have caused material disruptions to businesses leading to an economic slowdown. Of the R47 713 658 receivables from these customers, the municipality expects to recover less than R10 015 480. The allowances for expected credit losses for these receivables was R39 923 663 as at 30 June 2020.

There are no significant changes in the extent or manner in which the assets are used or is expected to be used. Plant and Machinery assets idled for a period of two months and that was considered not significant period for productive capacity.

Umhlabuyalingana Local Municipality

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Figures in Rand	2020	2019
44. Unauthorised expenditure		
Opening balance as previously reported	-	6 313 535
Opening balance as restated	-	6 313 535
Less: Amount written off - prior period	-	(6 313 535)
Closing balance	-	-

Council approved that unauthorised expenditure be written off

45. Fruitless and wasteful expenditure

Opening balance as previously reported	3 384	13 081
Opening balance as restated	3 384	13 081
Add: Expenditure identified - current	338 170	3 384
Less: Amount written off - current	(3 384)	(13 081)
Closing balance	338 170	3 384

Council approved fruitless and wasteful expenditure to be written off

46. Irregular expenditure

Opening balance as previously reported	1 781 250	12 503 193
Opening balance as restated	1 781 250	12 503 193
Add: Irregular Expenditure - current	1 473 380	1 781 250
Less: Amounts recoverable - current	30 423 059	-
Less: Amount written off - current	(1 473 380)	-
Less: Amount written off - prior period	(1 781 250)	(12 503 193)
Closing balance	30 423 059	1 781 250

Incidents/cases identified in the current year include those listed below:

BAC not properly constituted	Disciplinary steps taken/criminal proceedings SCM policies to be reviewed to be in line with SCM regulations and be consistent	30 42
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Amounts written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of 3 254 630 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

47. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 083 200	713 680
Amount paid - current year	(1 083 200)	(713 680)
	-	-

Audit fees

Current year subscription / fee	1 735 787	2 057 770
Amount paid - current year	(1 735 787)	(2 057 770)
	-	-

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Figures in Rand	2020	2019
47. Additional disclosure in terms of Municipal Finance Management Act (continued)		
PAYE and UIF		
Current year subscription / fee	13 404 794	12 181 316
Amount paid - current year	(13 404 794)	(12 181 316)
	-	-
Pension and Medical Aid Deductions		
Current year subscription / fee	7 274 114	3 913 423
Amount paid - current year	(7 274 114)	(3 913 423)
	-	-
VAT		
VAT payable	404 301	3 809 162

VAT output payables and VAT input receivables are shown in note .

All VAT returns have been submitted by the due date throughout the year.

Councilors' arrear consumer accounts

The following Councilors had arrear accounts outstanding for more than 90 days at 30 June 2020:

30 June 2020	Outstanding less than 90 days	Outstanding more than 90 days	Total
Busisiwe Tembe	4 190	8 177	12 367
Simon Nxumalo	765	809	1 574
	4 955	8 986	13 941
30 June 2019	Outstanding less than 90 days	Outstanding more than 90 days	Total
Busisiwe Tembe	9 500	-	9 500
Simon Nxumalo	20 146	26 972	47 118
	29 646	26 972	56 618

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

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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48. Actual operating expenditure versus budgeted operating expenditure

48.1 Licences and permits actual income is 57% below the budget because the traffic station was closed during the month of October and November due to municipal workers strike, again traffic station operations were also closed from the month of February till August due to community strikes that happened in February and National Lockdown due to COVID-19 virus outbreak.

48.2 Commissions receive is above the budget because the budget was understated

48.3 Interest on investments actual income is 32% below the budget because of COVID-19 virus outbreak that also affected the country's economy and interest rates

48.4 Interest on outstanding debtors is 26 % below the budget because of COVID-19 virus outbreak and the council decided to give its rates payers (business category)

48.5 Other revenue is 39% below the budget because of COVID-19 virus outbreak and the closure of the country on its operations that affected all economic sectors

48.6 Traffic fines actual revenue is 71% below the budget because the traffic station was closed during the month of October and November due to municipal workers strike, again traffic station operations were also closed from the month of February till August due to community strikes that happened in February and National Lockdown due to COVID-19 virus outbreak.

48.7 Finance charges actual expenditure is 10% above the budget because SARS penalties for late payments of PAYE and SDL contributions and ESKOM late payments, it also includes landfill sites provisions expense

48.8 Operating lease expense is 13% above the budget because of new contracts that the municipality entered into, but the budget was based on the fact that operating lease contracts were coming to an end in this financial year.

48.9 Transfers and subsidies expenditure is 14% above the budget because there was an increase in provision of social relief programmes due to the corona virus outbreak

48.10 Capital expenditure is 38% below the budget because the municipal offices were not operational during the month of October and November due to municipal

49. Actual capital expenditure versus budgeted capital expenditure

48.1 Capital expenditure is 31% below the budget because the municipal offices were not operational during the month of October and November due to municipal

50. Deviation from supply chain management regulations

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

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

The deviations for the current year, with the prior years' deviation shown for comparison, are summarised below:

Recommended supplier	298 322	539 033
Emergencies	1 153 456	172 607
	1 451 778	711 640

51. Budget differences

Material differences between budget and actual amounts

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
51. Budget differences (continued)		
1. Service charges		
Service charges was adjusted down because budget was overstated because the basis of its calculation was base on the wrong number of customers to be serviced.		
2. Licences and permits		
Licences and permits was adjusted up because of the high number of people who come from far places to get services of umhlabuyalingana		
3. Commission received		
Commission receive was adjusted up because of the amount we already have received as commission from the department of transport.		
4. Rental income		
Rental income was adjusted down because it was overstated in the budget because other market stalls were not being rented out because they were not in good condition.		
5. Interest on investment		
Interest on investment was adjusted up because we anticipated that there will be more interest received since there were more funds in the bank accounts		
6. Interest on outstanding debtors		
Interest on outstanding debtors was adjusted up because of commercial property rates debtors not paying for their accounts in time was high		
7. Other revenue		
Other revenue was adjusted up because of the refunds received from department of Arts and Culture		
8. Property rates		
Property rates was adjusted down because budget was overstated and it did not include rebates		
9. Government grants		
Government grants were adjusted up because it was supposed to include rollover funds and new allocation of COVID-19 grant		
10. Traffic fines		
Traffic fines were adjusted up because it was planned that there will be more road blocks to be conducted which will increase revenue base.		
11. Employee related costs		
Employee related costs were adjusted down because of the job evaluation process that was going to increase salary costs when it is implemented		
12. Debt impairment		
Debt impairment was adjusted down because it was overstated in the budget although there was an increase in interest on outstanding debtors		
13. Finance charges		

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
51. Budget differences (continued)		
Finance charges was adjusted up because of the increase in land fill site provision		
14. Contracted services		
Contracted services was adjusted up because it was understated in the budget		
15. Transfers and subsidies		
Transfers and subsidies was adjusted up because of increase in social relief programs due to COVID-19		
16. Operating lease		
Operating lease was adjusted up because of new operating lease contracts entered in to by the municipality after the contract we had were coming to an end.		
17. Inventory consumed		
Inventory consumed was adjusted up because more inventory items were to be procured after the declaration of COVID-19 disaster		
18. Operational costs		
Operational costs was adjusted up because it was understated in the budget		
Income and expenditure variance		

Umhlabyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
51. Budget differences (continued)		
1. Licences and permits		
Licences and permits decreased by 56% from the prior year because the traffic station had to be closed in October and November due to municipal workers strike		
2. Commissions received		
Commissions received increased by 12% from the prior year actual because		
3. Other income		
Other income decreased by 35% from the prior year actual because there were no insurance refunds this year		
4. Interest on outstanding debtors		
Interest on outstanding debtors decreased by 128% because the council took a resolution to give hospitality debtors a discount relief of 35% and to write off		
5. Public contributions and donations		
Public contributions and donations decreased by 100% because there were no donation received in this financial year.		
6. Fines, penalties and forfeits		
Fines, penalties and forfeits decreased by 56% because of the municipal workers strike that happened in October and November, and another community strike		
7. Reversal of impairments		
Reversal of impairments decrease by 191% because only assets was affected by the impairment most assets were maintained in the current year which increased its		
8. Finance costs		
Finance costs increased by 44% from the prior year because of interest paid to SARS for late payment of PAYE contributions and increase in provision for land fill sites		
9. Lease rentals on operating lease		
Lease rental on operating lease increased by 27% because of new lease agreements signed by the municipality in this financial year		
10. Inventory consumed		
Inventory consumed increased by 21% from last year actual because the municipality had to purchase more cleaning materials in order to ensure safety of employees to avoid being infected by COVID-19 virus		
11. Asset write off		
Asset write off increased by 73% because they had to demolish netball court in order to construct Manguzi Multipurpose Hall		
12. Transfers and subsidies		
Transfers and subsidies increased by 61% because more social relief programs were implemented than the prior year to respond to the COVID-19 virus outbreak		
13. Inventory COVID-19		
Inventory COVID-19 increased by 100% when compared to prior year because COVID -19 virus outbreak started this		

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
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51. Budget differences (continued)

financial year

52. Transitional provisions

Transitional provision for Statutory Receivables

General information

The municipality took advantage of the transitional provision as per Directive 8 of the GRAP Reporting Framework.

The extent to which the entity has taken advantage of the transitional provision and period is Three years, for financial years commencing on or after 1 April 2019 to 30 June 2022.

Details of items which have not been accounted for consistent with the requirements of the relating Standard of GRAP, are as follow Receivables related to Property Taxes, Fines for breaches of Legislation, Levies, and Appropriations, Grants and transfers outlined in the relevant division of revenue act.

Progress made towards full compliance with the relating Standard of GRAP is, The municipality intends to comply in full with the relating Standard of GRAP, as follow Firstly to distinguish Statutory Receivables from Receivables, Assess disclosures required about how these transactions arise, how the transaction amount is determined, whether interest or levies are charged (and if yes, how), how impairment is assessed and if a discount rate is applied.

53. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is as follows:

Municipality has entered into agreement to facilitate the expansion and rehabilitation of the electricity grid, the objective of this agreement is to enhance the Electrification Programme on long term national energy requirements that shall be met through clearly established national electrification principles, to ensure that resource allocation contributes to sustainable development and enhance empowerment to communities and to provide electricity to unelectrified household.

Obligations of the municipality

The municipality shall:

- ensure compliance with all statutory requirements stipulated in the DoRA
- the municipality shall not spend any allocated funds in arrears where they are not licensed to distribute electricity
- manage the programme as well as design and implementation of those projects that form the objective of this agreement
- take all reasonable steps necessary to ensure the programme is implemented effectively and efficiently

Umhlabuyalingana Local Municipality

Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	2020	2019
53. Accounting by principals and agents (continued)		
Entity as agent		
Liabilities and corresponding rights of reimbursement recognised as assets		
Liabilities incurred on behalf of the principal(s) that have been recognised by the municipality are listed below.		
Corresponding rights of reimbursement that have been recognised as assets are listed below.		
COGTA Electrification		
Balance unspent at beginning of year	5 000 000	-
Current-year receipts	-	5 000 000
Liability recognised	(1 410 454)	-
	3 589 546	5 000 000
INEP Electrification		
Balance unspent at beginning of year	163	-
Current-year receipts	19 000 000	22 000 000
Liability recognised	(18 535 014)	(21 999 837)
	465 149	163
Projects undertaken by municipality		
Ward 4 Electrification	-	2 338 700
Mahlungulu Phase 2 Electrification	798 943	2 342 640
Mahlungulu Phase 3 Electrification	-	2 337 555
Kwahlomula Electrification	-	8 665 039
Kwahlomula Electrification	-	1 686 991
Mkhindini Phase 2 Electrification	-	3 053 046
Mboza Phase 2 Electrification	-	1 575 866
Jikijela Electrification	10 435 682	-
Manguzi Electrification	7 300 389	-
	18 535 014	21 999 837
Projects completed and transferred		
Mkhindini Electrification	-	7 845 856
Mahlungulu Electrification	-	7 916 820
	-	15 762 676

APPENDICES

APPENDIX A: COUNCILLOR, COMMITTEE ALLOCATION & COUNCIL ATTENDANCE

Number	Councillor	Gender	Affiliation	Ward/PR
1	Cllr. K.O Tembe	Male	ANC	WC 1
2	Cllr. B.N. Ntsele	Male	ANC	WC 2
3	Cllr. T.N. Magagula	Male	ANC	WC 3
4	Cllr. L.D. Tembe	Male	ANC	WC 4
5	Cllr. T.J. Nxumalo	Male	ANC	WC 5
6	Cllr. M.D. Mathenjwa	Male	ANC	WC 6
7	Cllr. E.T. Nxumalo	Male	ANC	WC 7
8	Cllr. G.S. Mthembu	Male	ANC	WC 8
9	Cllr. D.A. Tembe	Male	ANC	WC 9
10	Cllr. M.I. Mthembu	Male	ANC	WC 10
11	Cllr. N.S. Mthethwa	Male	ANC	WC 11
12	Cllr. N. Vumase	Female	ANC	WC 12
13	Cllr. J.B. Gwala	Male	ANC	WC 13
14	Cllr. N.J. Ndabeni	Male	ANC	WC 14
15	Cllr. N.C. Mdletshe	Male	ANC	WC 15
16	Cllr. E.G. Mhlongo	Male	ANC	WC 16
17	Cllr. S.N. Mthethwa	Male	ANC	WC 17
18	Cllr. J.E. Sithole	Male	ANC	WC 18
19	Cllr. S.P Mthethwa	Male	ANC	PR
20	Cllr. Z.M. Mhlongo	Female	ANC	PR
21	Cllr. B.C. Zikhali	Male	AIC	PR
22	Cllr. F.G. Mlambo	Female	ANC	PR
23	Cllr. B.T Tembe	Female	ANC	PR
24	Cllr. S.M. Ndlovu	Female	ANC	PR
25	Cllr. T.S. Myeni	Male	DA	PR
26	Cllr. L.E. Mkhwanazi	Female	EFF	PR
27	Cllr. M.D. Mathenjwa	Female	IFP	PR
28	Cllr. J.G. Ngubane	Female	IFP	PR
29	Cllr. M.Z. Mhlongo	Male	IFP	PR
30	Cllr. S.M. Gumede	Female	IFP	PR
31	Cllr. B.J. Tembe	Male	IFP	PR
32	Cllr. M.J. Mthembu	Male	IFP	PR
33	Cllr. T.L. Mlambo	Male	IFP	PR
34	Cllr. H.K. Gumede	Female	IFP	PR
35	Cllr. T.S. Khumalo	Male	IFP	PR

APPENDIX B: COMMITTEES & COMMITTEE PURPOSES

Council Members	Political Affiliation	Full Time/Part Time FT/PT	Committee Allocated	Ward and or PR
Cllr. K.O Tembe	ANC	PT	MPAC	Ward 1
Cllr. B.N. Ntsele	ANC	PT	PLID	Ward 2
Cllr. T.N. Magagula	ANC	PT	PLID	Ward 3
Cllr. L.D. Tembe	ANC	PT	Finance	Ward4
Cllr. T.J. Nxumalo	ANC	PT	Corporate Services	Ward 5
6. Cllr. M.D. Mathenjwa	ANC	PT	Community Services	Ward6
7. Cllr. E.T. Nxumalo	ANC	PT	N/A	Ward 7
8. Cllr. G.S. Mthembu	ANC	PT	Corporate Services	Ward 8
9. Cllr. D.A. Tembe	ANC	PT	Community Services	Ward 9
10. Cllr. M.I. Mthembu	ANC	PT	Finance and Community Services	Ward 10
11. Cllr. N.S. Mthethwa	ANC	FT	Finance	ward 11
12. Cllr. N. Vumase	ANC	PT	Finance	Ward 12
13. Cllr. J.B. Gwala	ANC	PT	Corporate Services	Ward 13
14. Cllr. N.J. Ndabeni	ANC	PT	Finance	Ward 14
15. Cllr. N.C. Mdletshe	ANC	PT	PLID	Ward 15
16. Cllr. E.G. Mhlongo	ANC	PT	PLID	Ward 16
17. Cllr. S.N. Mthethwa	ANC	PT	Community Services	Ward 17
18. Cllr. J.E. Sithole	ANC	PT	Corporate Services	Ward 18
19. Cllr. S.P Mthethwa	ANC	PT	Corporate Services	Ward 11 PR
20. Cllr. Z.M. Mhlongo	ANC	PT	Community Services	Ward 16 PR
21. Cllr. B.C. Zikhali	AIC	PT	MPAC	Ward 11 PR
22. Cllr. F.G. Mlambo	ANC	FT	Corporate Services	Ward 14
23. Cllr. B.T Tembe	ANC	FT	Speaker	Ward 12
24. Cllr. S.M. Ndlovu	ANC	PT	Corporate Services	Ward 17
25. Cllr. T.S. Myeni	DA	PT	Corporate Services	Ward 11
26. Cllr. L.E. Mkhwanazi	EFF	PT	Corporate Services	Ward 11
27. Cllr. M.D. Mathenjwa	IFP	PT	Finance	Ward 02
28. Cllr. J.G. Ngubane	IFP	PT	Corporate Services	Ward 01
29. Cllr. M.Z. Mhlongo	IFP	PT	PLID	Ward 14
30. Cllr. S.M. Gumede	IFP	PT	PLID	Ward 07
31. Cllr. B.J. Tembe	IFP	PT	Community Services	Ward 03
32. Cllr. M.J. Mthembu	IFP	PT	Community Services	Ward 03
33. Cllr. T.L. Mlambo	IFP	PT	Community Services	Ward 15
34. Cllr. H.K. Gumede	IFP	PT	Corporate Services	Ward 15
35. Cllr. T.S. Khumalo	IFP	PT	Finance	Ward 16

APPENDIX: RECORD OF ATTENDANCE FOR EXCO MEETINGS 2019/2020

Councillor/s	25 July 2019	22 Aug 2019	20 Sep 2019	24 Oct 2019	22 Nov 2019	13 Dec 2019	20 Jan 2020	20 Feb 2020	18 Mar 2020	26 Apr 2020	26 May 2020	28 June 2020	% of Council Meetings Attended: Total: 13
Cllr. N.S. Mthethwa (Mayor)	√	√	√	√	√	√	√	√	√	√	√	√	12
Cllr. F.G. Mlambo (D. Mayor)	X	√	√	√	√	X	√	√	√	√	√	√	10
Cllr. S.N. Tembe	√	√	X	√	x	√	X	x	X	√	√	X	7
Cllr. M.Z. Mhlongo	√	√	√	√	√	√	√	√	X	√	√	√	10
Cllr. M.D. Mathenjwa	X	√	√	√	√	X	X	√	X	√	√	√	09
Cllr. B.N. Ntsele	√	√	√	√	√	√	X	x	X	√	√	X	09
Cllr. Z.M. Mhlongo	X	√	√	√	√	√	X	√	√	√	√	√	10
Cllr. B.T. Tembe(SPEAKER)	X	√	√	√	√	X	√	x	X	√	√	X	08

RECORD OF ATTENDANCE FOR COUNCIL MEETINGS 2019/2020

Councillor/s	31 July 2019	28 Aug 2019	28 Sep 2019		21 Oct 2019	28 Oct 2019	21 Nov 2019	13 Dec 2019	22 Jan 2020	Feb 2020	31 Mar 2020	06 Apr 2020	30 May 2020	30 June 2020	TOTAL
1. Cllr. K.O Tembe	✓	✓	X		X	✓	✓	X	✓	X	✓	✓	✓	✓	09
2. Cllr. B.N. Ntsele	X	X	X		✓	✓	✓	✓	✓	X	✓	✓	✓	✓	09
3. Cllr. T.N. Magagula	X	✓	✓		✓	✓	✓	✓	✓	X	✓	✓	✓	✓	10
4. Cllr. L.D. Tembe	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
5. Cllr. T.J. Nxumalo	x	✓	✓		✓	✓	✓	X	X	X	✓	✓	✓	✓	09
6. Cllr. M.D. Mathenjwa	✓	✓	X		✓	✓	✓	✓	✓	X	x	X	✓	✓	09
7. Cllr. E.T. Nxumalo	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
8. Cllr. G.S. Mthembu	✓	✓	X		X	x	✓	X	✓	X	✓	✓	✓	✓	08
9. Cllr. D.A. Tembe	✓	✓	✓		✓	✓	✓	X	✓	✓	✓	✓	✓	✓	12
10. Cllr. M.I. Mthembu	x	X	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	11
11. Cllr. N.S. Mthethwa	✓	✓	✓		✓	x	✓	✓	✓	✓	x	✓	✓	✓	11
12. Cllr. N. Vumase	x	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	12
13. Cllr. J.B. Gwala	✓	✓	X		X	x	✓	✓	✓	✓	✓	✓	✓	✓	09
14. Cllr. N.J. Ndabeni	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13

15. Cllr. N.C. Mdletshe	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
16. Cllr. E.G. Mhlongo	✓	✓	X		X	x	✓	✓	X	X	✓	✓	✓	✓	08
17. Cllr. S.N. Tembe	✓	X	X		X	✓	X	✓	✓	✓	✓	✓	✓	✓	09
18. Cllr. J.E. Sithole	✓	✓	✓		✓	✓	✓	✓	✓	X	✓	✓	✓	✓	12
19. Cllr. S.P Mthethwa	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
20. Cllr. Z.M. Mhlongo	✓	X	✓		✓	x	✓	✓	X	✓	✓	✓	✓	✓	10
21. Cllr. B.C. Zikhali	✓	✓	✓		✓	✓	✓	X	✓	✓	✓	✓	✓	✓	12
22. Cllr. F.G. Mlambo	✓	✓	✓		✓	✓	✓	X	X	✓	✓	✓	✓	✓	11
23. Cllr. B.T Tembe	✓	✓	✓		✓	✓	✓	X	✓	✓	✓	X	✓	✓	11
24. Cllr. S.M. Ndlovu	✓	✓	✓		✓	x	✓	✓	✓	✓	✓	✓	✓	✓	12
25. Cllr. T.S. Myeni	✓	✓	X		✓	✓	X	✓	✓	✓	x	✓	✓	✓	10
26. Cllr. L.E. Mkhwanazi	✓	✓	✓		✓	✓	X	✓	✓	✓	x	✓	✓	✓	11
27. Cllr. M.D. Mathenjwa	✓	✓	✓		✓	✓	X	✓	X	✓	✓	✓	✓	✓	11
28. Cllr. J.G. Ngubane	X	X	X		X	✓	X	✓	✓	✓	✓	✓	✓	✓	08
29. Cllr. M.Z. Mhlongo	✓	✓	✓		X	✓	X	✓	✓	✓	✓	✓	✓	✓	11

30. Cllr. S.M. Gumede	✓	✓	✓		✓	✓	X	✓	✓	✓	✓	✓	✓	✓	12
31. Cllr. B.J. Tembe	✓	✓	✓		X	✓	X	✓	✓	✓	✓	✓	✓	✓	11
32. Cllr. M.J. Mthembu	✓	✓	✓		X	✓	✓	✓	✓	✓	✓	X	✓	✓	11
33. Cllr. T.L. Mlambo	✓	✓	✓		✓	✓	X	✓	X	✓	✓	X	X	✓	09
34. Cllr. H.K. Gumede	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	13
35. Cllr. T.S. Khumalo	✓	X	✓		✓	✓	X	✓	✓	✓	✓	✓	✓	✓	11

APPENDIX C: THIRD TIER ADMINISTRATIVE STRUCTURE

DEPARTMENT	SECTION 54 & 56 DIRECTORS/ MANAGERS
OFFICE OF THE MUNICIPAL MANAGER	Municipal Manager: Mrs N.P Gamede
Section Unit-Risk Management	Manager Risk & compliance: Mrs T.P Nhlenyama
Section/Unit-IDP & Performance Management	Manager IDP: Mr M.N Mthembu Manager PMS : Mr N.J Mpontshane
Unit-Internal Audit	Manager Internal Audit: Miss K Bhengu
CORPORATE SERVICES DEPARTMENT	Director Corporate Services-Miss N.V.F Msane Deputy Director Corporate : Mr TS Mkhabela
Section/Unit-Human Resource Management	Manager HR : Miss L Sithole
Section/unit-Legal and Administrative	N/A
Section/Unit-Information, Communication and Technology	Manager IT : Mr M.S Ngubane
DEPARTMENT: TECHNICAL SERVICES, PLANNING & LED	Director Technical Services, Planning & LED-Mr MS Qwabe
Section/Unit: Civil Engineering	Manager Technical : Mrs F.S Msabala Senior Technical : Miss N.L Myeni
Section/Unit: Electrical Engineering	N/A
Section/Unit: Solid Waste	Manager Waste: Mrs N.F Mngomezulu
Section/Unit: Town Planning	Deputy Director Planning and Development : Mr S.N Zikhali Manager Planning & Development : Miss Z Macingwana
Section/Unit: LED	Manager LED & Tourism : Miss N Mathe
COMMUNITY SERVICES DEPARTMENT	Director Community Services-Mr T.S. Shange
Traffic, Law Enforcement and Licensing	Manager Public safety : Mr S.L Mahaye
Library and Information Management	Librarian : Miss S.F Ndlazi
Community Development & Special Projects	Manager Special Programmes : Mr T.D Mlambo
DEPARTMENT: FINANCE-BUDGET & TREASURY	Chief Financial Officer- Mr N.P.E Myeni Deputy Director CFO : Mrs N.P Mkhabela
Supply Chain Management	Manager SCM : Mr M.N Mthembu

APPENDIX D: FUNCTIONS OF THE MUNICIPALITY/ENTITY

DISTRICT MUNICIPAL FUNCTIONS	SHARED FUNCTIONS DISTRICT AND LOCAL	LMs FUNCTIONS
Potable Water Supply	Fire Fighting services	Air Pollution
Sanitation Services	Local Tourism	Building regulations (National Building Regulations)
Electricity Reticulation	Municipal Airports	Child Care Facilities
Municipal Health Services	Municipal Planning	Pontoons, Ferries, Jetties, Piers and Harbours
Regional Airport	Municipal Public Transport	Storm Water Management System In Built up areas
	Cemeteries, Funeral Parlours and Crematoria	Trading regulations
	Markets	Beaches and Amusement Facilities
	Municipal Abattoirs	Billboards and the Display of advertisement in Public places
	Municipal Roads	Cleansing
	Refuse Removal, Refuse Dumps and Solid Waste	Control of Public Nuisances
		Facilities for the Accommodation, Care and Burial of Animals
		Fencing and Fences
		Licensing of Dogs
		Local amenities
		Local Sport Facilities
		Municipal Parks and Recreation
		Noise Pollution
		Pounds
		Public Places

		Street Trading
		Street Lighting
		Traffic and Parking

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

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

PERFORMANCE/AUDIT COMMITTEE MEMBERS AND ATTENDANCE: The Audit Committee consist of the members listed hereunder and meets as a minimum, four times a year as per the approved Audit Committee Charter. The municipality has two Chairpersons, one for the Audit Committee (AC) and the other one for the Performance Audit Committee (PAC). The Chairperson of the AC has been a member of the Audit Committee for the past two years. For the purpose of continuity the Council appointed him to be the Chairperson on the new Audit Committee.

Name of Member	Number of Meetings Attended
Mr Z Zulu (Chairperson (PAC)	6
Mr L Hlengwa (Chairperson (AC) New	6
Mr S Simelane	6
Ms S Gertze	6
Mr B Mabika	6

All of the members of the Performance/Audit Committee have been in the serving during 2019/2020 Financial Year (FY) with most of them having been members from the previous financial year. This has allowed the municipality to have continuity and depth as the members are familiar with the issues and challenges that the municipality faces.

Overview of Activities: The Committee held Six (6) ordinary meetings and two (3) special meetings during the year under review on the following dates:-

Special AC & PAC	29 July 2019
Special AC & PAC	15 August 2019
Special AC& PAC	26 August 2019
Ordinary AC & PAC	25 November 2019
Ordinary AC & PAC	05 March 2020
Ordinary AC & PAC	15 May 2020

The Audit Committee chairperson also availed himself for Council Meetings to present written reports of the Audit Committee and assessments of the Municipal Manager and Managers reporting to Municipal Manager. In almost all the meetings of the AC and PAC the Mayor and the Chairperson of the Municipal Public Accounts Committee (MPAC) attends. Where they are not in attendance an apology is presented.

PERFORMANCE/AUDIT COMMITTEE RESPONSIBILITIES: The Performance/Audit Committee has complied with its responsibilities arising from section 166 of the MFMA and clause 14(2) (a) of the Municipal Planning and Performance Management Regulations of 2001. The Performance/Audit Committee's work was guided and regulated by a Performance/Audit Committee Charter and discharged all its responsibilities in terms of this charter. The Performance/Audit Committee's work has been guided by municipal leadership during the financial year in line with the work plan approved at the beginning of the financial year. We are pleased to report that there has been stability at uMhlabuyalingana Municipality during the FY 2019/2020 in terms of administrative leadership.

INTERNAL AUDIT INSTITUTIONAL ARRANGEMENT: The Internal Audit Charter as adopted by the Performance/Audit Committee regulates the work of the Internal Audit Activities.

The municipality has an approved structure of internal audit and it was outsourced to Ntshidi and Associates. UMhlabuyalingana Municipality has one employee responsible for the Internal Audit and is full time in the municipality and is responsible for the co-ordination of the work of the Internal Audit in the municipality. This employee reports directly to the municipal manager and has unrestricted access to the Audit Committee in order to ensure independence. The out-sourced service provider has been tasked to ensure that other tasks in the Internal Audit Plan are given to the internal person and the progress in this regard is monitored by the AUDCOM and the Municipal Manager. It is recommended that the municipality should consider appointing interns for internal audit and risk management for the skills transfer, in order for it to build its capacity going forward.

In terms of S62 (c) (ii) and S165 (1) of the MFMA each municipality is required to have an Internal Audit Unit and S165 (3) allows the municipality to co-source the internal audit function if the municipality requires assistance to develop its internal capacity. The Internal Audit coverage plan was approved by the Performance/Audit Committee at its November 1st meeting for the 2019/2020 financial year.

INTERNAL AUDIT FUNCTION: During this financial year, internal audit reports were presented at the Performance/Audit Committee meetings. Issues raised were deliberated in the meetings of the Performance/Audit Committee and resolutions were taken. The Performance/Audit Committee addressed the issues in its reports to Council with and

recommendations including the issues raised by the Auditor-General. The Auditor General Action Plan was presented and adopted by the Performance/Audit Committee at the 18th March meeting of the Performance/Audit Committee.

The Internal Audit Unit has made significant progress in the completion of the 2019/2020 annual audit plan and complied with its responsibilities arising from its approved Charter. The outsourced Internal Audit (Ntshidi and Associates) has a three years contract with the municipality and its services is measured every year by both Performance/Audit Committee and management.

SYSTEM OF INTERNAL CONTROL: The system of internal control is designed to provide reasonable assurance that the assets are safeguarded, the liabilities, working capital are effectively and efficiently managed. All of the above remains a management responsibility.

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

The Performance/Audit Committee has noted that there has been improvement on the systems of internal control especially relating to Annual Financial Statements preparation processes.

RISK MANAGEMENT: Risk management has been formalised within the municipality but more effort is still required. The municipality appointed Mr Sithole as the new Risk Management Chairperson. The municipality has a fulltime resource that manages the Risk Business Unit and is reporting at the office of the Municipal Manager. The Risk Manager is supported by an independent chairperson appointed by the council. The minutes and resolutions of the Risk Committee are presented to all meetings of the Audit Committee for adequate oversight.

ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020 : The Audit Committee reviewed Annual Financial Statements for the year ending 30 June 2020 that were submitted to the Auditor-General for audit. The Audit Committee noted some errors which the Chief Financial Officer subsequently rectified before the submission to the Auditor-General. Improvements with respect to the quality of the Annual Financial Statements were also noted during the review of the annual financial statements compared to the previous financial year. The 2019/2020 Annual Financial Statements did not have material adjustments as reported by the office of the Auditor General. These financial statements were approved and submitted to the Auditor-General by the end of October 2020 as required by the MFMA.

To improve the quality of Annual Financial Statements and minimize errors, the municipality needs to develop its own action plan and internal capacity for the development of AFS. It is also critical that the municipality prepares quarterly and mid-year financial statements which will enable it to identify any areas of concern that need attention. This will allow the municipality to have the requisite skills in this area and be familiar with activities required to produce quality financial statements. We are pleased to report that during FY 2019/20 the action plan was adopted. The first draft of annual financial statements for the year under review were produced and distributed to members during the first week of October 2020. Mid-year financial statements were presented to AUDCOM and were audited by the Internal Auditor as a build up to the Annual Financial Statements. When they were presented management ensured AUDCOM that they were presented based on the MSCOA.

PERFORMANCE MANAGEMENT: Internal Audit Unit's annual audit coverage plan included review of Performance Management System and Performance Information. The Audit Committee had reviewed and considered the reports noted some weaknesses in the area of Performance Information and the strides that are being made by management through workshops and sharing of information with other municipalities who have achieved better results during audits by Auditor-General. The catch-up plan on backlog of performance assessments has been implemented; however, there is still a concern in that for performance management to be effective assessments should be done on time so as to ensure corrective action is taken within the financial year.

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

MONTHLY FINANCIAL MANAGEMENT REPORTS: Monthly management reports were reviewed by the Performance/Audit Committee. These included bank reconciliations, debtors and creditors age analyses, income and expenditure reports and budget and variance reports. Several pertinent matters were raised with management who in turn furnished satisfactory answers. In many instances suggestions, recommendations, and/or requests from the Committee were implemented by management.

INFORMATION TECHNOLOGY (IT) : A review on the Information General Controls was not conducted by Internal Audit during the year under review. There is a significant improvement on this section compared to prior years. This is also demonstrated by the AG report for the year. The municipality received less findings in the current year on IT. The municipality continues to show improvement and commitment on good IT governance.

GOVERNANCE: The Committee noted confirmation of commitments by the Mayor and Municipal Managers to address the deficiencies of internal control as well as the status as per the Dashboard report. It is important also to note that during the year under review the UMhlabuyalingana Municipality had a full time Municipal Manager as well as other senior managers.

The municipality is fortunate to have dedicated and committed Mayor and Municipal Manager. It is worth noting that the office of the Auditor General found that the municipality Executive office was functioning accordingly and effective.

COMPLIANCE WITH LAWS AND REGULATIONS: The Performance/Audit Committee has reviewed the effectiveness of the system for monitoring compliance with laws and regulations. The Performance/Audit committee is not satisfied that the system for monitoring compliance with laws and regulations is effective.

This comes as a result of the two Fraud Investigations the municipality finds itself under. During the year under review we were made aware of the fraud investigation conducted by Cogta and The Hawks. The investigations are still in progress and should be completed soon.

It is with great concern that we have these allegations. We encouraged the municipality staff to be cooperative and provide all necessary supporting documents to the investigators. However, it is a positive challenge to us as the Audit Committee and Municipality to ensure that we improve on the Internal System Control and Policies.

EXTERNAL AUDIT BY AUDITOR-GENERAL (AGSA): The Performance/Audit Committee has reviewed the External Audit scope to ensure the critical areas within the Municipality are being addressed. In addition, the committee reviewed the audit report including issues arising out of the external audit.

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

The Performance/Audit Committee concurred with the Auditor-General's conclusions on the Annual Financial Statements, compliance with laws and regulations and performance information and note the improvement in terms of the audit report. It is hoped that the municipality could build on from the unqualified audit report received during the prior year.

STATE OF DISASTER: Owing to the international outbreak of Covid-19 the president in conjunction with COGTA declared the National State of Disaster from the 27th of March 2020. This has had major impact on the expenditure for the municipality. Funds had to be diverted

from their original intended purpose to deal with the potential impact of Covid-19 in the municipality. As at the end of the financial year, the state of disaster has not been lifted though the restrictions have been extensively relaxed. As part of the relief, the municipality received funding of R845 000 which was utilised on Covid 19 relief.

POST BALANCE SHEET EVENTS: The Performance/Audit Committee has been made aware through the office of the municipal manager about the ongoing investigations relating to alleged fraud/corruption. These investigations are commissioned and carried out independently by COGTA. The Performance/Audit Committee will await the finalisation of the process and see what recommendations are made and advise council accordingly where appropriate.

RECOMMENDATIONS:

- The Accounting Officer must ensure that all Senior Managers take ownership of the Performance Management System to prevent repeat audit findings and to contribute to an effective system and process. Should this not happen, the consequence management process should be implemented.
- The Council and management should ensure that comprehensive legal compliance checklists exist and are monitored by Council, Portfolio Committees and Manco on a monthly basis. Where non-compliance with laws and regulations are detected the consequence management process should be implemented.
- The Accounting Officer should ensure that all senior managers and CoGTA and Treasury attend the AUDCOM meetings to contribute toward effective Governance.
- The Accounting Officer should ensure that all departments implement the risk response plans.
- The Accounting Officer should ensure that the Audit Action Plan is prioritised by the management team and progress is monitored on a regular basis.
- The Accounting Officer should ensure that all reports as required by regulation are submitted to AUDCOM on time.
- The Council and management need to continuously monitor internal controls over SCM processes to prevent irregular expenditure as far as possible.
- Management should ensure that credible, reliable and accurate financial and performance information is submitted quarterly for review to the Council Committees and AUDCOM. Submissions should be signed by the relevant authors and Heads of Department to indicate approval of their content.

CONCLUSION: The Committee notes the progress made by the municipality in improving overall governance, systems of internal control, risk management and performance management. In addition, the Performance/Audit Committee concurs and accepts the conclusion of both the Internal Audit and the Auditor-General.

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

The Performance/Audit Committee sends its deepest condolences and words of comfort to Royal Family and all families who have lost their loved one due to Covid 19.

Chairperson: Performance/ Audit Committee

Mr Z Zulu

Mr L Hlengwa

APPENDIX F: MUNICIPAL ENTITY/SERVICE PROVIDER'S PERFORMANCE SCHEDULE

The service provider's performance assessment is done in line with section number 46 (a, b & c) of chapter 6 the municipal systems act and regulation 32 of 2000 Section 116 of the Municipal Finance Management Act regulates contract management, monitoring of contracts on monthly basis. The report herein below outlines the assessment of each contracted service that the municipality has with external service providers. The rating of service providers is based on the legend mentioned hereunder. The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement.

Table-114-Assessment Key:

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

Table-115-Service Provider's Performance:

Bid No	Name of external Service Provider	Date Contract Awarded	Service Provided in terms of the SLA	Value of project	Assessment of Service Providers Performance		
					<i>G</i>	<i>S</i>	<i>P</i>
UMHL 01/2019/2020	VUMESA(PTY)LTD (CONSULTANT FOR MBAZWANE TO KWAMBILA BLACK TOP ROAD)	05/08/2019	YES	R7 470 935,90	√		
UMHL 13/2019/2020	MELOKUHLE TRADING ENTERPRISE(CONTRUC TION FOR MBAZWANE TO KWAMBILA BLACK TOP ROAD	04/12/2019	YES	R 6 545 015,00	√		
UMHL 02/2019/2020	SIMPULWAZI ENGINEER CC(CONSULTANT FOR	05/08/2019	YES	R 600 000,00	√		

	MANZENGWENYA GRAVEL ROAD						
UMHL 03/2019/2020	DLV ENGINEERS & PROJECT MANAGER (CONSULTANT FOR MASHABANE GRAVEL ROAD	05/08/2019	YES	R 295 00,00	√		
UMHL 07/2019/2020	MELOKUHLE TRADING ENTERPRISE(CONSTRU CTION FOR MASHABANE GRAVEL ROAD)	04/12/2019	YES	R4705 000,00	√		
UMHL 04/2019/2020	SIMPULWAZI ENGINEERS CC(CONSULTANT OF ESIPHAHLENI GRAVEL ROAD)	05/08/2019	YES	R251 185,20	√		
UMHL 14/2019/2020	ATHINDURA TRADING (CONSTRUCTION OF ESIPHAHLENI GRAVEL ROAD)	31/07/2018 25/11/2019	YES	R3 139 814 ,87	√		
UMHL 19/2017/2018	BVI CONSULTANT	24/01/2018	YES	R556 944,43	√		
UMHL 01 2018/2019	SELE & MUSA TRADING TOURS	31/07/2018	YES	R5028 777,50	√		
UMHL 12 2018/2019	UZAMILE TRADING CC	25/10/2018	YES	R489 4822,63	√		
UMHL 17/2019/2020	SIYARORO TRADING (MQOBELA GRAVEL ROAD PHASE TWO)	25/02/2020	YES	R1 112 050,00	√		
UUMHL 07/208/2019	BVI CONSULTANT	08/08/2018	YES	R367 111 ,70	√		
MHL 00/2019/2020	ZALOPHATH (PTY) LTD(CONSTRUCTION OF LIBRARY POST OFFICE TARRERD ROAD)	03/02/2020		R1 180 074,91	√		

UMHL 05 2018/2019	VUMESA PTY LTD	25/10/2018	YES	R398 043 ,24	✓		
UMHL 13/2018/2019	SNX CONTRACTORS CC	10/10/2019	YES	R336 6753 ,23	✓		
UMHL 16/2019/2020	STIRA CONSULTING (CONSTRUCTION OF MOSES ZIKHALI ACCESS ROAD)	03/02/2020	YES	R1 631905,00	✓		
UMHL 25/2018/2019	MAKHELENI CONTRUCTION	29/03/2019	YES	R27000 000,00	✓		
UMHL 20/2019/2020	SHEMULA CIVIL CONSTRUCTION (CONSTRUCTION OF IYK GRAVEL ROAD PHASE TWO)	03/02/2020	YES	R 3 000 000,00			
UMHL00/2019/2020	UMHLATHUZE CONSTRUCTION INDUSRIEL (CONSTRUCTION OF OTHUNGWINII ACCESS ROAD PHASE TWO)	03/02/2020	YES	R1 56 089,85	✓		
UMHL 19/2019/2020	SIMPHULWAZI ENGINEERS ((CONSULTANT OF OTHUNGWINII ACCESS ROAD PHASE TWO))	05/08/2019	YES	R1 289 99,83	✓		
UMHL 00/2018/2019	ODG TECHNOLOGY PTY) LTD(ELECTRIFICATION FOR MAHLUNGULU EXTENSION)	04/10/2018	YES	R5 000 000,00	✓		
UMHL03/2018/2019	HAMSA CONSULTING ENGINEERS(ELECTRIFIC ATION FOR MLAMULI TO JIKIJELA)	14/09/2018	YES	R20 881 733,70	✓ ✓		

UMHL 04/2018/2019	HAMSA CONSULTING ENGINEERS(MANGUZI ELECTRIFICATION)	14/09/2018	YES	R8 207 8144,00	✓		
UMHL 00/2018/2018/2019	ODG TECHNOLOGY (PTY) LTD (ELECTRIFICATION FOR KWASHODI)	04/04/2019	YES	R5 000 000,00	✓		

APPENDIX G: DISCLOSURE OF FINANCIAL INTERESTS

DISCLOSURES OF FINANCIAL INTERESTS FROM 1ST JULY 2019 TO 30 JUNE 2020		
POSITION	NAME	DESCRIPTION OF FINANCIAL INTERESTS
Mayor	Cllr. N.S. Mthethwa	N/A
Councillor/s		N/A
Municipal Manager	Mrs N.P.Gamede	N/A
Chief Financial Officer	Mr N.P.E Myeni	N/A
Other HODs	Mr M.S Qwabe	N/A
	Mr T.Shange	N/A
	Miss N.V.F Msane	N/A

APPENDIX H (I): REVENUE COLLECTION BY VOTE

Revenue Type	Revenue
Service Charges	624 360
Property Rate	21 114 011
Government Grants and Subsidies	196 467 450
Rental Income	375 615
Traffic Fines	876 900
Interest Received	4 675 157
Interest Received – Outstanding debtors	678 165
Other Income	1 006 784
Licensing and permits	2 291 920
Commission Received	91 728

APPENDIX H (II): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Type	Revenue
Service Charges	624 360
Property Rate	21 114 011
Government Grants and Subsidies	196 467 450
Rental Income	375 615
Traffic Fines	876 900
Interest Received	4 675 157
Interest Received – Outstanding debtors	678 165
Other Income	1 006 784
Licensing and permits	2 291 920
Commission Received	91 728

APPENDIX I: CONDITIONAL GRNTS RECEIVED INCLUDING MIG

Details/Grant Name	Original Budget	Adjustment Budget	Actual	Variance	
				Original Budget	Adjustment Budget
Financial Management Grant	1 900 000	1 900 000	1 900 000	-	-
Expanded Public Works Programme Grant	3 523 000	3 523 000	3 523 000	-	-
Library Grant – Provincialisation	2 249 000	2 249 000	2 249 000	-	-
Library Grant – Community Services Grant	211 000	211 000	211 000	-	-
Town Planning Grant	-	502 800	52 800	-	-
Tourism Grant	-	1 389 280	1 389 280	-	-
Small Town Rehabilitation Grant	-	591 905	591 905	-	-
Sports and Recreation Grant		33 500	33 500	-	-
Disaster Relief Grant		864 000	864 000	-	-

APPENDIX J: CAPITAL PROGRAMME BY PROJECT-YEAR 2019/2020

CAPITAL PROJECT	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE	
				ACTUAL – ORIGINAL BUDGET %	ACTUAL – ADJUSTMENT BUDGET %
Electricity					
Jikijela to Mlamula Electrification Project	11 000 000	11 000 000	10 534 851	96%	96%
Manguzi Electrification Project	8 000 000	8 000 000	8 099 332	101%	101%
Kwashodi Electrification Project	-	5 000 000	1 410 454	-	28%
Roads					
IYK Tarred Road	2 300 000	4 520 521	3 583 175	156%	79%
Mbazwane to Kwambila Blacktop Road	5 000 000	8 265 950	5 756 974	115%	70%
Manzengwenya Access Road	5 000 000	4 500 000	290 265	6%	6%
Esiphahleni Access Road	4 618 000	3 575 305	3 419 762	74%	96%
Mashabane Tribal Authority Access Road	5 000 000	6 048 097	3 108 818	62%	51%
Library to Post Office Access Road	-	2 343 995	772 824	-	33%
Mqobela Phase 2 Access Road	-	1 543 946	862 520	-	56%

Othungwini Access Road	-	1 086 935	1084 674	-	100%
Moses Zikhali Access Road	-	1 815 160	1 335 195	-	74%
Community halls and centres					
Manguzi Multipurpose Centre	7 000 000	477 091	477 091	7%	100%
Ward 12 Community Hall	5 000 000	-	-	-	-
Market stalls					
Skhemelele market stalls	-	591 904	481 252	-	81%

APPENDIX K: DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY-2019/20

Loans/Grants made by the municipality	Project Name	Conditions Attached to Funding	Year	Total Amount Committed Over Previous & Future Years
Umhlabuyalingana Municipality does not have any loans.				

