



**ANNUAL REPORT 2021/2022**



The Municipal Manager

King Sibata Dalindyebo Municipality, Corner Owen and Sutherland Street, Mthatha, 5099

## TABLE OF CONTENTS

I.	TABLE OF CENTENTS.....	2-6
II.	TABLES.....	7
III.	LIST OF ABBREVIATIONS AND ACRONYMS .....	8 - 9
<b><u>CHAPTER 1: EXECUTIVE MAYOR'S FOREWARD AND EXECUTIVE SUMMARY:</u></b>		
1.1	EXECUTIVE MAYORS FOREWORD.....	10-11
1.2	MUNICIPAL MANAGER'S OVERVIEW.....	12-13
1.3	OVERVIEW OF KING SABATA DALINDYEBO LOCAL MUNICIPALITY:	
1.3.1	Municipal Overview.....	14-17
1.3.2	Municipal Information .....	18
1.3.3	Local Economic Development .....	18
<b><u>CHAPTER 2: GOVERNANCE:</u></b>		
2.1	POLITICAL GOVERNANCE .....	19-23
2.1.1	Speaker of Council.....	23
2.1.2	Chief Whip of Council .....	23
2.1.3	Councillors and Traditional Leaders.....	23
2.1.4	Political Decision Making .....	24
2.1.5	Ward Report.....	24-25
2.1.6	Councillors and their political parties.....	26-28
2.1.7	Council Meeting and Attendance of Councillors & Traditional Leaders .....	29-32
2.1.8	COMMITTEES	
2.1.8.1	SECTION 79 COMMITTEES .....	32-39
I.	Municipal Public Accouts Committee (Mpac)	

II.	Rules Committee	
III.	Ethics and Members Interest	
IV.	Public Participation and Petitions Committee	
V.	Women Caucus	
VI.	Audit and Performance Audit Committee	
2.1.8.2	SECTION 80 COMMITTEES .....	40-47
I.	Budget and Treasury	
II.	Public Safety Committee	
III.	Community Services	
IV.	Human Settlement	
V.	Rural and Economic Development Committee	
VI.	Corporate Services	
VII.	Infrastructure Committee	
VIII.	Planning, Research and IGR Committee	
IX.	Special Programmes Unit Committee	
X.	Mayoral Committee	
2.2	ADMINISTRATIVE GOVERNANCE .....	48-49
2.3	INTERGOVERNMENTAL RELATIONS .....	49-50
2.4	COMPONENT C: PUBLIC ACCOUNTABILITY & PARTICIPATION	
2.4.1	Mechanisms and Procedures for Public Participation in the Integrated Development Planning (IDP).....	51
2.4.2	Public Participation Principles .....	51
2.4.3	Structured Participation .....	51-53
2.4.4	Public Participation Process.....	53-55
2.4.5	Communication and Public Relations .....	55

2.5	<b>COMPONENT D: CORPORATE GOVERNANCE .....</b>	<b>56</b>
2.5.1	<b>Risk Management.....</b>	<b>56</b>
2.5.2	<b>Anti-corruption and fraud.....</b>	<b>56</b>
2.5.3	<b>Supply chain management.....</b>	<b>56-57</b>
2.5.4	<b>By-laws.....</b>	<b>58</b>
2.5.5	<b>Websites.....</b>	<b>58</b>
2.5.6	<b>Public satisfaction on municipal services.....</b>	<b>58</b>
 <b><u>CHAPTER 3: SERVICE DELIVERY PERFORMANCE REPORT</u></b>		
3.1	<b>SUSTAINABLE: HUMAN SETTLEMENTS .....</b>	<b>59-61</b>
3.1.1	<b>HOUSING PROJECTS EXECUTION.....</b>	<b>61-65</b>
	i. <b>Maydene Farm Ext Project A .....</b>	
	ii. <b>New Brighton Project 131 Housing Units &amp; Kei Rail housing Project 537.....</b>	
	iii. <b>Rural Housing Programme.....</b>	
	iv. <b>Informal Settlements upgrdeing (ISUP) Programme .....</b>	
	v. <b>Housing Strategy Planning: Preparation of Municipal Housing Sector Plan: .....</b>	
	vi. <b>Housing Coordination: Sitting of housing forum meetings .....</b>	
	vii. <b>Housing Partnerships: Proposed Partnerships between the Housing Development Agency (HAD) and KSDM for the implementation of various Development Programmes .....</b>	
	viii. <b>Relocation of Beacons prio to housing construction .....</b>	
3.1.2	<b>HOUSING CAPITAL GRANT EXPENDITURE .....</b>	<b>65</b>
3.1.3	<b>SPATIAL PLANNING .....</b>	<b>66-68</b>
3.1.3.1	<b>Property Management .....</b>	
3.1.4	<b>LAND USE MANAGEMENT SCHEME .....</b>	<b>68-72</b>
3.1.5	<b>FORWARD PLANNING.....</b>	<b>72-73</b>
3.1.6	<b>BUILDING CONTROL .....</b>	<b>74</b>
3.1.7	<b>OUTDOOR ADVERTISING .....</b>	<b>74-75</b>



<b>3.2</b>	<b>INFRASTRUCTURAL SERVICES</b>	
3.2.1	Project Management Unit .....	76-78
3.2.2	Roads Maintenance .....	78-80
3.2.3	Electricity .....	81-82
3.2.4	Swot Analysis .....	82-83
3.2.5	Staff Implication: .....	83-84
3.2.6	EPWP .....	84
<b>3.3</b>	<b>WASTE MANAGEMENT SERVICES.....</b>	<b>85-91</b>
3.3.1	LIBRARIES .....	91
3.3.2	COMMUNITY FACILITIES .....	91
3.3.3	SPORT FACILITIES .....	91-92
3.3.4	PARKS AND AMMENITIES .....	92
<b>3.4</b>	<b>PUBLIC SAFETY AND TRAFFIC MANAGEMENT .....</b>	<b>92-97</b>
<b>3.5</b>	<b>ANNUAL PERFORMANCE REPORT .....</b>	<b>97-188</b>
3.5.1	Annual Performance Analysis and Comparison Report .....	189-257

**CHAPTER 4: ORGANISATIONAL DEVELOPMENT OVERVIEW**

<b>4.1</b>	<b>MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT .....</b>	<b>258</b>
<b>4.2</b>	<b>HUMAN RESOURCES MANAGEMENT FUNCTION AREA .....</b>	<b>258-261</b>
<b>4.3</b>	<b>IMPLEMENTATION OF THE PERFORMANCE MANAGEMENT SYSTEM (PMS): ....</b>	<b>262-263</b>
<b>4.4</b>	<b>MUNICIPAL MANAGER AND S57 MANAGER’S EMPLOYMENT CONTRACT AND PERFORMANCE CONTRACTS .....</b>	<b>264</b>
<b>4.5</b>	<b>STAFF DEVELOPMENT INITIATIVES DURING THE FINANCIAL YEAR .....</b>	<b>264</b>
<b>4.6</b>	<b>KEY HR. STATISTICS PER FUNCTIONAL AREA .....</b>	<b>265</b>
<b>4.7</b>	<b>FULL TIME STAFF COMPLEMENT PER FUNCTIONAL AREA .....</b>	<b>266</b>
<b>4.8</b>	<b>LABOUR RELATIONS .....</b>	<b>266</b>

4.9	TECHNICAL STAFF REGISTERED WITH PROFESSIONAL BODIES.....	267
4.10	TRENDS ON TOTAL PERSONNEL EXPENDITURE.....	267
4.11	PENSION AND MEDICAL AIDS TO WHOM EMPLOYEES BELONG .....	268
4.12	HR POLICIES & PLANS .....	268
4.13	LEAVES MANAGEMENT .....	2679
4.14	UPDATE ON INJURIES ON DUTY .....	2679
4.15	SKILLS DEVELOPMENT .....	270

**CHAPTER 5: FINANCIAL PERFORMANCE**

5.1	PLANNING & BUDGETING .....	271
5.2	REVENUE MANAGEMENT.....	272-275
5.3	OVERSIGHT AND OPERATIONAL CONTINUITY .....	2675
5.4	EXPENDITURE MANAGEMENT:	
5.4.1	Operational Expenditure by Type.....	276-277
5.4.2	Revenue & Expenditure by Vote.....	278-279
5.4.3	Conditional Grant.....	279
5.5	ASSET & LIABILITY MANAGEMENT .....	280-281
5.6	CASH FLOW.....	281
5.7	SUPPLY CHAIN MANAGEMENT .....	282-285
5.8	INDIGENT .....	287

**CHAPTER 6: AUDITOR GENERAL, AUDIT FINDING**

6.1	AUDITED OUTCOMES FOR THE PREVIOUS FINANACIAL YEAR. ....	287
6.2	ANNEXURES	
	A. Prior Year Audit Report	
	B. Current Year Audit Report	
	C. Audited Annual Financial statements	
	D. Audit Action Plan	
	E. Audit and Performance Audit Committee Report (APAC)	
	F. Report on Performance of Service Providers	
	G. COGTA Indicators	

## **TABLES**

**Council Meetings**

**Committee Allocation and Meetings**

**Traditional Leaders Council Attendance**

**Section 79 Committees Attendance**

**Financial Performance: Human Settlements**

**Capital Expenditure: Human Settlements**

**Capital Projects**

**MIG Implementation, Employment creation**

**Infrastructure Implementation**

**Roads Maintenance**

**Performance Reports**

## **LIST OF ABBREVIATIONS AND ACRONYMS**

**AFS = Annual Financial Statement**

**AG = Auditor General**

**APAC= Audit & Performance Audit Committee**

**BNG = Breaking New Ground**

**COGTA = Co-operative Governance and Traditional Affairs**

**DEDEAT = Department of Economic Development and Tourism**

**DTI = Department of Trade and Industry**

**ECDC = Eastern Cape Development Corporation**

**ECPTA = Eastern Cape Parks and Tourism Agency**

**EEP = Employment Equity Plan**

**EPWP -= Extended Public Works Programme**

**GCIS = Government Communication and Information System**

**GDP = Gross Domestic Product**

**GVA = Gross Value Added**

**ICT = Information and Communication Technology**

**IDP = Integrated Development Plan**

**IP = implementation Protocol**

**KSDM = King Sabata Dalindyebo Municipality**

**LED = Local Economic Development**

**LRED = Department and Regional Economic Development**

**MAYCO = Mayoral Committee**

**MOU = Memorandum of Agreement**

**MPAC = Municipal Public Accounts Committee**

**PI = Presidential Intervention**

**PMS = Performance Management System**

**PMU = Project Management Unit**

**PSC = Project Steering Committee**

**SALGA = South African Local Government Association**

**SCM = Supply Chain Management**

**SCOA = Standard Charter of Accounts**

**SDBIP = Service Delivery and Budget Implementation Plan**

**SMME = Small, Medium, Micro Enterprise**

**SPLUMA = Spatial Planning Land Use Management Act**

**WSP = Works Skills Plan**

## CHAPTER 1: EXECUTIVE MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### 1.1 Executive Mayor's Foreword



121(1) of the Local Government: Municipal Finance Management Act 56 of 2003 (MFMA) requires that, “every Municipality and a municipal entity must for each financial year, prepare an annual report in accordance with its guidelines.” This is a testimony of a fulfilment and obligation to the legislative framework governing the sector by the political leadership and administration in the best interests of our esteemed citizens of King Sabata Dalindyebo. It is a legislative imperative that we must submit the annual report 2021/2022.

This is further a way for the Executive Mayor to ensure the responsibility vested upon him, that, the Executive Mayor, must within seven months after the end of financial year, table municipality's Annual Report in Council.

King Sabata Dalindyebo is a Municipality at work, which is turning the tide. Our vision is driven by our strategic thrusts and priorities, guided by our goals, that of realising King Sabata Dalindyebo becoming a first rural Metropolitan municipality by 2026, becoming a smart city where all communities enjoy high quality of life and diversity, as we continuously improve their quality of life, economic growth and eradicating poverty, through best practices, sustainability and inclusive governance.

We have emphasized the importance of values of integrity, customer centred, accountability, responsibility and speedily execution of all our resolutions in line with the broader mandate of addressing the historical triple challenges facing the country. The triple challenges facing the country in general remains a key obstacle towards the realisation of a better life for all. These triple challenges are poverty, unemployment and inequality. As indicated earlier that the latter remains an obstacle towards the fulfilment of the dream of most of our citizens as guided by the Freedom Charter of 1955 and the newly adopted Constitution of the Republic. We owe our commitment to the founding principles and values of our democratic dispensation, hence our renewed commitment of being a municipality working.

We acknowledge the growing levels of mistrust, impatience and loosing hope of our people, but we remain steadfast in ensuring that we turn the tide and deal head on with the triple challenges. We are facing a huge mountainous task of fulfilling the vision of the current established system of local government as founded in year 2000, the wall-to-wall municipal system. We are journeying with the country in establishing, creating and developing systems that would close the historical gaps between the urban and rural communities of our country. This all occurs whilst we are experiencing serious challenges of a decayed infrastructure and a shrinking growth of the economy. It is against this background that the leadership decisively embarked on a process of renewing the individual and institutional commitment towards ensuring that speedy solutions are found to address the imbalances, hence a municipality at work.

The municipality has resolved to throw all its weight and forces towards ensuring a clean and accountable governance in line with best practices as outlined by various prescripts of legislations. We are working very hard to ensure that quality services are delivered to our citizens and principles of good governance are applied. We are seeing some improvement on matters of emphasise as directed by the Auditor General's audit report. **We received an unqualified audit outcome with less issues no compliance since the emphasis of matter paragraphs have no impact on audit report.** Matters emphasised by the Auditor General's report will be addressed through various engagements sessions both at political and administrative levels.

We are working very hard to strike a balance between two important pillars of governance, which are, political and administrative governance, as the two are mutually inclusive. This balance must be struck in the context of the District Development Model (DDM), as espoused by His Excellency, President Cyril Ramaphosa, which is an operational model for improving Cooperative Governance aimed at building a capable, ethical and values-based Developmental state. The District Development Model approach must help us in the next financial years, as a sphere of governance closer to the people, to improve coherence and impact of our service delivery. Administrative governance is expected to improve transparent administration and regular feedback to communities, whilst political governance is expected to ensure the much-needed oversight work is performed and needs of the people addressed.

Our Annual Report has been compiled in accordance with the requirements of the Municipal Finance Management Act, 2003 (Act No 56 of 2003) and Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended and MFMA Circular No 63 dated September 2012.

In the general assessment of our performance towards public participation, the municipality has resolved to improve our interaction with the people we serve, relevant offices have been capacitated to ensure that our public participation obligation is enhanced at higher level. The report will address actions undertaken in ensuring that our strategic objectives as stipulated in the IDP are improved and we achieve them.

As stated earlier, KSD subscribes significantly and in compliance with the principles of cooperative governance hence our Vision 2030 is aligned to the Eastern Cape Provincial Growth and Development plan and the National Development plan.

I present the reporting hoping that some significant interface will ensue, and we expect to receive all types of feedback, to be able to improve more on our mandate.

I thank you

---

**G N NELANI**

**EXECUTIVE MAYOR**

---

**DATE**

## 1.2 Municipal Manager's Overview



The King Sabata Dalindyebo Municipality growth and strategy Vision 2030 remains the Municipal strategic document. We are headfast in executing this vision towards this end the municipality submitted its **chacgoral** application to attain a Metropolitan Municipal status and the extension of offer boundaries. The ushering in of a new council after the 1<sup>st</sup> of November 2021 local government elections coincided with the review of our municipal growth and development strategy. This gives our new council an opportunity to engage with this document considering what we set to achieve in the past five years and what we intend to achieve during the current term of office.

Task during the 2022/2023 financial year is to expand the forward planning and execution terms of the Municipality based on the strategic thrusts of KSD Municipality. The Municipality investment facilitation Unit has been a key role player in Our recovery efforts, particularly through its incentive Policy, which is designed to attract vital investment to the greater Mthatha area, and help prospective investors navigate the Municipal processes involved in such investment.

Successfully awarding the planned tenders combined with the growing maturity of the Municipality contract and project management functions has culminated in a R 149 774 143.12 capital budget spend. This represents 91% of the full capital budget spend, excluding contract contingencies. This achievement indicates the Municipal ongoing commitment to infrastructure investment.

KSDLM subsidised 22189 qualifying indigent applicants with electricity tokens amounting R3 149 946.32 and wrote off rates, rental, refuse removal accounts of indigent customers worth R19 665 163.73. Included in the MTREF budget for 2022/23 is an indigent budget amounting to R27m.

The implementation of loadshedding at higher stages impact the day-to-day operation of delivering quality services to our communities. King Sabata Dalindyebo Municipality asks that the public to bear with it and assist it as far as possible. When a stage of loadshedding ends other complications such as cable theft, damage or faults to electricity infrastructure or nuisance tripping could result in even further downtime. During loadshedding the municipal offices can only offer limited administrative services. Traffic offices are unable to conduct vehicle testing and administrative services.



In relations to good governance Council assembly siting quarterly such as Audit & Performance Committee meetings, RISK Management Committee, and Municipal Public Accounts Committee. All these structures have helped to recover the interior capacity to respond to all challenges and recovered the Municipal risk exposure on fraud and corruption. A hotline is dedicated to report service delivery challenges as well as reporting any fraud related activities.

The integrated Development Plan (IDP) for the year 2021/22 was assessed by COGTA and rated high. The new policies and by-laws were continued to be developed and approved in this financial year. The Municipality is committed to clean governance and therefore, the approved polices and by-laws will be implemented to achieve this desired outcome.

The king Sabata Dalindyebo Municipality will continue to strive towards higher quality standards of service delivery in line with the Batho Pele principles. The Municipality will also continue to expand existing initiatives and find new and innovative ways to accelerate service delivery. These achievements would not have been realised had it not been for the efforts of the entire organisation including the Executive Mayor, Members of the Mayoral Committee, the Speaker, the Chief Whip, Councillors, Executive Management Team and staff of the King Sabata Dalindyebo Municipality and its **strategic partners**.

I thank the Municipal employees and partners for the vital part they have played in ensuring all these successes, as well as many other achievements of the Municipality over the past financial year. While the 2021/22 financial year has not been what any of us expected or hoped for Municipal Staff commitment to serving the people of Mthatha to the very best of their ability has never waned.

I am confident that a better future lies ahead. The Municipality considered it privilege to be able to support our residents as we move towards that future together.

---

**N PAKADE**  
**MUNICIPAL MANAGER**

---

**DATE**

## 1.3 OVERVIEW OF KING SABATA DALINDYEBO LOCAL MUNICIPALITY



### MUNITATA BUILDING – KSD HEAD OFFICE

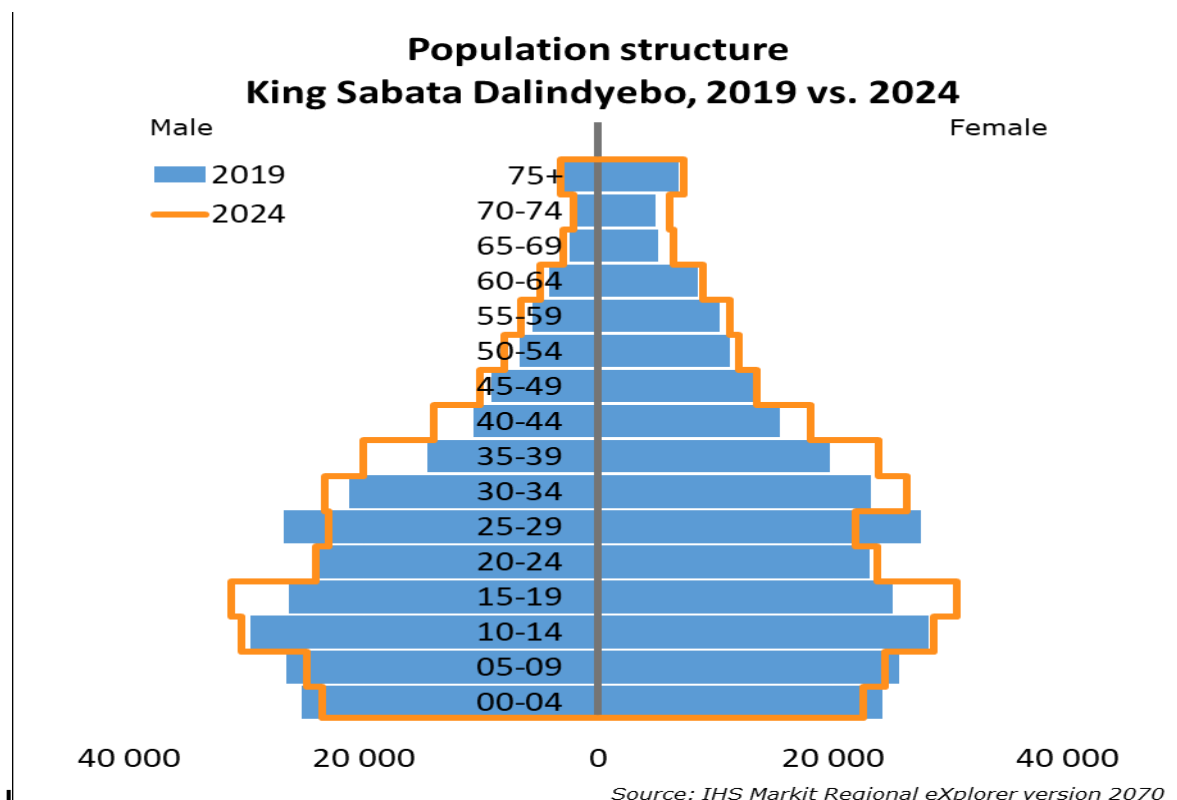
#### 1.3.1 Municipal Overview

This section provides an overview on how the King Sabata Dalindyebo Local Municipality functions based on its relationship with other political structures, office bearers, administration, and the community. Information on the demographics, economic growth, population, growth and development structures of the municipality should be reported including the outcomes both success and not so successful initiatives embarked upon.

KSDLM is one of the five municipalities located within the OR Tambo District Municipality (ORTDM) in the Eastern Cape Province. KSDLM is the biggest municipality in the district in terms of its contribution to the Gross Domestic Product (GDP) and population demographics. KSDLM is also regarded as the regional center of the district. The municipality covers an area of 3027 square kilometers with 36 wards in total as against 35 prior 2016 Local Government accommodating an estimated population of 512 000 people in total according to ECSSEC. This equates to an average annual growth rate of 2.10% in the number of households from 2006 to 2016. With an average annual growth rate of 1.23% in the total population, the average household size in the KSD Local Municipality is by implication decreasing. This is confirmed by the data where the average household size in 2006 decreased from approximately 4.6 individuals per household to 4.2 persons per household in 2016. KSD Local Municipality ranked 2nd (relative to its peers in terms of

growth) with an average annual growth rate of 1.3% between 2008 and 2018. There might be further decreases due to potential high death rate caused by COVID -19 pandemic, expectedly the population was estimated to grow between 2018 and 2023.

However, as from 2019-2020, it was noted that there is a significantly larger share of young age working people between 20 and 34 (28.9%), compared to what is estimated in 2023 (26.7%). It is worth noting that the age category of young working age population will decrease over time with the fertility rate in 2023 is estimated to be slightly higher compared to that experienced in 2018. Therefore, there different population demographics with the children between the ages of 0 to 14 years projected at (29, 2) which will be significantly smaller in 2023 when compared to 2018 (31.6%). The female population for the 20 to 34 years age group amounts to 14.7% of the total female population while the male population group for the same age amounts to 14.2% of the total male population. In 2023, the male working age population at 13.2% does not exceed that of the female population working age population at 13.5%, although both are at a lower level compared to 2018. The youthful population is infected by HIV/AIDS at 61 400 of the people being infected with an annual rate of 2, 90% since 2006 to 2016.



The Gross Domestic Product of the region is expected to be at 26.8 billion in 2018 (up from R 12.8 billion in 2008), the KSDLM contributed 65.95% to the O.R. Tambo District Municipality GDP of R 40.7 billion in 2018 increasing in the share of the O.R. Tambo from 64.80% in 2008. The KSDLM contributes 7.12% to the GDP of Eastern Cape Province and 0.55% the GDP of South Africa which had a total GDP of R 4.87 trillion in 2018 (as measured in nominal or current prices). Its contribution to the national economy stayed similar in importance from 2008 when it contributed 0.54% to South Africa, but it is lower than the peak of 0.58% in 2012. Just before, the lockdown projections, it was anticipated that by 2023, KSD's forecasted GDP will be an estimated R 17.6 billion (constant 2010 prices) or 66.0% of the total GDP of O.R. Tambo District Municipality. The ranking in terms of size of the KSDLM will remain the same between 2018 and 2023, with a contribution to the O.R. Tambo District Municipality GDP of 66.0% in 2023 compared to the 66.1% in 2018. At a 1.06% average annual GDP growth rate between 2018 and 2023, KSDLM ranked the compared to the other regional economies.

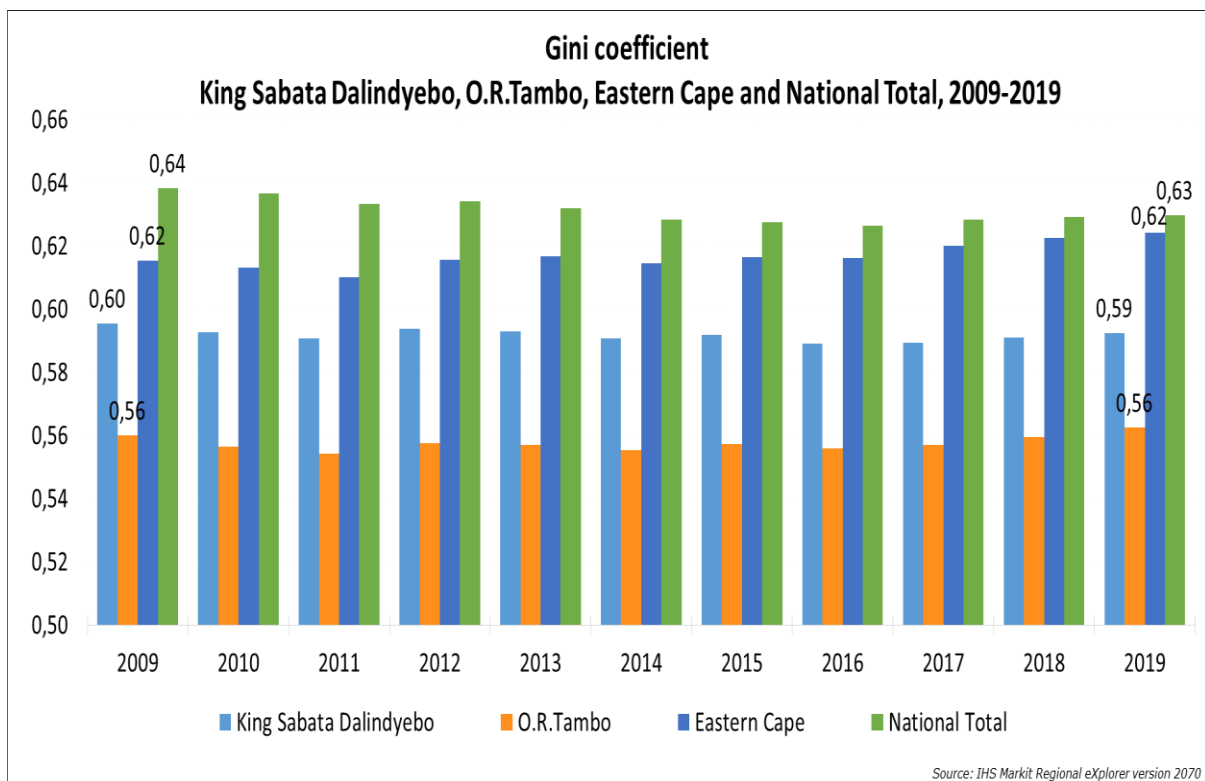
In 2018/2019, the community services sector is the largest within KSDLM accounting for R 9.15 billion or 36.9% of the total Gross Value Added (GVA) in the local municipality's economy. The sector that contributes the second most to the Gross Value Added (GVA) of the KSDLM is the trade sector at 22.6%, followed by the finance sector with 21.6%. The sector that contributes the least to the economy of KSDLM is the mining sector with a contribution of R 23.2 million or 0.09% of the total Gross Value Added. The tertiary sector contributes the most to the Gross Value Added within the KSDLM at 87.1%. This is significantly higher than the national economy (68.5%). The secondary sector contributed a total of 12.0% (ranking second), while the primary sector contributed the least at 0.9%. The labour force participation rate increased from 45.86% to 49.60% which is an increase of 3.7 percentage points.

KSDLM had the highest total personal income with R 16 billion which increased from R 7.01 billion recorded in 2008. It can be seen that the Port St Johns Local Municipality had the lowest total personal income of R 2.9 billion in 2018, this increased from R 1.41 billion in 2008. KSDLM has a 0.9% share of the national population, 0.5% share of the total national income and a 0.6% share in the total national retail, this all equates to an IBP index value of 0.0055 relative to South Africa as a whole. O.R Tambo has an IBP of 0.012, where Eastern Cape Province has an IBP index value of 0.089 and South Africa a value of 1 relative to South Africa as a whole. The considerable low index of buying power of the KSD Local Municipality suggests that the local municipality has access to only a small percentage of the goods and services available in all of the O.R. Tambo District Municipality. Its residents are most likely spending some of their income in neighbouring areas.

In 2018, with an average of 168 people per square kilometre, KSDLM had a higher population density than O.R. Tambo (124 people per square kilometre). Compared to Eastern Cape Province (42.7 per square

kilometre) there are more people living per square kilometre in KSD Local Municipality than in Eastern Cape Province. In 2018, KSD Local Municipality had a population density of 168 per square kilometre and it ranked highest amongst its peers.

In terms of growth, KSD Local Municipality had an average annual growth in its population density of 1.28% per square kilometre per annum and KSD is slightly below Ingquza Hill Local Municipality in terms of the population density. The population of KSD Municipality mainly made up of the youthful population with the life expectancy having improved over the years. The Human Development Index for KSD is at 0.47 with Gini-co-efficiency of 0.62, dependency ratio of 61.8 and poverty levels at 61.9%.



### **1.3.2 Municipal Information**

KSD Municipality wards are 36 in total as a result of the population increase and the land area has not changed.

- **Vision**

- 

A developmental municipality that “strives for socio-economic transformation thereby improving the lives of people”.

- **Mission**

King Sabata Dalindyebo will strive to be a developmental municipality that is able to provide to the best of its ability.

- Principles

- o Values,
- o Innovation,
- o Commitment to society and Participatory governance,
- o Transparency, Openness to public scrutiny and serving,
- o Honesty, and
- o Trust.

### **1.3.3 Local Economic Development**

Local Economic Development engages local stakeholders through various platforms such as the Integrated Development Program outreach programs, Intergovernmental Relations, stakeholder session for the business chambers, hospitality industry, banks, traditional leadership and through the war rooms as advocated by government. The forums and stakeholder sessions are held quarterly, and municipal performance reporting is done in these forums. The municipality has also ensured that there is a representation of the vulnerable groups and sector focused plans to ensure the municipality reaches to all its citizens.

## CHAPTER 2: GOVERNANCE

### 2. COMPONENT A: Political governance and Administrative Governance Structures

#### 2.1 Introduction to Political Governance

King Sabata Dalindlebo Municipality has the Executive Mayoral system which allows for the exercise of executive authority through the Executive Mayor in whom the executive leadership of KSD is vested. There is also a Mayoral Committee, which is responsible for day to day decisions of the municipality. The Council has a Speaker who chairs the meetings of Council. The Council is the legislative arm of the municipality and is ultimately responsible for the approval of IDP and Budget and other important decisions of the institution.

#### Leadership as at 23 November 2021

MUNICIPAL COUNCIL  
72 Councillors and  
14 Traditional Leaders



Hon. Speaker Cllr T.G  
Maqoko Ward 07



Executive Mayor Cllr G. N.  
Nelani Ward 05



Chief Whip Cllr M. Nyoka Ward  
36



## MAYORAL COMMITTEE MEMBERS



Cllr N. Sibeko MMC –  
Technical Services Ward 13



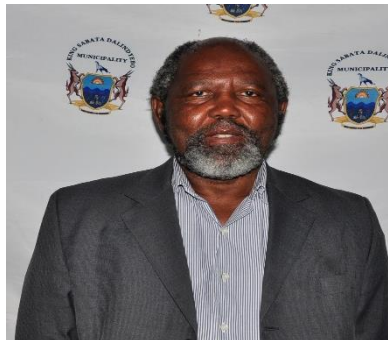
Cllr L. N. Ntlonze MMC –  
Corporate Services



Cllr M. T. Mtirara MMC –  
Human Settlement



Cllr Z. Madyibi MMC –  
Community Services



Cllr E. T. Mapekula MMC –  
Budget and Treasury Ward  
08



Cllr Z. Nokayi MMC –  
Planning, Research and  
IGR



Cllr N Gcingca, MMC –  
Rural & Economic  
Development Ward 02



Cllr T. Machaea MMC –  
Public Safety and Traffic  
Ward 06



Cllr Z Gana MMC –  
Special Programmes Unit



**Leadership from 23 November 2021**



Hon. Speaker Cllr N Siyo-Sokutu



Executive Mayor Cllr G. N. Nelani



Chief Whip Cllr M. B Mlanjeni

## MAYORAL COMMITTEE MEMBERS



Cllr M Masrasha – Public Safety & Traffic Management



Cllr S Nyengane MMC – Community Services



Cllr N Sibeko MMC – Human Settlements



Cllr Z. Madyibi MMC – Corporate Services



Cllr Z Nokai MMC Technical Services



Cllr Z Gana MMC – Budget and Treasury Office



Cllr M.S Dudumayo, MMC – Rural & Economic Development Ward 02



Cllr N Mayi MMC – Special Programmes Unit



Cllr Z. Gwadiso MMC – Planning, Research and IGR

All spheres of government must provide effective, transparent, accountable and coherent government for the Republic of South Africa to secure the well-being of its people and the progressive realisation of their rights to a healthy environment. This is in line with the objectives of the Constitution and other pieces of legislation.

Evaluation of the ongoing effectiveness of Public officials or public bodies ensures that they are performing to their potential, providing value for money in the provision of public services, instilling confidence in the government and being responsive to the community.

The King Sabata Dalindyebo Municipality embraces the principles of the Back to basics programme that emphasises good governance. The Council has a number of governance structures.

### **2.1.1 Speaker of Council**

King Sabata Dalindyebo Municipal Council is led by the Council Speaker, Councillor (Cllr) Nomamfengu Siyo-Sokutu as the leader of the Legislative Arm. The Speaker is defined as a councillor elected to be the Chairperson of a municipal council as envisaged in Section 160 (1)(b) of the Constitution. Through the Speaker the Council adopted the Standing Rules for proper functioning of the Council, oversight and all Council Committees.

The Speaker ensures Welfare of Councillors and adherence to Code of Conduct as well as compliance with By-Laws, Policies and Regulations. The Speaker promotes public participation and ensures that different sectors and stakeholders participate in Municipal affairs as part of deepening democracy.

### **2.1.2 Chief Whip of Council**

The Whip of the Council is a Councillor elected in terms of Section 41A of the Local Government Municipal Structures Act amended. The Council of King Sabata Dalindyebo elected Councillor Bongani Mlanjeni as a Whip of Council. The Whip of Council coordinates all Political Parties and Traditional Leaders participating in Council. King Sabata Dalindyebo Council functioning well characterised by mutual respect amongst political parties, stable and discharges its mandate as per legislation

### **2.1.3 Councillors and Traditional Leaders**

In the previous term of King Sabatha Dalindyebo Council had fourteen (14) Traditional Leaders were participating, which were reduced to two (2) in the current term. These changes in the number of representations has strained relations within Traditional Leaders and between the Traditional Leaders and government. This change got off to a rocky start as there were delays in finalising who the two Traditional Leaders should be, and finally Traditional Leader I.F Siziba and Traditional Leader N. Mtirara.

#### **2.1.4 Political Decision Making**

The Council remains the highest decision-making structure in the municipality which is made up of 73 Councillors and 2 Traditional Leaders sitting in plenary. It is empowered by section 160 (1) of the Constitution to make decisions concerning the exercise of its powers and the performance of its functions, and by section 59 of the Municipal Systems Act to delegate some of its powers to any of the municipality's political office bearers, political structures, Councillors or staff members. In the term the Council has lost a member and a Ward Councillor of Ward 07 late Councillor N.C. Makubalo.

**Table in Appendix I**, depicts seating of Councils both Ordinary Council and Special Councils, including the attendance of members of Council to such meetings.

#### **2.1.5 Ward Report**

The report provides for an overall functioning of ward committee structures in line with set target for the functioning of ward committees as outline in the Standard Ward Committee Strategy and Guidelines in KSD Municipality as well as the Ward Committee Code of Conduct, which sets out performance, functioning and management of ward committees, as means to measure, evaluate and corrective action.

For the current Local Government Term of Office, Ward Committees have been established in terms of the Local Government Structures Act No. 117 and thus far, 367/370 have been established. As required by the Ward Committee Strategy meetings are held every month and submitted to the Speaker's office, analyzed by office to monitor discussions and develop quarterly report to be escalated to the relevant departments. A minimal improvement is noticeable on the quality of minutes developed at the ward committee level and this is anticipated to continuously improve with more capacity building sessions in this regard.

In terms of the Ward Committee Functionality, in the year under review the Ward Committee numbers are at 367 /370 due to outstanding 03 sectoral establishments in ward 03 that have been continuously challenged by objections.

The Community Development Workers are housed in the office of the Speaker and work directly with the Ward Councilors in the wards to assist communities. There has since been improvement on the employment of CDWs by the Department of Corporative Governance and Traditional Affairs up 35 CDWs in King Sabata Dalindyebo Municipality. However, due to resignations during the period under review, the current total number is 33.

## **WARD COMMITTEE TERMS OF REFERENCE**

Ward Committees although not limited to shall:

- a) make recommendations to the Ward Councilor or through the Ward Councillor to municipal Council, Mayoral Committee or Executive Committee on any matter affecting the ward;
- b) increase the participation of citizens in local government;
- c) provide a link between the community and the municipal Council;
  - i) be regarded as the statutory structure recognised by the municipal council as its consultative body and communication channel on matters affecting the ward;
- d) serve as mobilizing agents for community participation in:-
  - i) Municipal IDP processes;
  - ii) Municipal budgetary processes;
  - iii) limbizos;
  - iv) Outreach Programmes; etc.
- e) hold official roles within the committee e.g. Secretary etc;
- f) help the ward Councillor with grievances and complaints from the community;
- g) conduct door to door campaigns (at least twice in a financial year) to identify challenges facing community members in a ward;

## **WARD INFORMATION**

Concept document for the capacity building of ward committees has been developed for the ward committees of the term 2021 – 2026, for an intense training programme to ensure that the Ward Committees meet at least the required level to ensure improvement on the quality of reporting. Skills audit has been conducted for all Ward Committees in order to ensure provision of relevant capacity building training.

## 2.1.6 COUCILORS AND THEIR POLITICAL PARTIES

NO	NAME	SURNAME	DESIGNATION	PARTY
1	GOODMAN NYANISO	NELANI	EXECUTIVE MAYOR	ANC
2	NOMANFENGU	SIYO-SOKUTU	SPEAKER	ANC
3	BONGANI	MLANJENI	CHIEFWHIP	ANC
4	ZIYANDA	NOKAYI	MMC TECHNICAL SERVICES	ANC
5	SIHLWELE	NYENGANE	MMC COMMUNITY SERVICES	ANC
6	MKHANYISELI STANELY	DUDUMAYO	MMC RED	ANC
7	ZOLISWA	MADYIBI	MMC CORPORATE SERVICES	ANC
8	YANGA ROXXIE	GWADISO	MMC IGR	ANC
9	ZUKISA	GANA	MMC BTO	ANC
10	NOMBULELO	SIBEKO	MMC HUMAN SETTLEMENTS	ANC
11	BUSISWA	MBIYO	CHAIRPERSON ETHICS AND MEMBERS INTEREST	ANC
12	NOGWEBILE VIRGINIA	ROJI	PR	ANC
13	MSUTHUKAZI	BANGO	CHAIRPERSON MPAC	ANC
14	B. BANDILE	GQWETHA	PR	UDM
15	BONGANI	NDLOBONGELA	PR	UDM
16	NOBUNTU FAITH	MZIMANE	PR	UDM
17	MNCEDISI	BUNZANA	PR	UDM
18	RAYMOND	KNOCK	PR	UDM
19	SIYASANGA	NGOMFELA	PR	UDM
20	MALEFANE	TANKISO	PR	UDM
21	MZIMKHULU	MPANGELE	PR	UDM
22	SIPHIWO.W.	MRAWU	PR	UDM
23	NOMTHANDAZO	TUKAYI	PR	UDM
24	LUZUKO	LUWACA	PR	UDM

25	MZOXOLO GOODMAN	MBUTYE	PR	CI
26	KAYALETU LISOLETU	JOZANA	PR	DA
27	MAWANDE FIRSTBORN	NOKWALI	PR	ATM
28	SIBUSISO ANTHONY	MTHAYI	PR	ATM
29	JOYCE NDILEKA	GABELA	PR	ATM
30	MADYIBI HIRSCHSON	NGXEKANA	PR	MRRA
31	YVONNE NOXOLO	KEKEZWA	PR	ISANCO
32	ANASTACYIA LEHOHANG	SEKESE	PR	IDC
33	AYANDA	MGQUBA	PR	EFF
34	GCOBANI SHADRACK	RAPIYA	PR	EFF
35	NASIPHI	MATISO	PR	EFF
36	STELLA	SAMENTE	PR	EFF
37	WABOKAZI	TUKWAYO	PR	EFF
38	NOMVUYISO	MATUBATUBA	PR	ANC
39	NDABEZINTLE	GWEBANI	WARD COUNCILLOR	ANC
40	JUNIOR	ROEBER	WARD COUNCILLOR	ANC
41	SIPHESONKE ERNEST	MNGENI	WARD COUNCILLOR	ANC
42	NOZIPHO GLADY'S	SIDLOVA	WARD COUNCILLOR	ANC
43	MLAMLI SITHEMBILE	NGUDLE	WARD COUNCILLOR	ANC
44	NOMALUNGELO C.	MAKHUBALO	WARD COUNCILLOR	ANC
45	MAKHOSANDILE	MAJEKE	WARD COUNCILLOR	ANC
46	NONTUTHUZELO	MATYEBA	WARD COUNCILLOR	ANC
47	NTLANTLA	JUBENI	WARD COUNCILLOR	ANC
48	SINDILE NELSON	MAJIKIJA	WARD COUNCILLOR	ANC
49	NKOSINATHI	NKATHU	WARD COUNCILLOR	ANC
50	NOLUFEFE GRACE	TSHAYA	WARD COUNCILLOR	ANC
51	BONGANI	SILINGA	WARD COUNCILLOR	ANC

52	ANDISWA	KETSE	WARD COUNCILLOR	ANC
53	MATHEMBA	MAKABA	WARD COUNCILLOR	ANC
54	SANDLA CYRIL	TOKWANA	WARD COUNCILLOR	ANC
55	UNATHI	DANISO	CHAIRPERSON PUBLIC PARTICIPATION AND PETITIONS COMMITTEE WARD COUNCILLOR	ANC
56	SIBONGILE	RATSHALALA	WARD COUNCILLOR	ANC
57	SIPHOSANDILE C.	MSHUNQANE	WARD COUNCILLOR	ANC
58	ZAMA LAYVEN	SIZIBA	WARD COUNCILLOR	ANC
59	BAMBELELA	VUMA	WARD COUNCILLOR	ANC
60	MCEMBELELE JEFFREY	MSAKENI	WARD COUNCILLOR	INDEPENDENT
61	SIPHELO	DALASILE	WARD COUNCILLOR	ANC
62	SIBULELE	MDUNYELWA	WARD COUNCILLOR	ANC
63	SYDWEL	MHLABA	WARD COUNCILLOR	ANC
64	TENNYSON TOBELA	MTSHAKAZANA	WARD COUNCILLOR	ANC
65	MLAWULI	MARASHA	MMC PUBLIC SAFETY WARD COUNCILLOR	ANC
66	THOBANI	BADLI	WARD COUNCILLOR	ANC
67	AMANDA	MSUTHU	CHAIRPERSON WOMEN'S CAUCUS WARD COUNCILLOR	ANC
68	LUNGILE	MAKHENKE	WARD COUNCILLOR	ANC
69	NOLUYOLO	MAYI	MMC SOCIAL SERVICES AND SPECIAL PROGRAMMES UNIT	ANC
70	LIEMAKATSO CONSTANCE	MOLAKALAKA	WARD COUNCILLOR	ANC
71	DONALD MTHUNZI	TETI	WARD COUNCILLOR	ANC
72	BUYELWA	NXEVE	WARD COUNCILLOR	ANC
73	THEMBEKILE MIKE	GQIBA	WARD COUNCILLOR	ANC



## 2.1.7 APPENDIX I: COUNCIL MEETINGS AND ATTENDANCE OF CLLRS

The King Sabatha Dalindyebo Municipal Council meets as required by the Local Government Municipal Structures Act, 117 of 1998-chapter 3 Section 18 and as and when a need arises. The Council approved Institutional Calendar gives a guide as to when an Ordinary Council Meeting and a Special Council Meeting seat. Presented below is a depiction of the dates of all Council Meetings sat in 2021/2022 Financial Year as well as attendance of such meetings by the Members: -

INITIALS AND SURNAME															
	22-11-21	23-11-21	96-12-21	12-01-22	28-1-22	17-02-22	28-02-22	11-03-22	28-03-22	30-03-22	21-04-22	29-04-22	31-05-22	06-06-22	29-06-22
Honourable Speaker, Cllr n. Siyo- Sokutu	1	1	1	AP	1	1	1	1	1	1	1	1	1	1	1
His Worship the Executive Mayor, Cllr G.N. Nelani	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor T. Badli	1	1	1	AP	*	*	*	1	*	1	1	1	1	1	1
Councillor M. Bango	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor M. Bunzana	1	1	1	1	1	1	1	1	1	1	*	1	1	1	*
Councillor U. Daniso	1	1	1	1	1	1	1	1	1	1	*	1	1	1	1
Councillor S. Dalasile	1	1	1	1	1	*	*	1	1	1	1	1	1	1	1
Councillor M.S. Dudumayo	1	1	1	1	1	1	1	1	AP	1	AP	1	1	1	1
Councillor Z. Gana	1	1	1	1	1	1	1	1	1	1	1	1	AP	*	*
Councillor N. Gwebani	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor Y.R. Gwadiso	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor T.M. Gqiba	1	1	1	1	?	1	1	1	*	1	1	1	1	1	*
Councillor B.B. Gqwetha	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor K.L. Jozana	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor N. Jubeni	1	1	1	1	1	1	1	1		1	1	1	1	1	1
Councillor A. Ketse	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor Y.N. Kekezwa	1	1	1	1	1	1	1	1	1	1	AP	1	1	1	1
Councillor Y.N. Kekezwa	1	1	1	1	1	1	1	1	1	1	AP	1	1	1	1
Councillor R. Knock	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor L. Luwaca	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor Z. Madyibi	1	1	1	1	1	*	*	1	1	*	*	1	1	1	1
Councillor M. Majeke	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor N. Matiso	1	1	1	*	*	1	1	1	*	1	1	1	AP	1	1

INITIALS AND SURNAME															
	22-11-21	23-11-21	96-12-21	12-01-22	28-1-22	17-02-22	28-02-22	11-03-22	28-03-22	30-03-22	21-04-22	29-04-22	31-05-22	06-06-22	29-06-22
Councillor N. Matyeba	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor S.N. Majikija	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor N. Matubatuba	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor L. Makhenke	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor C.N. Makhubalo	1	1	1	1	1	1	1	1	*	-	dec eas ed	-	-	-	-
Councillor T. Malefane	1	1	1	1	1	*	*	1	*	*	1	1	1	1	*
Councillor M. Makaba	1	1	1	1	1	1	1	1	*	*	*	1	1	1	1
Councillor M. Marasha	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor N. Mayi	1	1	1	1	1	1	1	1	1	*	1	1	1	1	1
Councillor S. Mhlaba	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor B. Mlanjeni	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor B. Mbiyo	1	1	1	1	1	1	1	1	*	*	1	1	1	1	1
Councillor M.G. Mbutye	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor S. Mdunyelwa	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor S.E. Mngeni	1	1	1	1	1	1	1	1	1	*	*	1	1	1	1
Councillor A. Mgquba	1	1	1	1	1	1	1	*	1	1	*	1	A P	*	1
Councillor M. Mpangele	1	1	1	*	*	*	*	1	*	1	*	1	1	1	1
Councillor S.W. Mrawu	1	1	1	*	*	1	1	1	1	1	1	1	1	1	1
Councillor T.T. Mtshakazana	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor S. C. Mshunqane	1	1	1	1	1	1	1	1	1	1	1	1	*	1	1
Councillor A. Msuthu	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor S.A. Mthayi	1	1	1	1	1	1	1	*	*	1	1	1	1	1	AP
Councillor L.C. Molakalaka	1	1	1	*	*	1	1	1	1	1	1	1	1	1	1
Councillor F.N. Mzimane	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1

INITIALS AND SURNAME																
	22-11-21	23-11-21	96-12-21	12-01-22	28-1-22	17-02-22	28-02-22	11-03-22	28-03-22	30-03-22	21-04-22	29-04-22	31-05-22	06-06-22	29-06-22	
Councillor M.J. Msakeni	1	1	1	1	1	*	*	1	*	1	*	1	1	1	1	
Councillor B. Ndlobongela	1	1	1	*	*	*	*	1	*	1	*	1	1	1	1	
Councillor Z. Nokayi	1	1	1	1	1	1	1	1	1	1	1	1	A P	1	1	
Councillor M. F. Nokwali	1	1	1	1	1	1	1	1	1	*	*	1	1	1	1	
Councillor N. Nkathu	1	1	1	1	*	1	1	1	1	1	1	1	1	1	1	
Councillor S. Ndendela	-	-	-	-	1	1	1	1	1	1	*	1	1	1	1	
Councillor S. Ngomfela	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Councillor S. Nyengane	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Councillor M. S. Ngudle	1	1	1	1	1	1	1	1	1	*	1	1	1	1	1	
Councillor M. H. Ngxekana	1	1	1	*	*	*	*	1	1	1	*	1	1	1	1	
Councillor B. Nxeve	1	1	1	*	*	*	*	1	1	*	1	1	1	1	AP	
Councillor S.G. Rapiya	1	1	1	*	*	1	1	1	*	1	*	1	A P	1	*	
Councillor R.H. Ratshalala	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Councillor N.V. Roji	1	1	1	1	1	S A	S A	S A	1	S A	SA	1	S A	1	SA	
Councillor R. Roeber	1	1	1	1	1	*	*	1	1	1	1	1	1	1	1	
Councillor A.L. Sekese	1	1	1	1	1	1	1	1	1	1	*	1	1	1	1	
Councillor S. Samente	1	1	1	*	*	1	1	1	1	1	*	1	*	1	AP	
Councillor N.G. Sidlova	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Councillor N. Sibeko	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Councillor Z.L. Siziba	1	1	1	1	1	1	1	1	*	1	*	1	1	1	1	

INITIALS AND SURNAME															
	22-11-21	23-11-21	96-12-21	12-01-22	28-1-22	17-02-22	28-02-22	11-03-22	28-03-22	30-03-22	21-04-22	29-04-22	31-05-22	06-06-22	29-06-22
Councillor B. Silinga	1	1	1	1	1	1	1	1	*	1	1	1	1	1	1
Councillor D.M. Teti	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor C.S. Tokwana	1	1	1	1	1	1	1	1	A P	1	1	1	1	1	1
Councillor N.G. Tshaya	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Councillor N.S. Tukayi	1	1	1	1	1	1	1	1	1	1	*	1	A P	1	AP
Councillor W.C. Tukwayo	1	1	1	*	*	1	1	1	1	1	*	1	A P	1	AP
Councillor B. Vuma	1	1	1	*	*	1	1	1	1	1	1	1	1	1	1

NB: Attendance is demonstrated as follows Present = 1, Absent = \*, Apology = AP

## 2.1.8 COMMITTEES AND COMMITTEES PURPOSE

### 2.1.8.1 SECTION 79 COMMITTEES

The King Sabata Dalindyebo Local Municipal Council in 2016 established Section 79 Committees in terms of the Local Government Structures Act which are political structures as envisaged in the Municipal Structures Act, and are:

- Municipal Public Accounts Committee
- Rules Committee
- Ethics and Members' Interest Committee
- Public Participation and Petitions Committee
- Women's Caucus
- Geographic Names Committee
- Audit & Performance Audit Committee (APAC)

The purpose of each committee, Cllrs serving, and attendance is dealt with below.

#### I. MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The Municipal Public Accounts Committee exercise oversight over the executive structures of Council and Senior Management and to ensure good governance throughout the Municipality.

The Committee clearly define its relationship with the Executive, the MPAC refers to the guideline on the Separation of Executive and Legislative Powers. Furthermore, the MPAC undertakes to increase Council and public awareness of the financial and performance issues that arise within the Municipality and its entities.

The MPAC comprises solely of Councillors appointed by resolution of a full Council meeting. However, in terms of Section 79 (2) (d), the Council also authorises the MPAC to co-opt advisory members who are not members of Council but who possess special expertise or experience which will benefit the MPAC. Due consideration shall be given to the cost implications of such co-option. The MPAC is appointed for a term which corresponds to the term of Council with a full – time Chairperson Councillor M Bango and the table below depicts the attendance for the Committee: -

INITIALS AND SURNAMES	COMMITTEE DATE				
	14.01.2022	09.02.2022	18.02. 2022	11.03. 2022	03.06.2022
1. Cllr M. Bhango - Chairperson	1	1	1	1	1
2. Cllr. M. Majeke - Committee	1	1	1	1	1
3. Cllr. N. Jubeni	1	1	1	1	1
4. Cllr. G.S. Rapiya	N/A	1	1	1	*
5. Cllr. S. Mshunqane	1	1	1	1	1
6. Cllr. A. Ketse	1	1	1	1	1
7. Cllr. J. Msakeni	AP	<u>1</u>	<u>1</u>	<u>*</u>	<u>*</u>
8. Cllr. N. Matubatuba	1	1	1	1	1
9. Cllr. C.N. Makubalo	1	1	1	AP	Deceased
10. Cllr. B.B. Gqwetha	1	<u>1</u>	<u>1</u>	<u>1</u>	<u>*</u>
11. Cllr T. Gqiba	1	<u>AP</u>	<u>1</u>	<u>1</u>	<u>*</u>
12. Cllr T. Malefane	N/A	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>

**NB: Attendance is demonstrated as follows Present = 1, Absent = \*, Apology = AP, Not a member = N**

## II. RULES COMMITTEE

The purpose of this committee is:

- To promote the realisation of the vision, strategic objectives and priorities of the King Sabatha Dalindyebo Municipality.
- To assist the Council in developing and administering Standing Rules and for Council meetings for its efficient functioning of the Committees of Council.
- To develop, advise and monitor the implementation of Council's Policy with regard to Civic Functions and presentations.
- To diligently perform its power and functions in terms of the Council approved terms of references.

It is constituted in the following manner and number of Committee Sitting as well as attendance by Cllrs:

INITIALS AND SURNAMES	COMMITTEE DATES	
	31/03/2022	09/06/2022
1. Cllr N. Siyo-Sokutu	1	1
2. Cllr. Z. Siziba	1	1
3. Cllr. M.D Teti	1	1
4. Cllr. Ndlobongela	1	1
5. Cllr. N. Matubatuba	AP	1
6. Cllr . Mlamli	1	1
7. Cllr. M. Mbutye	1	AP
8. Cllr. L. Makhenke	1	AP
9. Cllr. L. Luwaca	1	1

**NB: Attendance is demonstrated as follows Present = 1, Absent = \*, Apology = AP**

### III. ETHICS AND MEMBERS INTEREST

**The purpose of the EMIC is:**

- To promote adherence to the Code of Conduct for Cllrs and Traditional Leaders.
- To develop, advise and monitor the implementation of Council's policy with regard to Cllr's and Traditional Leader's welfare and benefits.
- To diligently perform its power and functions in terms of the Council approved Terms of References.
- To promote adherence to appropriate Dress Code Policy for all Council and Committee meetings.

The Table below depicts the Committee is composition and the members' attendance in meeting dates :

INITIALS AND SURNAME	MEETING DATES		
	23/03/2022	30/05/2022	24/06/2022
1. Cllr B. Mbiyo - Chairperson	1	1	1
2. Cllr N. Matyeba - Committee	1	1	1
3. Cllr D.M. Teti	1	1	1
4. Cllr N. Sidlova	1	1	1
5. Cllr Y.N. Kekezwa	1	1	AP
6. Cllr N. Nkathu	1	1	AP
7. Cllr M.H. Ngxekana	AP	1	AP
8. Cllr S. Mhlaba	1	*	1
9. Cllr K.L. Jozana	AP	*	AP
10. Cllr S. Ndendela		*	*
11. Cllr A. Mgquba		AP	*

#### IV. PUBLIC PARTICIPATION AND PETITIONS COMMITTEE

The purpose of this Committee is:

- To encourage active involvement of communities and Community organisations in the affairs of the municipality;
- To increase the effectiveness of Public Participation in the affairs of the municipality;
- To ensure the consideration, monitoring and tracking of petitions lodged to the municipality;
- To ensure that timeous feedback is given to Petitioners;
- To ensure development and adherence to Community Complaints and Petitions Handling Policy; Public Participation Policy; and Public Participation Strategy; Guidelines and strategy for Ward Committees.

The PPP Committee is constituted as follows and the meeting held as well as attendance by members:

INITIALS AND SURNAMES	COMMITTEE DATES		
	07.01.2022	24.03.2022	25/05/2022
1. Cllr U. Daniso	1	1	1
2. Cllr. D.M Teti	1	1	1
3. Cllr. B. Vuma	1	1	1
4. Cllr. M.F Nokwali	1	AP	1
5. Cllr. M. Mpangele	AP	1	AP
6. Cllr . N. Gwebani	1	1	1
7. Cllr. N. Tshaya	1	1	AP
8. Cllr. S.Mhlaba	1	1	1
9. Cllr. W.C Tukwayo	Not a member	1	1

**NB: Attendance is demonstrated as follows Present = 1, Absent = \*, Apology = AP**

#### **V. WOMEN CAUCUS**

The purpose of the Women Caucus Committee is:

- To act as an advisory, influencing and consultative body by representing the interests and concerns of women members in Council and making submissions to the Council.
- To engage on empowerment issues with women in political structures outside Council.

The Women's Caucus Committee is constituted as follows:-



INITIALS AND SURNAMES	COMMITTEE DATE	
	15.02.2022	27.05.2022
1. Cllr A. Msuthu – Chairperson	1	1
2. Cllr. N. Roji - Committee Whip	1	*
3. Cllr. N. Tukayi	1	*
4. Cllr. H. Tukwayo	*	1
5. Cllr A.L. Sekese	*	*
6. Cllr. B. Nxeve	1	1
7. Cllr. L.C. Molakalaka	*	<u>1</u>
8. Cllr. N. Sidlova	1	1
9. Cllr. N. Tshaya	1	1

## VI. GEOGRAPHIC NAMES COMMITTEE

The Local Geographic Naming Committee advise the local communities in identifying geographical names for:

- Possible standardization,
- Facilitate the drafting of by-laws
- Receive and process of geographical names
- Conduct public participation program.
- Ensure that the standardization of geographical names take place in its jurisdictional area.
- Conduct awareness activities about the program of standardization
- Create atmosphere for the participation of stakeholders and public
- Receive and strive to solve any objection
- Prepare and submit report to Council, (DGNC) (ECPGNC)

The KSDM LGNC is constituted as follows and the Councillor attendance depicts the following information:

INITIALS AND SURNAMES	COMMITTEE DATES			
	19.01.2022	08.02.2022	26/05/2022	14/6/2022
1. Cllr N. Siyo-Sokutu	1	1	1	1
2. Cllr. S. Mdunyelwa	1	1	AP	1
3. Cllr. N. Nkathu	1	1	1	1
4. Cllr. J. Roeber	1	1	1	1
5. Cllr. S. Mngeni	AP	1	1	1
6. Cllr . M. Ngudle	1	1	1	1
7. Cllr. N.F Mzimane	1	AP	AP	1
8. Cllr. G. Rapiya	1	A	1	
9. Cllr. M.H Ngxekana	1	1	1	1

**NB: Attendance is demonstrated as follows Present = 1, Absent = \*, Apology**

## **VII. AUDIT & PERFORMANCE AUDIT COMMITTEE (APAC)**

The APAC was established in accordance with section 166 of the MFMA read together with MFMA Circular 65 issued by the National Treasury and Para 14 of Planning and Performance Management Regulations. The APAC charter requires that the committee comprises a minimum of three members not in the employ of the municipality which must be constituted to be responsive to address the requirements, particularities and needs of the municipality. The APAC comprises four members, including the chairperson. In terms of section 166(4)(b) of the MFMA, the APAC must meet at least four times a year. During the financial year ended 30 June 2022, the APAC met on Six (6) occasions. The table below shows the attendance of these meetings:

Name	Qualifications	Date of meetings held during 2021/22 Financial Year					
		22/07/2021	26/08/2021	22/10/2021	21/01/2022	04/05/2022	22/06/2022
<b>Mr. B.W. Mbewu</b>	CIA, CCSA, CGAPC, CRMA, MPhil (Int Audit), BCom (Hons)	✓	✓	✓	✓	✓	✓
<b>Dr. E. P. Vermaak</b>	PHD Public Admin, LLB, Masters Public Admin Business. B. Com (Municipal Finance)	✓	✓	✓	✓	✓	✓
<b>Mr. R Vuzane</b>	Masters: Commerce in Accounting, Bachelor of Commerce: Law, PGD: Taxation, PGD: Applied Accounting/CTA, PGD: Accounting, Bachelor of Accounting,	x	x	x	✓	✓	✓
<b>Mr. L Galada</b>	Senior Certificate, ND Internal Auditing, BTech Internal Auditing, Full Member of the IIA	✓	✓	✓	x	x	x

✓ Present

X Not a member

The APAC welcomes the appointment of MS SP Xoki who was appointed on the 29<sup>th</sup> of June 2022 and has experience in internal audit and risk management, amongst others. During the period under review, Mr L Galada resigned from the APAC with effect from 31<sup>st</sup> October 2021 and Mr R Vuzane was appointed with effect from 14 December 2021.

### 1. APAC responsibilities

The APAC has complied with its responsibilities arising from section 166 of the MFMA read with MFMA Circular 65, and reports that it operated in terms of the APAC charter read in conjunction with the internal audit charter.

### 2.1.8.2 SECTION 80 COMMITTEES

The Executive Mayor, guided by the Local Government Structures Act presented to Council of 17 August 2017 Section 80 Committees, which are meant to assist him in the performance of his roles and responsibilities as delegated by Council. These Section 80 Committees are chaired by the Members of the Mayoral Committee and are mostly aligned with the current departmental set up.

The sitting of these committees is scheduled as per the approved Council Institutional Calendar and are listed here below where in Attendance to the meetings is demonstrated as follows Present = 1, Absent = \*, Apology = AP, Standing Apology = SAP

#### I. BUDGET AND TREASURY

INITIALS AND SURNAME								
	13-01-22	20-02-22	24-02-22	23-03-22	05-03-22	27-05-22	09-06-22	
Councillor Z. Gana Chairperson	1	1	1	1	1	1	1	
Councillor R. Knock	1	1	1	1	AP	AP	1	
Councillor M. Mbutye	1	1	*	*	1	1	1	
Councillor S. Samente	*	*	1	*	*	*	*	
Councillor Z.Siziba	1	1	AP	1	1	1	1	
Councillor S. Mdunyelwa	1	1	1	1	AP	1	*	
Councillor S. Dalasile	1	1	AP	1	1	1	1	
Councillor B. Silinga	1	1	*	1	1	1	1	
Councillor K.Jozana	*	*	1	1	1	1	1	
Councillor S. Ndendela	*	*	1	1	1	AP	*	
Councillor N. Kekezwa	*	*	*	*	1	AP	1	
Councillor S.W Mrawu	1	1	*	*	*	*	1	
Councillor A. Msuthu	AP	*	*	*	*	*	*	
Councillor L. Molakalaka	-	-	-	-	-	-	AP	

## 2. PUBLIC SAFETY AND TRAFFIC MANAGEMENT COMMITTEE

INITIALS AND SURNAME	DATE OF MEETING			
	16-02-22	26-04-22		
Councillor M Marasha Chairperson	1	1		
Councillor T. Molefane	*	*		
Councillor N. Matiso	1	1		
Councillor B. Silinga	1	1		
Councillor S. Dalasile	1	1		
Councillor N. Gwebani	1	1		
Councillor S. Mngeni	1	1		
Councillor S. Ratshalala	*	AP		
Councillor M Ngxekana	*	*		
Councillor K. Jozana	1	1		

### 3. COMMUNITY SERVICES

INITIALS AND SURNAME	DATE OF MEETING			
	26-01-22			
Councillor S Nyengane Chairperson	1			
Councillor S. Mdunyelwa	1			
Councillor N Mzimane	*			
Councillor L.Luwaca	1			
Councillor S. Ndendela	*			
Councillor T. Mtshakazana	*			
Councillor J. Roeber	1			
Councillor N. Matyeba	1			
Councillor N. Sidlova	1			
Councillor N. Matiso	*			
Councillor N. Gwebani	1			

### 4. HUMAN SETTLEMENT AND DISASTER MANAGEMENT

INITIALS AND SURNAME	DATE OF MEETING		
	24-01-22	04-02-22	04-05-22
Councillor N. Sibeko Chairperson	1	1	1
Councillor M. Buzana	1	1	*
Councillor M. Nokwali	*	1	1
Councillor M. Ngxekana	AP	1	1
Councillor N. Tshaya	1	1	1
Councillor S. Mhlaba	1	1	1
Councillor B. Nxeve	*	*	*

Councillor S. Ratshalala	1	1	AP
Councillor T. Mtshakazana	1	1	1
Councillor N. Matiso	*	*	*
Councillor N.S. Tukayi	-	-	1

## 5. RURAL AND ECONOMIC DEVELOPMENT COMMITTEE

Initial and Surname	DATE OF MEETING				
	23-02-22	09-06-22			
Councillor S. Dudumayo Chairperson	1	1			
Councillor L. Makhenke	1	*			
Councillor K. Jozana	1	1			
Councillor A.L. Sekese	*	1			
Councillor W. Tukwayo	1	*			
Councillor J. Roeber	1	1			
Councillor B. Vuma	1	1			
Councillor A. Ketse	1	1			
Councillor L.C. Molakalaka	1	1			
Councillor T. Malefane	1	*			
Councillor M. Mbutye	1	1			
Councillor B. Gqwetha	-	1			

## 6. CORPORATE SERVICES

INITIALS AND SURNAME	DATE OF MEETING					
	20-01-2022	08-02-2022	23-02-2022	17-03-2022	14-04-2022	
Cllr Z. Madyibi – Chairperson	1	1	1	1	1	
Cllr S. Dalasile	1	1	1	1	1	
Cllr A. Mgquba	-	-	1	1	1	
Cllr B. Nxeve	*	*	*	*	*	
Cllr M.F. Nokwali	1	1	1	1	1	
Cllr Y.N. Kekezwa	1	1	*	1	1	
Cllr N. Tukayi	*	-	-	*	*	
Cllr L.C. Molakalaka	1	*	1	1	1	
Cllr T. Badli	1	AP	AP	AP	AP	
Cllr M. Ngudle	1	*	1	1	1	
Cllr B. Ndlobongela	AP	1	1	1	1	
Cllr L. Luwaca	-	1	1	1	1	

## 7. INFRASTRUCTURE COMMITTEE

INITIALS AND SURNAME	DATE OF MEETING					
	20-01-22	16-03-22	08-06-22			
Councillor Z. Nokayi( Chairperson)	1	1	1			
Councillor A. Msuthu	1	AP	1			
Councillor Z.L. Siziba	1	API	AP			



Councillor S.Mthayi	1	*	AP			
Councillor L. Makhenke	1	1	1			
Councillor M. Makaba	AP	1	*			
Councillor B. Nxeve	AP	1	1			
Councillor A. Mgquba	*	1	1			
Councillor S. Mrawu	*	AP	1			
Councillor A. L. Sekese	*	1	*			
Councillor M. Mbutye	*	1	1			
Councillor R. Knock	-	-	AP			

#### 8. PLANNING, RESEARCH AND IGR COMMITTEE

INITIALS AND SURNAME		
	15-03-22	07-06-22
<b>ClIr Y. Gwadiso</b>	<b>1</b>	<b>1</b>
<b>ClI S. Mngeni</b>	<b>1</b>	<b>1</b>
<b>ClIr S. Majikija</b>	<b>1</b>	<b>1</b>
<b>ClIr H. Tukwayo</b>	<b>*</b>	<b>1</b>
<b>ClIr A.L. Sekese</b>	<b>1</b>	<b>AP</b>
<b>ClIr T. Malefane</b>	<b>*</b>	<b>*</b>
<b>ClIr S. Rhatshalala</b>	<b>1</b>	<b>AP</b>
<b>ClIr L. Makhenke</b>	<b>1</b>	<b>AP</b>
<b>ClIr T.T. Mtshakazana</b>	<b>1</b>	<b>1</b>
<b>ClIr B.B. Gqwetha</b>	<b>-</b>	<b>1</b>

## 9. SPECIAL PROGRAMMES UNIT COMMITTEE

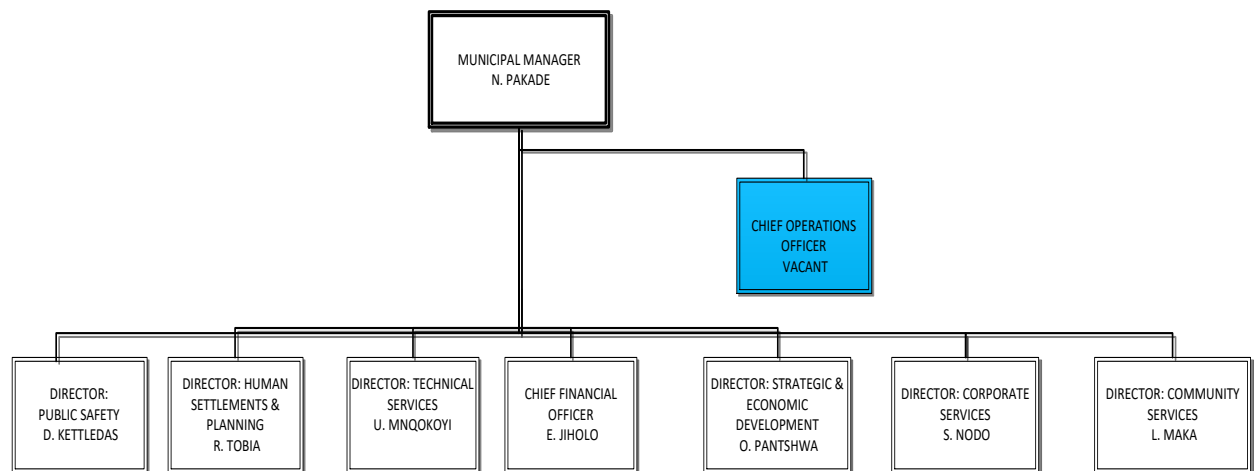
INITIALS AND SURNAME	17-03-22	07-06-22
Councillor N. Mayi Chairperson	1	1
Councillor M. Makaba	AP	*
Councillor K. Jozana	1	1
Councillor S. Samente	1	1
Councillor S. Mthayi	1	AP
Councillor N. Matyeba	1	1
Councillor S. Tokwana	*	*
Councillor A. Ketse	AP	*
Councillor S. Ngomfela	*	1
Councillor L.C. Molakalaka	*	1
Councillor N. Mzimane	*	1

**MAYORAL COMMITTEE**

INITIAL AND SURNAME	DATE OF MEETING																	
	07-12-21	09-12-21	14-01-22	15-02-22	25-02-22	10-03-22	25-03-22	16-05-22	30-05-22	17-06-22								
Executive Mayor, Councillor G.N. Nelani	1		1	1	1	1	1	1		1								
Councillor M, Dudumayo	1		1	1	1	1	A P	*		1								
Councillor Z. Gana	1		1	1	1	1	1	1	A P	1								
Councillor Y.R. Gwadiso	1		1	1	1	1	1	1		1								
Councillor Z. Madyibi	1		1	1	*	*	1	*		*								
Councillor N. Mayi	1		1	1	1	1	1	1		1								
Councillor M. Marasha	1		1	1	*	*	1	1		1								
Councillor Z. Nokayi	1		1	1	1	1	A P	*		1								
Councillor S. Nyengane	1		1	1	1	1	A P	*		1								
Councillor N. Sibeko	1		1	1	1	A P	1	1		1								

## 2.2. ADMINISTRATIVE GOVERNANCE

The Municipal Manager is the accounting officer of the municipality for the purpose of the Municipal Finance Management Act and provides guidance on compliance with this act and all other legislation applicable to local government, to political structures, political office bearers and officials of the municipality and any entity under the sole or shared control of the municipality. The Municipal Manager is also responsible to support the Office of the Executive Mayor and the Office of the Speaker.



The Municipal Manager is responsible for the institution. The municipality has seven (7) directorates, namely.

- Technical Services
- Community Services
- Public Safety
- Human Settlements
- Strategic and Economic Development
- Budget and Treasury, and
- Corporate Services.

The municipality further has the following units attached to the Office of the Municipal Manager under Chief Operations Officer:

- Mqanduli unit
- Internal Audit Unit
- Performance Management Unit
- Risk Management Unit
- Communications Unit

## **Senior Managerial Level**

One (1) senior managerial position was vacant COO position which remains vacant, is a new position in the structure.

## **Section 56/57 Managers contracts**

All section 56 managers are on fixed term performance contracts.

<b>NAME</b>	<b>POSITION</b>	<b>START DATE</b>	<b>EXPIRY DATE</b>	<b>DECLARATIONS 2021/2022</b>
<b>N Pakade</b>	Municipal Manager	01 February 2019	31 August 2022	✓
<b>E.F Jiholo</b>	Chief Financial Officer	01 July 2019	30 June 2024	✓
<b>O Pantshwa</b>	Director RED	03 July 2017	30 June 2022	✓
<b>L Maka</b>	Director Community Services	01 July 2017	30 June 2022	✓
<b>U Mnqokoyi</b>	Director Technical Services	14 October 2019	14 September 2022	✓
<b>D Kettledas</b>	Director Public Safety	03 September 2018	03 September 2023	✓
<b>S.N Nodo</b>	Director Corporate Services	13 May 2019	30 June 2024	✓
<b>G.R Tobia</b>	Director Human Settlements	04 January 2021	04 January 2026	✓

## **COMPONENT B:**

### **2.3 INTERGOVERNMENTAL RELATIONS**

The KSD participates in the political as well as intergovernmental structures. In addition, the local municipality participates in forums that are dedicated for specific purpose in the District. To comply with the legislation requirements and fulfil its obligations in terms of co-operative governance and intergovernmental relations, KSD Municipality has number of internal structures and systems in place.

#### **Inter-Governmental Planning and Participation**

Section 41(1) of the Constitution contains the principles of co-operative governance and inter-governmental relations. Accordingly, Section 41(1) determines that: All spheres of government and all organs of state within each sphere must:–

- a. Preserve the peace, national unity and the indivisibility of the Republic.
- b. Secure the well-being of the people of the Republic.
- c. Provide effective, transparent, accountable and coherent government for the Republic as a whole.

- d. Be loyal to the Constitution, the Republic and its people.
- e. Respect the constitutional status, institutions, powers and functions of government in the other spheres.
- f. Not assume any power or function except those conferred on them in terms of the Constitution.
- g. Exercise their powers and perform their functions in a manner that does not encroach on the geographical, functional or institutional integrity of government in another sphere; and
- h. Co-operate with one another in mutual trust and good faith by: -
  - i. Fostering friendly relations.
  - ii. Assisting and supporting one another.
  - iii. Informing one another of and consulting one another on matters of common interest.
  - iv. Coordinating their actions and legislation with one another.
  - v. Adhering to agreed procedures; and
  - vi. Avoiding legal proceedings against one another.

Intergovernmental relations: three spheres of government are distinctive, inter-dependent and inter-related. They are autonomous, but exist in a unitary South Africa and have to cooperate on decision-making and must co-ordinate budgets, policies and activities, particularly for those functions that cut across the spheres. Cooperative governance means that national, provincial and local government should work together to provide citizens with a comprehensive package of services. They have to assist and support each other, share information and coordinate their efforts. Implementation of policies and government programmes particularly require close cooperation between the three spheres of government.

A number of policies, strategies and development indicators have been developed in line with the prescriptions of legislation to ensure that all government activities are aimed at meeting the developmental needs expressed at the local government level. This section outlines the national and provincial policy directives, sector plans and legislation that set the strategic direction and with which local government must align to ensure that government spending is aligned to the more pressing needs of communities and those that make the economy to grow.

## **COMPONET C:**

### **2.4 PUBLIC ACCOUNTABILITY AND PARTICIPATION**

#### **2.4.1 Mechanisms and Procedures for Public Participation in the Integrated Development Planning (IDP).**

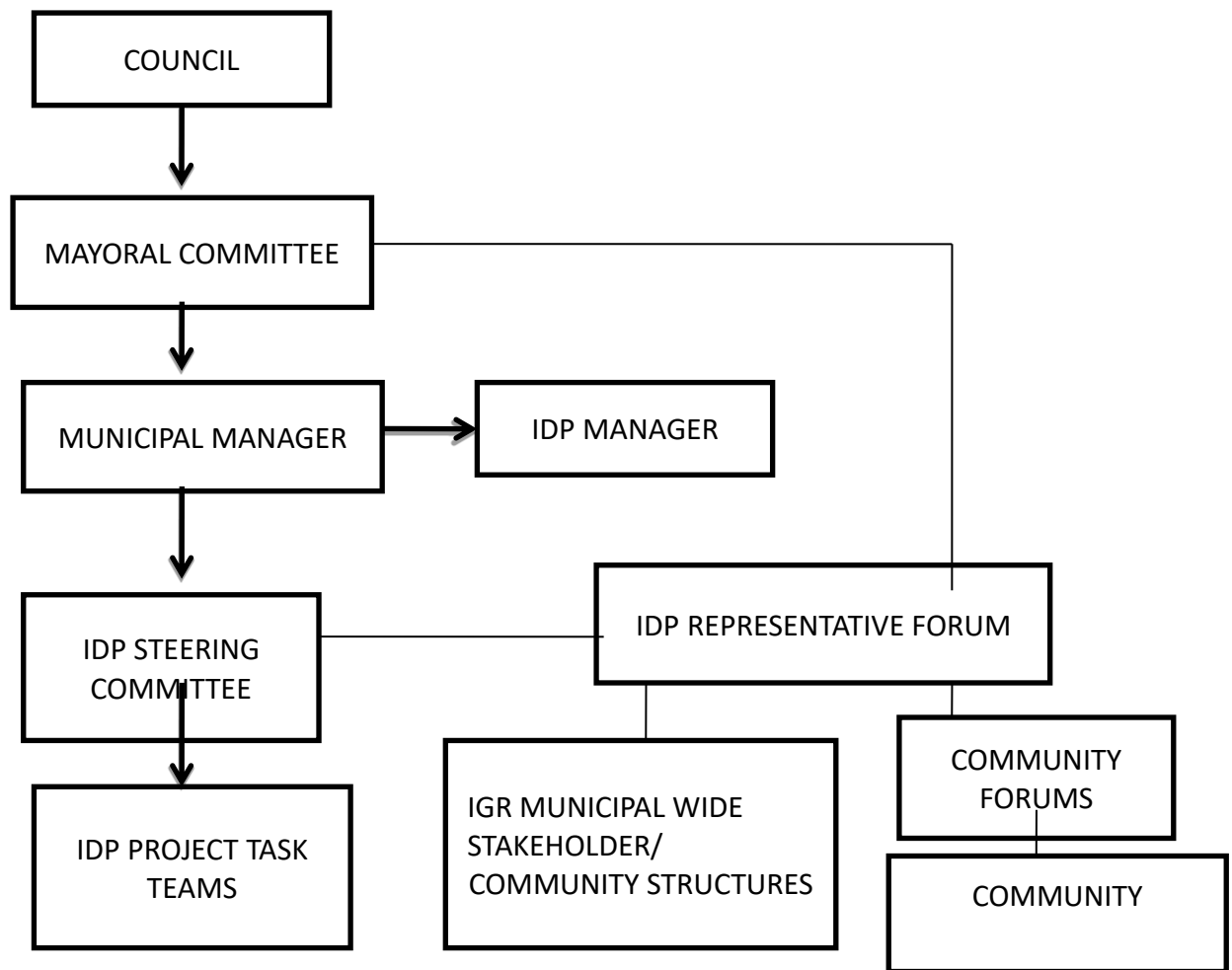
One of the main features of the IDP Process is the involvement of the community and stakeholder organization in the process as well as participation of affected and interested parties to ensure that the IDP addresses the real issues that are experienced by the citizens of the municipality.

#### **2.4.2 Public Participation Principles**

- To ensure public participation, Chapter 4 (Sec 17 to 22) of the Municipal Systems Act requires the municipality to create appropriate conditions that will enable participation as a minimum requirement,
- The elected Council is the ultimate decision-making body on IDP s,
- The role of participatory democracy is to inform stakeholders and negotiate with them on issues of development planning,
- To give stakeholders an opportunity to provide input on decisions taken by Council, and
- This should be done in particular regarding disadvantaged and marginalized groups.

#### **2.4.3 Structured Participation**

- A structured public process followed is depicted in the diagram below:
- Participating Structures in the IDP Process



- It is critical for the municipality to embark on a ward-based approach in order to reach most of the community and document their needs and aspirations,
- Use of ward-to-ward community IDP Outreach,
- Existing public participation structures were utilised, for example the existing Representative Forum,
- The residents and stakeholders were informed of the Municipalities intention to embark on the IDP Process,
- Appropriate forms of media are utilised to ensure that all members of the community are notified of progress of the IDP as well as planned meetings,
- The Municipality website is also utilised to communicate and inform the community. Copies of the IDP and Budget are uploaded on the website,
- All relevant community and stakeholder organizations are invited to register as members of the IDP representative Forum,
- An appropriate language and accessible venues are used to allow all stakeholders to freely participate,



- The IDP Rep Forum meetings are scheduled to accommodate the majority of members,
- The Community and Stakeholders representatives are further given adequate time to conduct meetings or workshop with the groups they represent,
- Copies of the final IDP documents adopted by Council are accessible for all communities and stakeholders with adequate time provided to comment, and
- Council meetings regarding the approval of IDP are made open to the public, and
- IDP Outreach meetings are called and communicated with the Traditional Leaders and the bigger community.

One of the major challenges is the lack of participation of sector departments; as a result, the municipality had a meeting focusing on strengthening the IGR Forum. The participation of government departments has improved but it needs a concerted effort to ensure that it is honoured by all stakeholders.

#### **2.4.4 Public Participation Process**

Public participation was encouraged throughout the IDP process, to empower communities and harness vibrant democratic culture within the decision making processes of the municipality. Public participation was promoted in the following manner:-

- Use of the IDP Representative Forum to afford participants an opportunity to contribute to the process and share the views of their communities,
- Use of the IDP Steering Committee to debate technical solutions, even though participation was found to be weak in some instances. The need to intensify the IGR structure cannot be overemphasized,
- Traditional Leaders, Ward Councillors, Community Development Workers and Ward Committees who convene meetings to keep communities informed on the IDP progress as well as conveying community needs to the IDP process,
- Newspaper advertisements to inform communities of the key steps in the IDP processes,
- Making the IDP available for public comment and once adopted making the IDP document accessible to members of the public,
- Appropriate language usage including isiXhosa, in the IDP meetings, and
- The management of the high levels of illiteracy in the community through facilitation, simple linguistics and explanations in mass meetings which ensured that people understand the processes and are empowered to participate in the IDP process.

**a) Intergovernmental support: Representative Forums, Technical Committee and IGR meetings: Process plans advocates monthly engagements.**

The participation of all government departments in the affairs of the municipality are guided by various legislations and specifically by Intergovernmental Relations Act.

The IDP of KSD Local Municipality is guided and aligned, but not limited to the following:

- The Millennium Development Goals (MDGs)
- The National Development Plan (Vision 2030)
- The Provincial Development Plan (PDP)
- Back to Basics Programme (Principles)
- OR Tambo District Municipality-IDP
- Local Government Turn-around Strategy

The Constitution of the Republic of South Africa , 1996 regulates and directs the operations and existence of the local sphere of government. Section 152 of the Constitution clearly sets out the objects of local government. A municipality must strive to achieve the following objects:-

- a) To provide democratic and accountable government for local communities;
- b) To ensure the provision of services to communities in a sustainable manner;
- c) To promote social and economic development;
- d) To promote a safe and healthy environment and;
- e) To encourage the involvement of communities and community organization in matters of local government.

Section 153 of the Constitution also stipulates that a municipality must:-

- a. Structure and manage its administration and budgeting and planning process to give priority to basic needs of the community and to promote the social and economic development of the community; and
- b. Participate in national and provincial development programmes.

Section 25 of the Local Government Municipal Systems Act (Act 32 of 2000), amended 2009 (MSA) stipulates that each municipal council must, after the start of its elected term, adopt a single, inclusive and Strategic Plan for the development of the municipality which links, integrates and co-ordinates plans and takes into account proposals for the development of the municipality and which aligns the resources and capacity of the municipality with the implementation of the plan. The IDP should form the policy framework and general basis by which annual budgets must be based on and should be compatible with the national and provincial development plans and planning requirements. Section 26 of the Municipal Systems Act, 2000 prescribes the following peremptory components that an IDP must reflect on:-

- a. The Municipal Council's vision including the municipal critical development and transformation needs;
- b. An assessment of existing level of development in the municipality;
- c. The Council's developmental priorities and objectives including its local economic development aims;
- d. The Council's developmental strategies which must be aligned to national and provincial sector plans;
- e. A spatial development framework which must include the provisions of basic guidelines for a land use management system;
- f. The Council's operational strategies;
- g. A financial plan; which must include a budget projection for the next three years; and
- h. The key performance indicators and performance targets determined in terms of section 41. of the MSA 34 of 2000.

The Municipal Planning and Performance Management Regulations (2001) further sets out the following requirements for IDP:

- a. An institutional framework for implementation of the IDP and to address the municipality's internal transformation;
- b. Investment initiatives must be clarified;
- c. Development initiatives including infrastructure, physical social and institutional development; and
- d. All known projects plans and programmes to be implemented within the municipality by any organ of state.

The Municipal Finance Management Act (Act 56 of 2003) (MFMA) provides for closer alignment between the annual budget and the compilation of the IDP.

#### **2.4.5 Communication and Public Relations**

KSD municipality established communications division in order to communicate programmes, plans e.t.c. The communication function is a strategic function. The communication strategic document and communication policy are in place and approved by the municipality. The unit is functional.

During the year under review GCIS has been monitoring the implementation of the strategy and policy by the unit. Communications has been updating its internal communications platform on a weekly basis or as and when required, through Facebook, Twitter and WhatsApp. The unit engaged in a number of events with external media houses in order to ensure that KSD community and its partners are well informed about the municipal activities.

## **COMPONENT D:**

### **2.5 CORPORATE GOVERNANCE**

Corporate governance is the process of developing, implement and monitoring good governance systems (Policies and Structures) to ensure strategic objectives of the institution are achieved in line with the constitutional mandate of the institution. Corporate governance essentially involves balancing the interests of all stakeholders. The Municipal Council and Executive Management of the municipality are responsible for ensuring good corporate governance and setting the right tone for entire workforce of the municipality to follow.

#### **2.5.1 Risk Management**

The municipality has an existing Risk Management Unit within the Office of Municipal Manager, to ensure implementation of risk management functions within the municipality. The municipality has developed the Risk Management Policy and Strategy.

There is also an existing Risk Management Committee which plays a vital role in monitoring risk management processes and report on quarterly basis to the Audit Committee about its functions.

There is an existing risk register that is reviewed annually and monitored quarterly for challenges in implementation of strategies and or emerging risks identified.

#### **2.5.2 Anti-Fraud and Corruption**

The municipality has developed the Whistleblowing Policy, Anti-Fraud and Corruption Policy and Plan.

The KSD Municipality has also developed whistle-blowing Anti-Fraud and Corruption Hotline: 0800360634

The activities of the anti-fraud and corruption are monitored and reported upon on quarterly basis to the Risk Management Committee and Audit Committee.

The Anti-Fraud and Corruption Policy and Plan with Whistleblowing Policy are implemented and monitored through sourcing relevant information in line with applicable laws and regulations. A system of reporting and safeguarding / protecting whistle-blowers is established, and lines of reporting published in the municipal website.

#### **2.5.3 Supply Chain Management**

There is an existing Supply Chain Management office which has been established in line with section 7(1) of the Municipal SCM Regulations, this unit is fully fledged and functional. All the bid committees

have been established and have been fully functional during the 2021/22 financial year, the committees are as follows: Bid Specification, Bid Evaluation and Bid Adjudication.

SCM policy is in place and is aligned to the Municipal SCM regulations this policy is reviewed annually and submitted to Council for approval, the policy for 2021/22 financial year was approved by Council on the 31 May 2022.

Reports on SCM as prescribed by section 6 of the Municipal SCM regulations are prepared monthly, quarterly and annually for submission to Council.

The unit is constantly striving to improve internal controls to ensure compliance with all applicable laws and regulations, these controls includes amongst others the SCM checklists for all thresholds of procurement as well as vetting of suppliers to prevent awarding tenders to companies with directors in the service of the state. Supply Chain Management has performed well during the 2021/22 financial year as a result there are no significant findings from the Auditor General.

#### 2.5.4 By-laws

The Municipality, in the year under review, developed and reviewed the by-laws to guard against illegal activities. By-laws are developed as and when there is a need.

<b>Department</b>	<b>By-law</b>
<b>Human settlements</b>	Building management by-law
	Outdoor advertising by-law
	KSD Spatial Planning and Land Use Management By-Law of 2016
<b>Public Safety</b>	Street Parking By-Law
	Public Safety and Traffic Management: Public transport By-law
	Nuisance and behaviour in public Places by laws
	Fire prevention By-Law for KSDM
	By-Law relating to liquor trading in KSD Municipal jurisdiction
	Liquor Trading By-Law
<b>Corporate Services</b>	Drone By- Law
<b>Community Services</b>	Cemetery, Crematorium and Funeral Undertakers By-law
	Waste Management By-law
	Municipal Health By-laws

	By-laws related to Parks, Public Open Spaces, Natural Resources & Amenities
<b>Technical services</b>	Roads and streets By-law
	Electricity By-law
	Electricity supply By-Laws
<b>Budget and Treasury</b>	Property rates Act By-Law amendment recommended by COGTA
<b>Strategic Economic Development</b>	Nuisance, street trading, livestock & marketing & advertising By-laws
	King Sabata Dalindyebo Municipality Administration of Council's Immovable Property By-Laws
	Encroachment on Municipal Property By-Laws
	Control of Temporary Advertisement By-Laws
	Advertising Signs and the Disfigurement of the Fronts or Frontages of street By-Laws
	Roads and Traffic By-Laws
	Electricity supply By-Laws

### 2.5.5 Websites

The website has been revamped. It is currently being update on weekly basis to ensure that the content is always up to date whilst ICT is behind the development of the website, Communications ensures that the website is up to date and interactive.

### 2.5.6 Public satisfaction on municipal services

The municipality used roadshows, public participation meetings and forums to assess the satisfaction and perceptions of communities. The municipality uses public meetings to gather information on satisfaction and there is no survey that is carried out periodically

## CHAPTER 3: SERVICE DELIVERY PERFORMANCE REPORT

### 3.1 SUSTAINABLE HUMAN SETTLEMENTS

The provision of housing for the residents of King Sabata Dalindyebo Municipality jurisdiction is one of the critical goals for the Municipality. Urbanisation, moving from rural – urban migration, slow pace of housing delivery resulting in a growing number of informal settlements in the vicinity of Mthatha. The construction of a variety of housing developments is one of the key interventions prioritised by Council in order to meet the increasing demand for housing.

The Municipality was granted approval by the Minister of Human Settlements (National) as a restructuring Zone in order to provide Social Housing units (Rental) stock). The Gazetted areas within KSD Municipality as Restructuring Zones are:

- Mthatha & Surburbia (Maydene Farm extension.
- Zimbane Heights Extension and Transkei United Dairies.
- Zimbane Valley;
- New Brighton
- Mqanduli
- Silverton.
- Decoligny and Payne Farms

#### STATUS /PROGRESS ON SOME OF THE IDENTIFIED RESTRUCTURING ZONES

1. **Silverton Mixed Use Development** , to be located on Portions 36 and 37 of the Farm Silverton, to the South of the suburbs of iKwezi and Ngangelizwe, will ultimately straddle an undulating landscape through a valley and across streams, and will form a new well planned and easy flowing modern urban area allowing comfortable residential elements, modern health care, great schools ,creches, good convenience shopping, recreational areas and will at the same time accommodate the State-subsidized social housing schemes, all designed and laid out with attention to detail within set design parameters and guidelines.  
Later phases will include offices, additional housing opportunities, business nodes and student accommodation on a purpose-designed residential campus. Military Veterans accommodation has also been considered.
2. **Payne Farms Development in ward 30-** The development proposal has been tabled to the MPT and is approved. The developers are in discussions with SHRA in terms of Social Housing. The development is awaiting the approval of bulk services from the O R Tambo DM.

3. **De Coligny Mission Station-** The project that was earmarked for this area is no more due to land invasion and as such the consultant who was busy with planning has given up.

The Municipality was also approved for Preliminary Declaration as one of the municipalities with Priority Housing Development Areas in the following areas:

- Mthatha,
- Chris Hani
- Mandela Park
- Joe Slovo
- Ncambedlana
- Northcrest
- Wellington Prison
- Phola park
- Fortgale
- Myezo Park
- Mthatha Police Camp
- Norwood
- Mthatha Central
- Hillcrest
- Maydene farm
- Hillcrest ext
- Joe Slovo SP
- Chris Hani SP and
- Southernwood

#### **STATUS/PROGRESS ON SOME OF IDENTIFIED PSHDA's**

1. **Ncambedlana Developments in ward 9** - Ncambedlana is a privately owned area with various informal settlements that have been approved for informal settlement upgrading and have already have upgrading plans in place. The land on which these settlements are on is privately owned. The informal settlements to be upgraded with interim basic services are:-
- Tambula
  - Madala
  - KwaSigebenga
  - EmaKhaphetshwini
  - Khayelitsha



Also within the Ncambedlana area, we have two projects that are being implemented thus; Maydene Farm 969 for rectification purposes and Maydene Farm ext. Project A for 1317 units. Project A has also a portion earmarked for Social Housing and Gap Housing.

**2 Mthatha West Developments in wards 6,8,11 and 12** – Mthatha West comprises of the following informal settlements:-

- a. Chris Hani Park
- b. Mandela Park
- c. Joe Slovo Park
- d. Pola Park
- e. Zone 14 and
- f. KwaMpuku

Some of the informal settlements in Mthatha West, Mandela Park, Joe Slovo Park, Chris Hani Park and Pola Park have already benefitted in the form of basic interim services. The extension of Chris Hani called Thabo Mbeki, and Zone 14 are part of the 2020/2021 approved plans for informal settlement upgrading within KSDM. The KwaMpuku area was also included in the upgrading plans but the community of KwaMpuku has been included in one of our projects (Maydene Farm Ext.) for relocation purposes due to that the land they are settled on belongs to Public Works who has plans to develop accommodation for Nelson Mandela employees (Doctors and Nurses). Pola Park is two pronged because there is an area earmarked for the development of 550 housing units. Planning processes have taken place, but the project is on standstill due to the issue of land donation and bulk services.

### **3.1.1. HOUSING PROJECTS EXECUTION**

The following section depicts progress in the housing projects for the period under review.

#### **(i) Maydene Farm housing project- 1317 units**

Stedone JV as the implementing agent was appointed by KSD Municipality in 2011 to execute 17450 units. Due to non- availability of land as a result of land claims which are not yet resolved, the two stakeholders came to an agreement of scope reduction from 17450 housing units to 4500 housing units. This agreement culminated into an addendum signed on the 26<sup>th</sup> May 2022 with a timeframe of June 2024.

**ii. New Brighton 131 housing units and Kei Rail 537 housing units**

The above two housing projects have services installed in them for the past four years but the construction of houses is still on hold due to the unresolved land claims on Remainder erf 912. They have since been unblocked by the Department of Human Settlements for planning purposes.

**iii. Rural Housing Projects**

In April 2021 the Department of Human Settlements unblocked six rural housing projects that were previously blocked for several years. KSD Municipality was appointed as the implementing agent for these housing projects; New Payne 300 (74), New Payne 200 (51), Ntshabeni 200 (27), Mahlungulu 350 (260), Willow 200 (58) and Zidindi 300 (105). Eight contractors have been appointed by KSD Municipality in August 2021 for execution of the projects.

The below table is reflecting schedule of work done:

Project Name	No of Units	Budget	Status/Progress
Maydene Farm Ext. 1317 units	1317	R15,375 000.00	51 houses completed 198 foundations 99 wall plates 45 Roof & Electrical
New Brighton 131	131	R870 000.00	Spluma Application approved
Kei Rail 537 (200)	200	R870 000.00	No activity
New Payne 300 (74)	74	RR2 075 000.00	-NHBRC registration received on 28 April 2022. -21 slabs completed -20 foundations to be poured
New Payne 200 (51)	51	R 3 095 000.00	-NHBRC registration received on the 10 <sup>th</sup> May 2022 -15 slabs completed - 5 foundations ready to be poured
Ntshabeni 200 (27)	27	R2 295 000.00	- NHBRC re-registration for change of specification received on 18 August 2022. - 2 Wall Plates completed
Mahlungulu 350 (260)	260	R2 550 000.00	- NHBRC registration received on the 28 <sup>th</sup> April 2022 - NHBRC re-registration received

			<ul style="list-style-type: none"> <li>on the 11<sup>th</sup> August 2022</li> <li>- 6 foundations completed</li> </ul>
Willow 200 (58)	58	R2 960 000.00	<ul style="list-style-type: none"> <li>- NHBRC registration received on 24<sup>th</sup> December 2021</li> <li>- NHBRC re-registration for change of specification received on the 7<sup>th</sup> August 2022</li> <li>- 30 foundations completed</li> </ul>
Zidindi 300 (105)	105	R2 400 000.00	<ul style="list-style-type: none"> <li>- NHBRC registration received on the 22<sup>nd</sup> February 2022</li> <li>- 45 slabs completed</li> </ul>

#### **iv. Housing Strategy Planning: Preparation of Municipal Housing Sector Plan**

The Housing Sector Plan is a 5-year strategic document that introduces a number of programmes to strengthen the strategic objectives of Sustainable Human Settlements. The existing Housing sector Plan should be viewed in light of the changing internal and external circumstances that impact on priority issues, strategies, projects and programmes of the municipality. Review of the housing sector plan is necessary to identify gaps and challenges and take corrective measures to address the challenges faced in housing delivery.

In the financial year 2011/12 the King Sabata Dalindyebo Municipality Council adopted the Municipality's Housing Sector Plan that expired in 2016. The plan needs to be reviewed to reflect current and future proposed Human Settlements and enhance integrated effective housing planning and implementation at Provincial and Municipal level to accommodate new paradigm shifts and mandates indicated Nationally as per the new Government regulations (viz. emphasis on rural development, poverty alleviation, massive informal settlements upgrading and other housing related variables dictated by the new planning regime – consolidation of infrastructure and alignment thereof with housing development processes).

The desired outcome of the project is that it would assist to direct future distribution of human settlements projects throughout the municipality for a number of ensuing years and influence future allocation of funds (ie. Reservation of funds over a determined period) for beneficiary housing projects. The main purpose of the review is to determine the state of housing delivery and demand in the

municipality and evaluate the existing Municipal Housing Sector Plan. On the 29<sup>th</sup> June 2022 the Final Housing Sector Plan was adopted by Council.

#### **V. Housing Co-ordination: Sitting of Housing Forum Meetings**

The housing forum is an IGR forum that is established for the purpose of information sharing amongst the housing stakeholders. These are inclusive of Ward Councilors, sector Departments concerned and other role players. The annual target is to hold four (4) sittings of the forum. The first sitting of quarter 1 housing forum meeting took place on the 23<sup>rd</sup> of September 2021. The second sitting of quarter 2 housing forum meeting could not take place due to delays on establishment of Council structures/committees. In the 3<sup>rd</sup> quarter, a forum meeting was scheduled for the 24<sup>th</sup> February 2022 where all Ward Councillors were invited together with Regional Department of Human Settlements, O R Tambo District Municipality-Human Settlements and the O R Tambo District Municipality Disaster section. The meeting was a huge success as some of the resolutions taken proposed that a workshop on all Human Settlements programmes be arranged urgently before the end of March 2022. The next ensuing housing forum meeting will be scheduled on the 3<sup>rd</sup> week of May 2022. On the 2<sup>nd</sup> May 2022 a special virtual housing forum meeting was convened to discuss the recent disasters that have befallen KSD Municipality during the month of April 2022. Another housing forum meeting is scheduled to take place on the 9<sup>th</sup> June 2022. The last Housing Forum meeting for the financial year was held on the 23<sup>rd</sup> June 2022

#### **vi. Informal Settlements Upgrading (ISUP) Programme**

- **Programme Objective:**

The objective of the programme is to seek the upgrading of the living conditions of millions of poor people by providing secure tenure and access to basic services and housing. The programme aims to bring about social cohesion, stability and security in integrated developments and to create jobs and economic well-being for communities which did not previously have access to land and business services, formal housing and social and economic amenities.

- **Achievements:**

A total of eight informal settlements ( Zone 14, Chris Hani, KwaSgebenga, KwaMadala, KwaTembula, Khayelitsha and Emakhaphetshwini) have been identified and assessed within KSD Municipality and funding was made available to the value of R21.5 million for planning and design. During the financial year under review four consulting firms have been appointed to conduct planning and design. The four Engineering firms are Leko Consulting Engineers, Tekoa Consulting Engineers, SDM Consulting Engineers and BMI Consulting Engineers. To date, the service providers have completed the Inception reports, Concept and Viability reports and Signed Social Compact Agreement with the communities

- **Challenges and Recommendations**

The main challenge facing the implementation of this programme within KSD Municipality is the delay in payment of invoices submitted by service providers. This has been caused by lack of role clarification between KSD Municipality (Programme Manager), Department of Human Settlements (the Funder) and the Housing Development Agency who are the Fund Managers as per the signed agreement.

- **Recommendations** are that the three stakeholders need to urgently fast track the payment of service providers.

**vii. Surveying Services provided to the Community.**

The objective of the programme is to assist communities who require to fence their properties but are not sure of their boundary pegs. This exercise is carried out to avoid conflicts with their neighbours'. In cases where there are boundary conflicts the conflicting members are referred to a registered surveyor of their choice as there are financial implications involved. Communities from, Kuyasa 477, Ilitha 463, Maydene Farm 969, Zimbane Valley 1482, Maydene Farm Ext. 456, Mqanduli/Makhenkesi 500, Kei Rail 134 Waterfall Park 1183, Ngangelizwe 500, and Viedgesville 10 have been assisted during the financial year under review.

### 3.1.2. HOUSING CAPITAL GRANT EXPENDITURE

The following table reflects the capital grant performance for the period under review.

Capital Expenditure						
Capital Projects	2019/2020		2020/2021		2021/2022	
	Budget	Actual Expenditure	Budget	Actual Expenditure	Budget	Actual Expenditure
Maydene Farm Ext. (Project A)	R5.8m	R6,500,304.28	R11,8m	R8 048 535.09	R15,375 000.00	R5.7m
New Payne 300(74)	R0		R2 075 000.00	R0	R2 075 000 .00	R1 561 595.00
New Payne 200(51)	R0		R3 095 000.00	R0	R3 095 000.00	R495 553.02
Ntshabeni 200 (27)	R0		R2 295 000.00	R0	R2 295 000 .00	R459 837.57
Mahlungulu 350(260)	R0		R2 550 000.00	R0	R2 550 000 .00	R1 505 263.00
Willow 200 (58)	R0		R2 960 000.00	R0	R2 960 000 .00	R661 453.61
Zidindi 300 (105)	R0		R2 400 000.00	R0	R2 400 000 .00	R2 457 780.00
New Brighton 131	R0		R870 000.00	R0	R0	
Kei Rail 537	R0		R870 000.00	R0	R0	

### 3.1.3 SPATIAL PLANNING AND PROPERTIES

#### 3.1.3.1 PROPERTY MANAGEMENT

Functions related to property management are as follows :

Maintain administrative system for land & property issues (i.e. alienation of land).

Acquisition & / Expropriation of Immovable Property / Transfers

Registration & transfer of Municipal properties,

Renewal of leases and updating of lease register.

Administer Council's Asset Register; Commercial, Residential & vacant land.

Implementing of the EEDBS which provides security of tenure to previously disadvantaged beneficiaries

#### Transfer of Council Properties

##### Bottom Hill Township

No of units	Transferred	Not Transferred to Beneficiaries	Percentage (%)
<b>47</b>	<b>23</b>	<b>15</b>	<b>61</b>

This township comprises of 47 sites, thirty-eight (38) sites are developed and to be transferred to prospective owners, nine (09) sites are undeveloped (vacant) and have been valued by Khanyisa Properties. There are 23 properties registered to private people to date.

According to Council resolution SVCM 864/06/21 purchasers (those in arrears) were issued letters to settle all outstanding debt within a 12-month period ending by June 2022.

As end of June 2022 this is the status of the 15 properties not transferred to the beneficiaries. To date, 5 properties are with the conveyancer for registration and three (3) properties are still owing purchase price on Bottom of the Hill namely -:

- Mr B. Spargs – outstanding amount R 81 478.87
- The late Mr Buss – outstanding amount R63 392.96; and
- The late Mr Dyantyi – outstanding amount R39 290.67

There are 5 property deed of sales in process and awaiting signature for the month under review (June 2022). There are three outstanding deed of sales that are awaiting the authorization by the executor of the said beneficiaries (P.P Pearce, E.Z Mgudlwa & P. Qingana). A request from the late Mr Dyantyi

Estate (legal representative) to be given more time while they are finalizing the estate in order for the family to pay all outstanding amounts.

### **Extended Enhanced Discount Benefit Scheme (EEDBS)**

The Enhanced Extended Discount Benefit Scheme is a National programme that is aimed at ensuring that there is improved security of tenure. The programme ensures that communities that used to live on properties under a long term (99-year lease) are converted to full ownership. In King Sabata Dalindyebo Municipality, the affected townships are New Brighton; Hillcrest; Ikwezi and Ngangelizwe Townships with a total of 2 487 properties.

The table below shows EEDBS progress on the transfers of properties within the listed townships.

<b>NO</b>	<b>TOWNSHIP NAME</b>	<b>NO OF UNITS</b>	<b>TRANSFERRED</b>	<b>NOT TRANSFERRED</b>	<b>PERCENTAGE (%)</b>
1	New Brighton	21	21	0	100%
2	Hillcrest	244	232	12	95%
3	Ikwezi	457	447	10	98%
4	Ngangelizwe	1765	1 427	338	81%
	<b>TOTAL</b>	<b>2487</b>	<b>2127</b>	<b>360</b>	<b>86%</b>

### **Disposal of Owen Dam Properties**

After the Township Establishment has been registered, Council took a resolution on the 20<sup>th</sup> of September 2019 to dispose / sell the sites to existing tenants/ lessees or rightful beneficiaries. Several meetings were held with Owen Dam Park homes community and sites visits conducted during the planning phase. There are 91 properties and the land belong to the Municipality, but the top structures (Park homes) are owned by individuals. Parks homes have been occupied by different lessees over the years resulted in: -

- Purchasers owning more than one park home.
- Some of the park homes tenants do not have bonafide lease agreements.
- Most of the tenants / lessees are not paying monthly rentals.

The valuation of these properties was done in the financial year of 2020/21.

## **Basil Read Occupiers**

Basil read has 48 sites with park home (top structures). Out of 48 only 3 occupiers do not have lease agreements. An Attorney was appointed to evict the occupiers with no lease agreements. The Attorney delivered eviction notices for the 12 Basil Read occupiers with no leases. Out of 3 unsigned leases only 2 occupiers are non-responsive.

## **Enkululekweni Complex Tenants**

An Attorney was appointed to facilitate the eviction of the Enkululekweni tenants for the people with no lease agreements and the tenants who defaulted in paying for the monthly rentals.

The issue of Hilltop guest house is awaiting final judgement between KSDM & Hilltop B&B. A request was submitted to Legal section to assist with the eviction of the illegal occupier (Ninja Security Company – Mr Nongoloza) currently occupying municipal asset without an agreement. House No. 9 that was occupied by Prof Surka is now vacant, the lessee handed over the house keys to the municipality. On the 6<sup>th</sup> of June 2022, house No. 9 was allocated to the Office of the Executive Mayor and will be used for Mayoral Committee related needs.

## **Mbuqe 8 Properties**

The municipality accepted donation of 8 properties from (DPW) Department of Public Works in 2015. Out of 8 properties, two (2) tenants did not sign lease agreements due to non-availability as both are not residing in Mthatha. One lease agreement for Mayathula was signed by Municipal Manager in November 2021. Lease agreement for Mlonyeni waiting for letter of authority. Kanyisa Properties was appointed to value the above-mentioned properties to finalize the disposal process to the bona fide. On 15 February 2022 recommendation for finalization 8 Mbuqe properties was drafted. On the 1<sup>st</sup> of June 2022, a request was submitted to SCM to appoint a conveying firm from the panel to effect the process of transfers to beneficiaries.

New leases have been prepared for the duration of 6 months while awaiting for the appointment of the Conveying firm.

### **3.1.4 LAND USE MANAGEMENT**

Functions related to land use management reflect as follows : -

The focus of spatial planning is on land use management (forward planning & development control) which centres it's processes on frameworks and policies for a controlled development application process.



Considers applications received from developers or property owners on proposals of new commercial, agricultural or residential ventures/improvements related to spatial planning environment and processed through Municipal Planning Tribunal (MPT) and Authorized Official (AO).

**(i) MUNICIPAL PLANNING TRIBUNAL (MPT) APPROVAL**

TYPE OF APPLICATION	NUMBER OF APPLCIATIONS PROCESSED BY THE MPT PER APPLICATION TYPE / QUARTER				TOTAL
	Q1	Q2	Q3	Q4	
Township Establishment	0	0	2	0	2
Rezoning	1	2	0	0	3
Special Consent	1	1	2	2	6
Rezoning, Subdivision, Consolidation, Departure, and removal of restrictions	1	0	0	0	1
<b>Total</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>2</b>	<b>12</b>

**(II) PLANNING EXECUTION PROJECTS**

Project Name	No. Of Units	Budget	Status
(ii) Preparation of a Land Use Management Scheme	Wall to Wall Scheme (All wards)	R 784 875.00	<ul style="list-style-type: none"> <li>The municipality is finalizing its Land Use Management System (LUMS) in line with the requirements of the Spatial Planning and Land Use Management Act, 2013.</li> <li>The LUMS was adopted by Council on the 31<sup>st</sup> of March 2022</li> <li>The LUMS was gazetted on the 30th of May 2022.</li> </ul>
(iii) Zimbane Heights Planning and Survey	500 units	Not Funded	<ul style="list-style-type: none"> <li>The Zimbane Heights Planning and Survey project is at the feasibility stage.</li> <li>The land is under claim.</li> <li>The provision of installation of bulk services was requested</li> </ul>

			from OR Tambo District Municipality.
(iv) Mission Extension Planning and Survey	500 units	Not Funded	<ul style="list-style-type: none"> <li>The Mission Extension Planning and Survey project is at the feasibility stage.</li> <li>The land is under claim.</li> <li>The provision of installation of bulk services was requested from OR Tambo District Municipality.</li> </ul>
(v) Mqanduli Township Establishment	150 business sites	R500 000	<ul style="list-style-type: none"> <li>This is a planning and survey project.</li> <li>Terms of reference have been completed and requests for quotation will be done once the panel of Town Planners and Land Surveyors has been appointed.</li> <li>The project is at procurement stage at the end of June 2022. The project is</li> </ul>
(vi) Mqanduli Township Establishment	500 units	R500 000	<ul style="list-style-type: none"> <li>This is a planning and Survey project.</li> <li>Terms of reference have been completed and requests for quotation will be done once the panel of Town Planners and Land Surveyors has been appointed. The project is at procurement stage at the end of June 2022. The project is</li> </ul>
(vii) Mthatha CBD Public Parking Garage	N/A	Developers' costs	<ul style="list-style-type: none"> <li>The project is to develop a parking garage within the Mthatha CBD to curb the parking and traffic congestions that the town faces.</li> <li>Information collection and research on CBD parking garage specifications for drafting terms of references completed.</li> <li>The identification of underutilized municipal land for parking garages exercise was done.</li> </ul>

			<ul style="list-style-type: none"> <li>Sites were identified and will be advertised once the legal opinion has been received.</li> </ul>
(viii) BNG Housing – Erf 937	2500	Department of Human Settlements	<ul style="list-style-type: none"> <li>A Meeting was held with the Traditional Authority, but no consensus was reached, and the meeting as adjourned and rescheduled for a future date.</li> <li>As an outcome of the delays encountered it was decided that an application for an interdict to evict persons and demolish all the structures be submitted to the High Court.</li> <li>The project will be finalized once the land invasion case has been resolved.</li> </ul>
(ix) Durham Street Precinct Development	N/A	Public Investment Corporation	<ul style="list-style-type: none"> <li>King Sabata Dalindyebo Municipality entered into a partnership with Public Investment Corporation to develop</li> <li>Durham Street Precinct on proposed Erven 2784 and 185 owned by the Municipality. T</li> <li>The initiative was approved by the Council in May 2018.</li> <li>A brief presentation to update the Mamela Taxi Industry about the upcoming development was done on the 3rd of June.</li> <li>The project is at public participation stage, KSD Municipality task team visited City of Cape town for benchmarking of municipal court and taxi rank models.</li> </ul>
(x) Coffee Bay Town Establishment	N/A	R162 378.75	<ul style="list-style-type: none"> <li>The Township Establishment application was approved by the Municipal Planning</li> </ul>

			<p>Tribunal on the 24th of March 2022.</p> <ul style="list-style-type: none"> <li>The final leg is expected to be completed by June 2023, once the authorization letter is received from Department of Agriculture Land Reform and Rural Development (DALRRD).</li> </ul>
--	--	--	---

### 3.1.5 FORWARD PLANNING

PROJECT NAME	BUDGET	CURRENT STATUS
(i) Coffee Bay & Hall in the wall LSDF	R 890 000	<ul style="list-style-type: none"> <li>The project is funded by the Development Bank of South Africa, Memorandum of Understanding has been concluded between KSD Municipality and Development Bank of South Africa (DBSA).</li> <li>Ditsamai have been appointed to Develop an LSDF for Coffee Bay and Hole in the Wall.</li> <li>The project is at the stage of the inception phase by end of June 2022.</li> </ul>
(ii) Nduli Nature Reserve	N/A	<ul style="list-style-type: none"> <li>In 1998 the Council endorsed the proposal to establish an Environmental Education Centre on the remaining portion of Nduli Game Reserve and supported the extension of the boundaries of the Nduli Game Reserve to include that portion of Thornhill Farm that is bounded by the R61 road.</li> <li>In 2003, Council supported a concept proposal for the proposed development of an accommodation establishment and ancillary facilities on Nduli Nature Reserve. The project is at the stage of confirming the land claim.</li> </ul>
(iii) Ncambedlana LSDF	R350 000	<ul style="list-style-type: none"> <li>Urban Dynamics Town and Regional Planners was appointed to develop a LSDF for Ncambedlana Nodal area.</li> </ul>

		<ul style="list-style-type: none"> <li>All project phases have been completed by the service provider on the 30<sup>th</sup> of June 2022.</li> <li>Final LSDF will be tabled to Council for adoption.</li> </ul>
(vi) Qunu LSDF	R264 500	<ul style="list-style-type: none"> <li>Urban Dynamics Town and Regional Planners was appointed to develop a LSDF for Qunu Nodal area.</li> <li>All project phases have been completed by the service provider on the 30<sup>th</sup> of June 2022.</li> <li>Final LSDF will be tabled to Council for adoption.</li> </ul>
(iv) Buwa /Sprigg Precinct Plan	BUDGET	<ul style="list-style-type: none"> <li>The KSDM Council approved Draft Sprigg Street Precinct Plan on 31 October 2019 subject to Public Participation engagement.</li> <li>This project will be funded by the neighborhood development partnership grant.</li> </ul>

### 3.1.6. BUILDING CONTROL

Functions related to building control are :

- Facilitation of Building Plan, Demolition Permit and Outdoor Advertising approval by Local Authority
- Provides inspection support to enforce compliance on all constructed buildings in according with approved legislation.
- Provides inspection support to enforce compliance on Outdoor Advertising.
- Focuses on ensuring systematic and quality buildings are constructed thereby improving the property value of the economic market.
- Undertake routine building control inspections.

The following table presents the total number of activities undertaken per quarter for the building control section.

ACTIVITY	NUMBER / ACTIVITY PER QUARTER 2021/22				TOTAL ANNUAL
	Q1	Q2	Q3	Q4	
<b>SUBMITTED PLANS</b>	97	89	21	16	223
<b>APPROVAL FEES</b>	R 341 077,91	R 257 186,38	R 116 627,50	R 95 583,28	R 810 475,07
<b>APPROVED PLANS</b>	43	85	46	12	186

<b>CONTRAVENTIONS</b>	26	10	11	4	51
<b>COMPLETION/OCCUPANCY CERTIFICATION ISSUED</b>	13	6	20	5	44
<b>BUILDING COMPLIANCE INSPECTION CONDUCTED</b>	587	480	412	70	1549
<b>LEGAL CASE TRANSFERRED FOR LEGAL PROCEEDINGS</b>	0	7	7	0	14

### 3.1.7. OUTDOOR ADVERTISING

#### (i) Outdoor advertising regulation

King Sabata Dalindyebo Local Municipality is currently regulating outdoor advertising function and the following progress has been achieved during 2021/2022 Financial year.

Outdoor advertising by-law gazetted on 14 February 2022. By-law currently in implementation with following activities conducted:

Draft outdoor advertising Standard Operational Procedures developed.

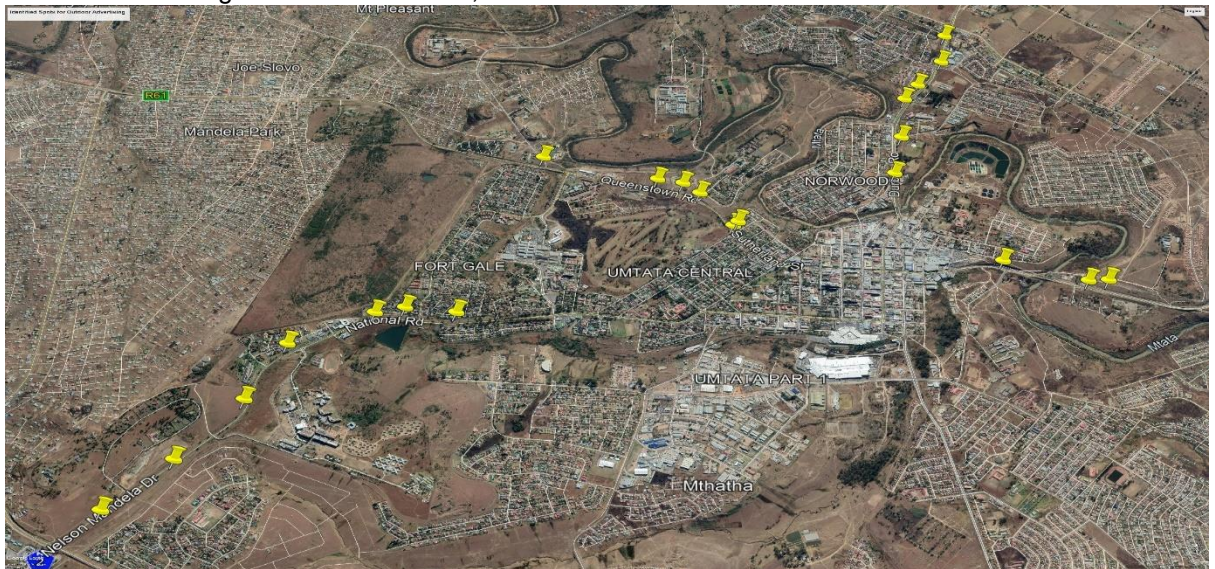
Static signage audit conducted with 254 illegal sign board constructed in Mthatha and Mqanduli town. 54 x Notification issued to traceable owner. The municipality currently conducting re-audit of outdoor advertising signage in Mthatha and Mqanduli due to duplication of number of boards. Further 61 x illegal outdoor advertising structures had been identified. Primedia and Daily Dispatch lease contracts under review.

#### (ii) Outdoor advertising digital signage – outsourced 3-year contract

King Sabata Dalindyebo Local Municipality had outsourced a Service Provider for Installation, Management of Digital advertising Infrastructure on a three-year contract. Service provider to create Outdoor Advertising office and capacitate staff for further implementation of digital outdoor advertising after contract ends. The contract is valid for management of outdoor advertising on 3 – contract with contract value of R 9 457 200.00 as effective from May 2020 to May 2023. Project expenditure valued at R1 200 000,00 to date.

- Consultation Stage conducted, completed.
- Construction stage of 5 x Digital Outdoor Billboards (no work done).
- Construction of the static outdoor advertising structure constructed on N2/Nqadu intersection in Northcrest and the structure was condemned by a letter dated 10 May 2022.

- Outdoor advertising digital signage – other municipal spaces The municipality has identified area for advertising functions as follows;



### (iii) Management of Static signage.

King Sabata Dalindyebo Local Municipality in regulation of the outdoor advertising function through application of the outdoor advertising policies and by-law with the following activities conducted:

1. Illegal outdoor advertising audit with 254 illegal signage structure constructed in Mthatha and Mqanduli town.
2. 68 x Contraventions notice issued to signage owners for none-compliance.
3. 39 x Illegal outdoor structures were removed by owners.
4. 5 x outdoor advertising applications processed and approved.

### OUTDOOR ADVERTISING CHALLENGES:

1. Outdoor advertising staff vacancy.
2. High rate of none-compliance by advertisers.
3. Management of the outdoor advertising on 3-year contract none-performance by service provider.
4. Limited budget for implementation of outdoor advertising functions.

## INFRASTRUCTURAL SERVICES

### 3.2.1 PROJECT MANAGEMENT UNIT

KSDM was allocated R 91.2m or 2021/2022 financial year, the projects for the financial year were aligned with the 2021/2022 SDBIP. The projects were broken down for roads infrastructure, construction of community halls and installation of solar streetlights.

#### EMPLOYMENT GENERATION ON MIG PROJECTS

2021/22FY			
Ward No.	Project Title	Road Length	Project Status
6	King Edward Road Surfacing	1,5km	Design
7	Surfacing of Victoria, Blakeway and Park Streets	3.5km	Design
8	Norwood Internal streets - Phase 1	4.4km	Construction
9	Callaway & Eagle Streets	2.3km	Construction
13	Highbury Access Road	10km	Construction
15	Baziya Clinic to Sixuzula Access Road	1okm	Construction
20	Mcakathini to Phesheya Kolwalwa Access Road	6.5km	Complete
21	Khalalo Access Road	14km	Construction
24	Zinkawu access road	11km	Construction
26	Mxambule to Jojweni Access Road	8.6km	Construction
28	Blekana to Mqanduli Access Road	Bridge	Construction
29	Mqanduli Internal Streets Phase 1	3,7km	Design
29	Vigies to Sawmill Road Surfacing	2.1km	Construction
32	Luthuthu to Upper Qweqwe access road	10.4km	Complete
31,34	Dumrhana to Cimela via Gubevu Access road	21.5km	Complete



2021/22FY			
Ward No.	Project Title	Unit	Project Status
1	Silverton Community Hall	365sqm	
	Mthatha Side walks		Construction
13	Northcrest Community Hall	365sqm	Design
29	Mqanduli Drivers Licence Testing Centre	1	Construction
	Installation of Solar Street Lights	30	Complete

#### Achievements as per areas of focus

No	Description	Unit	Total Archived
1	No. of surface streets repaired & maintained	Km	162
2	Number of bridges constructed	Number	1 Bridge constructed (Blekana Bridge completed) and 1 Bridge on hold (Baziya bridge Contractor terminated)
3	Number of Solar streetlights installed	Number	39
4	Number of Community Halls constructed	Number	Northcrest Community Hall is complete, contractor for Silverton community hall appointed.
	Number of DLTC constructed	Number	DLTC office still under construction

A local labour had been employed in different projects with a total number of 246 people through the EPWP programme.

Table 3.2.2 Employment generation.

<b>Total Labour</b>	<b>Adult Men</b>	<b>Adult Women</b>	<b>Young Men</b>	<b>Young Women</b>
<b>246</b>	<b>100</b>	<b>50</b>	<b>38</b>	<b>70</b>

Application received for the placement of students are 80, only placed 20 students in various projects Implemented by PMU.

### **CHALLENGES**

- Poor performance by contractors leading to late completion of projects
- Contract employment to the PMU staff
- Encroachments in peri-urban and urban areas
- Drainage discharge in rural settlements
- Borrow pits access – Communities selling material to contractors or denying access to borrow pits
- No transport is committed to the PMU staff
- Long approval processes by DMR for licensing of borrow pits
- Change and extension of scope by communities and leaders during construction

### **3.2.2 ROADS MAINTENANCE**

The road section had three areas of focus.

- Pothole patching
- Gravel roads maintenance: this includes dry blading, wet blading and regravelling.
- Stormwater infrastructure maintenance: this includes desilting of channels, stormwater pipes and manhole unblocking.

#### **Maintenance method**

The municipality utilizes its internal resources to maintain surfaced roads and gravel roads.

In utilization of internal resources, the department had a responsibility to capacitate its internal resources in a form of: -

1. Procuring the required equipment
2. Recruitment of personnel
3. Training of personnel
4. Provision of tools of trade and office space.

### Achievement in capacitating of internal resources.

Procurement of the required resources: This has been done in 2018/2019 financial year and the following equipment has been procured.

Item number	Description	Number
1	Grader	6
2	Excavator	2
3.	Dozer	1
4.	TLB	3
5	Roller	7
6	Loader	1
7.	Tipper truck	14
8	Water cart.	2
9	Stormwater Jetting truck	2
10	4 Ton truck	4

Procured plant in 2021/2022

Item number	Description	Number
1	Asphalt Paver	1
2	Asphalt scraper	1
3.	Pneumatic roller	1
4.	Mechanical broom	1

Recruitment of personnel: whereas the plant was procured in 2018/2019 financial year the operator and drivers were employed int 2019/2020 financial year. The detail of operators is shown in the table below.

Item number	Description	Number
1	Grader operator	4
2.	Dozer operator	1
3	Excavator operator	2
4	Roller operator	6
5	TLB operator	4
7	Loader operator	2
6	Water cart operator	2
7	Tipper truck driver	14
8	4-ton truck driver	4
9	General workers	72
10	Bricklayers	2

### Achievements as per areas of focus

No	Description	Number of Teams	Unit	Total Available	Total Archived
1	Surfaced streets (pothole patching)	7	No	512 streets	162
2	Gravel roads	2	Km	1900	1038.4
3	Stormwater drainage	8	m	261000	137755



**Regravelling of road in ward 21 Thamsana**



**Surface street (Pothole Patching in ward 13, North crest, Jizana street.**

**Departmental Training of personnel: the following training has been done**

<b>Item number</b>	<b>Description</b>	<b>Number of employees</b>
1.	Road construction	28

### 3.2.3 ELECTRICITY

For financial year 2020/2021, Department of Energy had allocated KSD R7.2m for electrification of Mthatha West Phase 4, however they only transferred R2.5m and the balance was never transferred. Despite the budget shortfall 482 connections were achieved at Mthatha West. Mthatha West connections were in Ward 12 at Masimini and Sifubeni settlements

Nobhula project which was due to completed in the 2018/19 financial was delayed due to the poor performance of the appointed contractor. In the 2020/21 financial year the 243 households were connected to the grid and the only challenge was the customer data which is needed to enable customers to register their meters in the Eskom vending system. Nobhula village is in ward 21

#### **KSD Networks**

KSDM network is more stable than before. KSDM has upgraded 3 Substation out of 4

- Hillcrest
- Sdwadwa
- Thornhill

Unitra is the one that needs upgrading for approximately R50million. Whilst the Hillcrest Substation is new, the specs and equipment does not synchronise with our modernised existing 3 substations. A business plan was also prepared and submitted to DBSA for the upgrade of Unitra substation and for correcting Hillcrest substation.

#### **KSD Powerlines**

- Upgraded Mthatha 1 from ESKOM to Sdwadwa substation. Mthatha 1 has not faulted in the past 2 years.
- In 2020/21 financial year we were able to successfully upgrade and commission Mthatha 2 from ESKOM via Unitra to Thornhill substation and the project was funded by OR Tambo DM as part of the Bulk Water supply programme at R100m. Since we have commissioned this line, we noticed a vast improvement in its performance as we have experienced few short duration interruptions due a weak protection system.
- Sustainable Stability of the KSDM network is reliant on the construction and development of the last line from Hillcrest substation to Sdwadwa to complete the loop/Ring at around R60m.

#### **Medium Voltage and Low Voltage**

Medium Voltage – has been upgraded up to 90% supported by Provincial Treasury with R150m, the remaining area is:

- Vulindlela Industrial Area – for approximately R15m
- Fortgale – underground network is very old made of Aluminium which cannot take high temperatures.
- Nkululekweni – lines are very old (old key points) also very deep more than 2m deep underground making it unsafe for electricians to repair due to years of neglect by Public Works.
- Low Voltage (LV) is very old, rotten and unsafe. The Kiosks are vandalised and in a dilapidated state. An estimated R90m is necessary to improve the efficiency of the LV and

reduce losses. As part of DBSA submission, the LV network was also submitted for funding consideration

### Low Voltage Network

Critical areas that need attention on the Low voltage lines are Ngangelizwe, Northcrest, Kwezi, Ncambedlana, Hillcrest, Norwood, Fortgale, Southernwood and CBD.

The LV network also affects the functioning of Street lights and Robots.

### Challenges

- Shortage of tools and materials to implement operations and maintenance, in the event of repairs or breakdowns, contractor need to provide the resources, this exhausts the limited budget available.
- Cable theft and wilful damage to Municipal electricity infrastructure like kiosks and robots.
- Vandalism of the mini-substations and the LV power lines poses a huge risk to reliability of supply.
- Illegal connections, tempering and electricity theft is the additional challenge we are experiencing on our network.
- The fact that most of the time the Municipality is not in good standing when it comes to COIDA is a serious risk to the electricity employees when they are injured on duty as it is very difficult to provide them with good medical support. This problem is compounded by the fact that employees are given an option not to join medical aid schemes. The institution is vulnerable to litigation from its own employees if this risk is not mitigated.
- Due to shortfall in budget, service providers' claims cannot be processed, this may lead to them withdrawing their resources until payment is made.
- In the event of a major breakdown, outage downtime will be prolonged due to lack on internal resources and capacity.
- Delay in the payment of Service Providers is a challenge as the Service Providers are reluctant to support us with essential materials like robot controllers as they sight cash flow problems, thereby impacting negatively on the restoration time.
- Shortage of vehicles, shortage of staff, shortage of office equipment.
- Low voltage in Bongweni due to illegal connections and upgrading

### 3.2.4 SWORT ANALYSIS

Strength	Weaknesses	Opportunities	Threats
Experienced and long serving employees  Asphalt laying equipment	Potholes in the urban roads Blocked storm water drains	Grant funding in the form of MIG and INEP	Critical staff shortages

	Damaged gravel roads due to heavy rains in various wards		Critical staff shortages
	Huge demand for access roads from various wards coupled with limited funding		Dilapidated roads and Electricity infrastructure
Yellow fleet in the road division	Non availability of mechanical workshop in the municipality.	Maintenance of roads with internal resources	Long return period of fleet from repairs.
Access to young professionals in the form of interns supported by both MISA and National Treasury.	Huge demand for public lighting in both urban and some rural wards		Backlog in both access roads and household electrification which lead to community protests
Road and Electricity Master Plans	High frequency of power interruptions in medium voltage (11Kv) lines in Mthatha West and Bongweni and Zimbane.		Dilapidated roads and Electricity infrastructure.

### 3.2.5 STAFF IMPLICATION

#### Critical positions

Position	Planned	Filled	Vacant
<b>PMU SECTION</b>			
PMU Manager	1	1	0
Project Managers	4	4	0
PMU Accountant	1	1	0
ISD Officers	2	1	1
Data Captures	4	2	2
<b>ROADS SECTION</b>			
Roads Manager	1	1	0
Superintendent	2	2	0
Foreman (Supervisors)	8	5	3
Technicians	6	2	4
<b>ELECTRICITY</b>			
General Manager	1	1	0
Design & Planning Manager	1	0	1

Network Control Manager	1	0	1
Technicians	6	2	4
Electricians	12	6	6
<b>WORKS</b>			
Manager	1	1	0
SNR Artisan – Bricklaying & Painting	2	1	1
Artisans (Painters, bricklayers, etc)	20	7	13
Semi-skilled Artisan	20	4	16

### 3.2.6 EPWP

#### **POLICY**

The policy was adopted by the Council.

#### **The Municipality Steering committee.**

As per EPWP Steering committee terms of references,

- the Executive Mayor appoints one member of the Mayoral Committee to chair the Steering Committee.
- The Municipal Manager appoint a champion and technical member from various Departments.

#### **Progress**

- Member of Mayoral committee are appointed as political steering committee.
- Director Technical Services has been appointed as a Champion and all the Directors are appointed as the members of the Technical Steering Committee.

#### **Incentive grant agreement**

Grant allocation was R 3 764 000.00

Grant expenditure was R 3 764 000.00.

#### **Employment**

##### **Work opportunities**

- Targeted work opportunities = 1067
- Achieved = 776
- Short fall= 291



### 3.3 WASTE MANAGEMENT SERVICES: STREET CLEANING, REFUSE COLLECTION, WASTE DISPOSAL AND RECYCLING

Waste Management function is the mandate of the municipality within KSD Municipality Jurisdiction and notable improvement is evident in respect to street cleaning, refuse removal, illegal dumping clearing, waste minimisation and waste disposal through landfilling. The targets in relation to rendering of uninterrupted waste management service have been achieved through the Implementation of the integrated waste Management Plan in response to the following principles:

- a) The duty to develop policies related to solid waste management (the whole value chain including re-use, recycling, or recovery of waste).
- b) The duty to pass and implement by-laws with respect to waste management services.
- c) The duty to develop an Integrated Waste Management Plan.
- d) The right to decide on the mechanisms for providing the service (i.e. Internal vs external)
- e) The duty to regulate and monitor external providers of waste management services and the effectiveness of waste management services in its area.
- f) The right to set tariff with respect to waste management services provided by the municipalities and to levy penalties.

The Integrated Waste Management Plan (IWMP) which was approved by Council and endorsed by the MEC in 2018 is being implemented, however due to lack of financial resources and capacity, the plan is not fully implemented resulting in provision of unsustainable service to our communities and leakages of waste from peri urban areas and rural areas finding space in the urban centre. The IWMP is due for reviewal as it has expired for implementation during the year June 2022, however the projects that are reflected on the IWMP are being implemented such as maintenance of Landfill Sites, improvement on the increase access to refuse removal etc. Waste Management By Laws have been developed in terms of the Waste Act, Act No 59 of 2008 and approved by Council. The Waste Management By Laws are anticipated to be gazzeted in the next financial year (2022/2023)

In terms of the structure, the waste management function is rendered under 3 Service Units:

- a) Cleansing Unit
- b) Refuse Removal Unit
- c) Waste Disposal Unit

The Directorate managed to successfully provide an uninterrupted street cleaning and refuse removal service to residents (urban & rural), commercial and industrial consumers. This has been intensified by implementing IWMP in partnership with National Department of Fisheries, Forestry and Environment, Department of Transport, Department of Public Works, Provincial Department of Economic

Development, Environment and Tourism, OR Tambo District Municipality, Community Organizations and the Business Sector through 'Adopt a Street Programme'.

### **Street Cleaning**

- The targets for street cleansing service have been achieved through 2 shift system and the situation has improved as compared to the previous years.
- The cleaning was intensified by recruiting 63 EPWP Beneficiaries and by appointing a panel of 15 Co - operatives and SMMEs.
- 470 EPWP work opportunities were also created as part of Municipal Infrastructure Support Agency (MISA)/ Presidential Employment Stimulus (PES) Programme. The project was funded by the Department of Corporate Governance and Traditional Affairs.
- As part of promoting Waste Minimization, Environmental Awareness Programmes were launched in schools including Wards.
- Clean up campaigns were conducted at least once per month in response to 'Thuma Mina Good Green Deeds Programme'.
- As part of promoting the culture of clean environment, the Department of Transport recruited 50 EPWP Beneficiaries to assist in cleaning taxi ranks and bus ranks.

### **Waste Collection/ Refuse Removal**

In 2021/2022 financial year the municipality has a target of collecting refuse in 537 streets in all billable households and the target was **not** achieved, **however collection has been constantly done not as per the schedule**. These are households which are predominately in urban centres of the municipality (Mthatha and Mqanduli). **22** communal skips have been used to service informal areas and peri – urban areas and to curb illegal dumping (Mthatha and Mqanduli).

### **Recycling & Illegal Dumping**

- Recycling has been done informally by both Private Contractors and Waste Pickers in Mthatha and Mqanduli.
- In promotion of recycling, the Department of Forestry, Fisheries, and the Environment has been involved in discussions with KSD LM for establishment of plastic recycling facilities in the municipal area (Qweqwe Landfill Site, Mqanduli Landfill and Coffee Bay Waste Transfer Station)
- MISA programme also implemented recycling activities in Mthatha East for the duration of 04 Months.

## **Waste Disposal**

The KSD municipality has the following facilities:

- a) 2 x Landfill sites in operation and licensed
- b) 1 x Landfill Site under construction
- c) 1 x Waste Transfer Station completed and launched in November 2020 in Coffee Bay

The Mthatha landfill site has a gate fee charged to everyone disposing their waste as means of revenue collection and the revenue collection has consequently improved. The business waste collection is not breaking-even, and it is the expectation that business waste collection should subsidize house waste collection. Maintenance of the landfill sites has been done as per the maintenance plan, however, Mqanduli Landfill site has a shortage of equipment to operate and maintain the site. Rehabilitation of the site is in progress to meet permit requirements.

2 External Environmental Audits conducted in Mthatha and Mqanduli landfill sites in line with the permit conditions for compliance. Construction of the new landfill site in ward 33 is in progress and the Waste Transfer Station in Ward 24 has been completed and handed over to the Municipality by the Department of Forestry, Fisheries and the Environment, however the facility has not yet operated due to budget constraints. The Waste Transfer Station in Ward 24 will provide additional airspace in landfill sites and will assist in promoting waste minimization and SMME development at Ward level. The Social facilitator has been appointed for preparing that smooth operations are achieved once the facility commences to operate.

In addition, the municipality has put the following measures in place in relation to the operational and management of waste management:

- a) Standard Operation Manuals developed
- b) Code of Conduct for Municipal Employees
- c) Maintenance Plans for Landfill Sites developed
- d) Attendance Registers utilised as control measure
- e) Weekly Plans, Weekly Reports, Monthly Reports, Quarterly and Annual Reports submitted as required.
- f) Time sheets utilized as controls for the shift system (drivers and crew members).
- g) Staff rotation, especially Supervisors on three months' periods.

## Financial Performance in Refuse Collection & Waste Disposal

Original Budget	Adjusted Budget	Q1 Sept. Act	Q2 Sept. Act	Q3 Sept. Act	Q4 Sept. Act	YTD Variance	YTD Variance	Full Year
757 3433	757 3433	1 696 571,70	1 521 921,05	1 671 475,50	1 879 978,50	(803 485,88)	- 10%	757 3433

Refuse removal Trolley bins and Skips shows a shortfall of R 832960,54. of the total billed income for refuse amounting to R61 249 062, R53 376 605 has been collected representing 87% of total billed income. Tariffs for the refuse removal in Coffee Bay, Hole in the Wall, Vidgesville and peri urban areas are established and approved.

### Commercial Refuse Collection: Trolley Bins & Skip Bins

- The total number of municipal refuse bins rented out is **175**, this is also inclusive of a fraction of bulk waste removal in government institutions and in private institutions.
- This is comprising of 54 business accounts for 81 skip bins, 47 business accounts for 96 trolley bins that are in good standing.

### Verification Process

- An Accountant has been appointed to Community Services to conduct data cleansing and contract verification of commercial refuse removal and to do all reconciliations required.

### Challenges

- Informal street trading in all streets affects the cleaning service.
- Lawlessness in streets resulting in illegal dumping.
- Businesses converted waste storage areas to businesses have a bearing in street cleaning as the waste is illegally disposed on the streets and drains.
- Blockages in drains as a result of street trading.
- Poor access of service in rural areas and peri urban areas resulting in waste dumped in the pavements and open spaces.
- Reduced revenue for the municipality as fewer businesses have refuse collection contracts
- Mushrooming of illegal dumps, as a result of a shortage of litter bins and service inconsistency
- Negative publicity which continues to dominate as a result of waste mushrooming from areas that are not billed or formalized.

- The landfill sites are not compliant due to lack of financial resources.
- Downtime on repairs and maintenance of fleet
- Limited waste resources for commercial purposes (Skip & Trolley Bins)

### **Waste Management Turnaround Plan Through SALGA Intervention**

Following the country wide outcry and the bad media publicity on the deteriorating state of Mthatha, where the City of Mthatha has been regarded as the dirtiest city in the country, SALGA saw it fit to try and assist the municipality. SALGA support aimed at achieving the following:

- To determine municipality waste management service overview or status quo.
- To reflect on municipal performance on waste management service.
- To identify gaps in rendering waste management service.
- To reflect on implications of the current level of service.
- To propose short- and long-term solutions and possible partnerships to Council for efficient and effective waste management service.

The following root causes were identified as the barriers in rendering uninterrupted refuse removal service:

- Influx of people from other municipalities into Mthatha affects street cleansing service.
- Few bins to service that huge influx of people resulting in increased littering in the CBD, servicing people from other LM areas puts a strain on the waste management function in relation to street cleansing.
- The waste management service of KSDLM is not properly structured and capacitated in terms of the critical sub-functions of the services.
- The waste collection service is critically under-capacitated in terms of equipment, fleet, and personnel.
- The required capacity, in equipment (mainly waste bins), fleet and personnel is about more than 3 times the current capacity.
- Cleansing unit is operating at a deficit because of how the function is classified (the service is not classified as business or as logistics service hence the deficit).

- Lack of municipal driven proactive recycling, events waste management and illegal dumping response services.
- The operation of landfill sites within KSD does not meet the minimum requirements as stated in the National Environmental Management: Waste Act, 2008. Main amongst the contributing factors is inadequate equipment to operate the sites.

### **Proposed Remedial Actions and Recommendations**

SALGA recommended the following solutions to Council:

- The proposed solutions are to re-engineer waste management services to have 6 units for efficiency and effectiveness:
  - Waste Collection Service Unit
  - Street Cleansing Unit
  - Recycling, Events Waste and Illegal Dumping Unit
  - Waste Disposal Unit
  - Waste Depot & Fleet Management Unit
  - Corporate Service & Governance Support Unit (Business, Marketing & Contracts Management Unit)
- Prioritize waste management service as one of the biggest revenue sources.
- A feasibility study be conducted in order to assess parts of waste value chain that can be implemented in a form Public Private Partnership (PPP).
- The municipality to conduct data cleansing of properties in the Valuation Roll and on billed properties for waste management.
- A Specialist to be appointed to review waste management organizational structure.
- DEDEAT, SALGA to assist the municipality in gazetting Waste Management By Laws.
- Peace Officers be recruited through Public Safety Directorate for enforcement of Waste Management By-Laws.
- Corporate Services to assist with the capacitation of officials at junior management level to understand bylaws and be able interpret the departmental bylaws in order to stand in court (build required capacity within the short term of the action plan).
- The current IWMP to be reviewed to include proposed SALGA Waste Management Action Plan.

- Benchmarking to be done by Community Services Directorate to visit municipalities for best learning practices on the performance of the waste management function.
- A team building session be coordinated in order for the departmental staff to have a shared vision on the effective functioning of the department (annual team building sessions to be convened).
- Elements of the implementation plan to be on the overall municipal turn around plan.

### **3.3.1 LIBRARIES**

King Sabata Dalindyebo Library and Information Services is responsible for the provision of Library and Information Services that are aimed at promoting leisure reading, lifelong learning, and eradicating illiteracy rates in KSD Municipality. King Sabata Dalindyebo Library and Information services has got 11 library facilities.

#### **Challenges**

- Currently the Library Service is not funded fully by Department of Sport, Recreation, Arts and Culture resulting in municipality incurring cost for provision of the function

### **3.3.2 COMMUNITY FACILITIES**

A policy has been developed and approved by council for management of municipal halls. Tariffs for booking of municipal facilities developed and implemented in terms of the tariff policy.

The municipality is collecting revenue in the following Halls.

- City Hall, Civic Centre, Rotary Hall, Waterfall Hall, Eli Spilkin Hall, Ikwezi Community Hall, Southernwood Hall and Mqanduli Hall

#### **Challenges**

- Not all facilities are generating revenue as most of them are currently used by communities at ward level.
- Vandalism and theft in municipal facilities remains a challenge due to lack of security services, resulting in revenue loss.

### **3.3.3 SPORT FACILITIES**

King Sabata Dalindyebo Local Municipality has the responsibility to provide Sport and Recreational Facilities for the benefits KSD Municipality Communities. As part of Integrated Development Plan and the Service Delivery Budget and Implementation Plan, provision of facility management services and commercialization of sport and recreation facilities is a key deliverable.

The maintenance of Sport Facilities has been done successfully in terms of the maintenance plan and the tariffs have been implemented to collect revenue in sport facilities.

### **Challenges**

- Not all facilities are generating revenue as most of them are currently used by communities at ward level.
- Vandalism and theft in municipal sport facilities remains a challenge due to lack of security services, however the

### **3.3.4 PARKS AND AMENITIES**

Parks and Amenities Unit is responsible for Beautification of Parks and Amenities through greening and cleaning, Grass Cutting, Litter Picking, Tree Trimming, Maintenance of Islands and Public open spaces. The municipality has 4 Parks that are existing, and the maintenance has been done in line with the maintenance plan.

### **Challenges**

Vandalism and theft in Parks & Amenities is evident due to lack of security services, however a plan is in place to guard Parks division Unit.

## **3.4 PUBLIC SAFETY & TRAFFIC MANAGEMENT**

Public Safety & Traffic Management is comprised of Protection Services Division which has (Traffic Services Section, Road Safety Unit, Licensing Section which comprises of Motor Vehicle Licensing Authority, a Drivers Licensing Testing Center and a Vehicle Testing Station, Bylaw Enforcement Section, Admin Section, Support Services, Fire Services & Emergencies and Disaster Management. The department has established a Community Safety section. This section is not on the organogram and all efforts will be made to include it on the coming organogram reviewal, since it is key that we include Community Safety to the institution's organogram in order to have the section of community safety resourced.

The purpose is to provide community safety by protecting life, and property, crime prevention, road safety and environment within KSD Municipality jurisdiction and OR Tambo Region from all harmful consequences of fire and disaster.



### 3.4.1 DEPARTMENTAL OVERVIEW/PROJECTS/STRATEGIES- Per SECTION

#### 3.4.1.1 FIRE SERVICES

During the period under review KSD Fire and Emergency Service received and attended to 383 emergency calls and they were all successfully attended to and there were no fatalities, they are as follows:

<b>House Fires</b>	<b>113</b>
<b>Grass Fires/Tyres/Rubbish:</b>	<b>125</b>
<b>Car Fires</b>	<b>14</b>
<b>Electrical Fires</b>	<b>24</b>
<b>Motor Vehicle Accidents</b>	<b>32</b>
<b>Special Service</b>	<b>13</b>
<b>Awareness Conducted</b>	<b>18</b>

#### Flammable Permits

The division further conducted inspections and an amount of R 367 452,96 was collected from flammable permits and fire compliance certificates in this financial year. As much as the collection doubled in the year under review, we can still do more. A team has been identified who are responsible for the inspection on businesses in the precinct.

Flammable Permits Issued	78
Compliance Permits	398
<b>TOTAL</b>	<b>476</b>

#### Fire Hydrants Maintained

There are 322 fire hydrants that were checked and maintained in the CBD and surrounding areas.

#### 3.4.1.2. DISASTER RISK MANAGEMENT

##### Disaster Risk Forum Meetings

The KSD precinct is an area prone for disasters. We had several disasters during the year under review. We had several engagements with the Department of Human Settlements, the Provincial and National Cogta and National Department of Human Settlements. We had a visit from the Parliamentary Portfolio Committee on Disasters and several meetings were conducted between OR Tambo Municipality, Cogta and KSLDM in order to get funding for disaster victims.

One must say there is a back log on the provisioning of housing to the victims of disaster. Whilst plans are made to assist disaster victims, you will experience another disaster, hence the back log on disasters.

This is a district function; hence we do not have budget to fund the disaster relief for disaster victims. KSD only play a coordination role as far as disasters are concerned.

### **3.4.1.3. ROAD SAFETY**

The main focus was to make sure that the road users travel safely on the roads and 123 awareness campaigns were conducted.

Awareness campaigns in schools, clinics and garages	107
Conducted inspection and road signage's audits	12
Conduct Arrive Alive Campaigns during Peak Seasons/Periods	16
Removed cows from the road within the CBD area	77

### **3.4.1.4. TRAFFIC SERVICES**

#### **3.4.1.4.1 Number of Tickets fines issued**

There were 7655 tickets issued for various offences and is broken-down as follows:

- 5346 Section 341 tickets and;
- 2309 Section 56 tickets
- A total number of traffic tickets captured is in excess of 11 0000, which include traffic fines from previous financial years. Data capturers were allocated to the Support office to address the past Auditor General queries.

We managed to issue more tickets for traffic violations because of the extra 20 qualified traffic officers that were recruited under the EPWP project in April 2022.

#### **3.4.1.4.2 Number of manned Traffic Intersections**

23 intersections were manned by means of Traffic control every morning and in the afternoon:-

#### **3.4.1.4.3 Traffic escorts**

There were 76 escorts for Funerals, Marches by different organizations and churches Gender based violence and Fun Run etc.

#### **3.4.1.4.4 Accident(s)**

There were 82 accidents reported accidents with at least fatalities.

#### **3.4.1.4.5 Joint Operation(s)**

There were 27 Joint Operations between KSD Traffic Dep, Provincial Traffic, & SAPS held for various purposes e.g. drunk and driving, unroadworthy vehicles.

#### 4. LICENSING SECTION

##### 4.1 MOTOR VEHICLE REGISTRATION AUTHORITY- MVRA

This section received 102 851 applications and captured them in the system (eNatis System) for vehicle renewals and issuing of licenses.

Registered & received	91802
Renewals	82168
Deregistration	676
Duplication	424
TSP	101
Searches	329
PLN	65
MTN	06
SLN	108

Total Amount of Revenue Collected

Department of Transport	= R 40 821 977,65
Road Traffic Management Center	= R 2 451 344,02
MVRA KSD Municipality	= R 10 986 878,58
<b>TOTAL</b>	<b>= R 54 260 200,23</b>

##### 4.2 DRIVING LICENCE TESTING CENTRE

During the year under review renewal of driving licences, application for professional driving permit, testing for learners and driving licences were reported as follows:

###### Learners Licences

Learner's license passed and issued.	3037
Applications for learner's licenses failed.	980
Absentees	135
Duplicates for learner's licenses issued.	331

###### Driving licenses transactions were captured as follows:

Passed and issued with driving licenses.	3 199
Failed applications for driver's licenses	637
Absentee applications	352
Applications received for renewal of driving licenses	22 624
Professional driving permit (Prdp)	1 972
Temporal Drivers' Licenses issued.	8 024

###### 4.2.1 DLTC Revenue Generation

Total Monies Collected	= R <b>3 656 616.00</b> and the breakdown is as follows:
DLCA	= R 813 068.00

DLTC KSD Municipality = R 2 843 548.00

Since August 2021, the KSD DLTC changed to an electronic system for the testing of learner's licenses. There are ten computers installed at the center. We use to test eighteen candidates per session in the past, but because of the new electronic system, we only can only test eight nine candidates. More candidates are failing the learner's driver test since the installation of the new system. A second DLTC is being built in Mqanduli. This construction of this building is funded by the office of the Premier. We anticipate the construction to be building to be finalised by March/April 2023.

Two examiners were sent for grade A examiners certificate

#### **4.3. VEHICLE TESTING STATION**

The KSD vehicle testing station was reopened after a period of closure. The station was opened in July 2021. There is competition out there with two private testing stations in our space. This center has not collected much revenue since it's reopening. There is a shortage of manpower at the centre. The calibration of the machinery is very costly, and as such basically half of the revenue collected are paid to the service provider responsible to calibration.

#### **5. LAW ENFORCEMENT**

Thirty (30) officers undergone the Peace Officers Training course during October 2021. The working hours has changed from 06:00 to 18:00, because of operational requirements.

The Law Enforcement section has recruited ten law enforcement officers to assist with illegal dumping and to assist with monitoring stray animals.

A new rank structure and insignia for Law Enforcement Officers, Traffic and Access Control Officers were approved by the Municipal Council.

The post for Chief, Protection Services has been filled on 1 November 2021. A new color uniform for Law Enforcement was approved by Council to differentiate between SAPS and our own officials.

#### **6. ACCESS CONTROL**

Safety guarding Municipal Properties and installations

This section is responsible for the safeguarding of municipal assets. This section is severely hampered by shortage of personnel. The other challenge is the capacity challenges like training courses etc.

We have 73 permanent Access Control Officers and 41 General workers who are performing Access control duties in Mthatha and 35 permanent staff and 4 General workers who perform Access Control duties in Mqanduli. There are 42 (forty-two) sites for KSD Municipality 24 sites in Mthatha are guarded and 5 in Mqanduli the rests of the sites are patrolled.

Three private security companies are appointed to address the shortage of personnel. The private security companies are responsible for guarding the below-mentioned sites:

1. WSU substation
2. Hillcrest substation
3. Sidwadwa substation
4. Thornhill substation
5. Mthatha Stadium
6. VTS
7. Parks and Garden
8. Coffee Bay recycling site
9. Electricity depot
10. Solid waste landfill site
11. Driving License Testing Center
12. Rotary Stadium
13. Fleet Stores
14. Road's infrastructure section
15. Cleansing
16. Mbuqe Graveyard
17. Pound Yard Mqanduli
18. Mqanduli Landfill

The CCTV control room was established in Munitata and following workstations CCTV cameras were installed, Roads, Fleet store, Rates Hall, and Munitata entrance offices.

6.4. ANNUAL PERFORMANCE REPORT

1. Technical Services APR 2021/2022

KEY PERFORMANCE AREA							BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			
IDP OBJECTIVE : To provide Basic Service Delivery in a Sustainable manner by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Provision and maintenance of roads and stormwater infrastructural services within KSD	3.3.1.1	No. of surfaced streets repaired and maintained	Maintenance & repairing of surfaced roads	120 Streets	160 surfaced streets repaired and maintained within KSD LM by June 2022	<b>ACHIEVED</b> 162 surfaced streets repaired and maintained within KSD LM by June 2022	+2 surfaced streets repaired and maintained within KSD LM by June 2022	Addition of CWP employees increased manpower capacity.	N/A	Monthly Reports/ Assessment report maintenance plan Job Cards
	3.3.1.3	No. of Km of Gravel roads repaired and maintained	Maintenance & repairing of gravel roads	800 km	1000km of gravel roads repaired and maintained within KSD LM by June 2022	<b>ACHIEVED</b> 1038.4km of gravel roads repaired and maintained within KSD LM by June 2022	+38.4km of gravel roads repaired and maintained within KSD LM by June 2022	Disaster by heavy flood in this financial year resulted to more roads being repaired.	N/A	
	3.3.1.4	No. of Km of roads constructed	Roads construction	100 km	105 km of roads constructed within KSD LM by June 2022.	<b>ACHIEVED</b> 105km of roads constructed within KSD LM by June 2022	N/A	N/A	N/A	Appointment letters Progress reports Practical Completion Certificate, Implementation Plan
	3.3.1.6	No. of bridges constructed	Bridge construction	5 bridges	Construction of 2 bridges, one at Blekana and one at Baziya	<b>NOT ACHIEVED</b> 1 Bridge constructed	1 Bridge on hold (Baziya bridge not completed)	Contractor terminated due to poor performance	New contractor will be appointed in 2022/23	Appointment letter, progress report, Practical

KEY PERFORMANCE AREA						BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT				
IDP OBJECTIVE : To provide Basic Service Delivery in a Sustainable manner by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
					villages by June 2022	(Blekana bridge Completed)			complete the bridge	Completion Certificate
	3.3.1.7	No. of Meters of Storm water infrastructure unblocked and maintained	Unblocking and Maintenance of stormwater infrastructure	90 000m	100 000m of Storm water infrastructure unblocked and maintained within KSD LM by June 2022.	<b>ACHIEVED</b> 137 755m of Storm water infrastructure unblocked and maintained within KSD LM by June 2022.	+37755m of Storm water infrastructure unblocked and maintained within KSD LM by June 2022.	Addition of CWP employees increased manpower capacity.	N/A	Monthly Reports/ Job Cards, implementation plan and assessment report
Provision of electricity infrastructural services within KSD	3.3.1.9	No. of Solar streetlights installed	Solar streetlights installation	45 highmast around Mthatha	30 Solar streetlights installed at Chatham, Harrow streets and cemeteries by June 2022.	<b>ACHIEVED</b> 39 solar streetlights installed by June 2022	+9.	Project contingencies were used to install additional Solar streetlights on the existing poles	N/A	Appointment letter, progress report, Practical Completion Certificate, Implementation Plan
	3.3.1.11	No. of switching station refurbished	Refurbishment of switching station	1 switching station.	1 switching station Refurbished at Mbuqe Extension by June 2022	<b>ACHIEVED</b> 1 switching station completed	N/A	N/A	N/A.	Appointment letter, progress report and practical completion certificate
	3.3.1.11/1	No of transformers installed	Installation of transformer	Nil	1 Transformer Bay installed at Thornhill Substation by June 2022	<b>NOT ACHIEVED</b> All the foundations constructed and a set of 3	Non-Installation of transformer bay	Delays in the payment of the Contractor and the supplier which led to the delay in the delivery of the material	Extend the project and reprogram it	Progress report and practical completion certificate

KEY PERFORMANCE AREA						BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT				
IDP OBJECTIVE : To provide Basic Service Delivery in a Sustainable manner by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						CTs has been installed.				
	3.3.1.12	No. of breakers replaced	Replacement of breakers	5 Breakers	5 Breakers Replaced at UNITRA substation by June 2022	<b>ACHIEVED</b> 5 breakers installed and commissioned at Unitra substation	N/A	N/A	N/A	Appointment letter, progress report and practical completion certificate
	3.3.1.13	No. of electrical faults restored	Restoration of faults	12000 electrical faults	10000 electrical faults restored by June 2022	<b>NOT ACHIEVED</b> 10464 electrical faults restored  2290 faults restored per area 8608 faults restored for individuals.	+464	Through the assistance of contractors we managed to do more.	N/A	Job cards and monthly call Centre reports
	3.3.1.14	No. of meters inspected	Inspection of meters	1200 meters	1200 meters inspected within KSD LM by June 2022.	<b>ACHIEVED</b> 2006 meters inspected	+806 meters inspected	Due to availability of vehicles, Metering Section inspected more meters	N/A	Job cards, reports and Implementation Plan
	3.3.1.15	No. of intersections of Traffic lights maintained	Maintenance of Traffic lights	29 intersections of traffic lights	29 intersections of traffic lights maintained in Mthatha by June 2022	<b>ACHIEVED</b> 29 intersections of traffic lights maintained	N/A	N/A	N/A	Job cards, Implementation Plan, Assessment report



KEY PERFORMANCE AREA						BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT				
IDP OBJECTIVE : To provide Basic Service Delivery in a Sustainable manner by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.1.16	No. of streetlights maintained	Streetlight maintenance	1000 streetlights	2000 streetlights maintained within KSD LM by June 2022	<b>ACHIEVED</b>  2104 streetlights maintained	+104 streetlights maintained	Due to use of contractors	Institution should make sure that budget for maintenance of electricity infrastructure is not cut off, instead it should be increased	Job Cards implementation plan assessment report
Provision and rehabilitation of community facilities	3.3.1.17	No. of Community Halls constructed	Construction of Community Halls	3 Community halls	2 Community Halls constructed by June 2022. (Northcrest & Silverton Community Halls)	<b>NOT ACHIEVED</b>  Northcrest community hall is complete, contractor for Silverton community hall appointed.	Silverton community hall not completed	Delays on appointment of contractor as there were disputes by the community of ward 1, where they wanted to change the location of the site to Ngangelizwe.	Contractor appointed already and the facility will form part of 2022/23 FY plan.	Advert, Appointment letters Progress reports Practical completion certificate, Implementation Plan
	3.3.1.19	No. of DLTC constructed	Construction of Driver's License Testing Centre	1 Drivers Licence Testing Centre	1 DLTC at Mqanduli constructed by June 2022.	<b>NOT ACHIEVED</b>  Mqanduli DLTC is under construction	N/A	The Annual Target was not adjusted accordingly since the project started October 2021 is supposed to be completed in the next financial year.	The facility forms part of 2022/2023 FY. The project is to be completed by 3 <sup>rd</sup> quarter.	Advert Appointment letter, progress report. Implementation Plan

KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE : To ensure Institutional Transformation and Organisational Development by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Co-ordination of employee performance for smooth running of operations and uninterrupted service delivery	3.3.4.6	No of Departmental Management staff with signed performance agreements	Conclusion of performance Agreements	Signed Performance Agreements, Performance management Policy	1 GM and 3 Managers on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> 1 GM and 3 Managers Performance Agreements concluded by September 2021	N/A	N/A	N/A	Memos Performance Agreements. Departmental minutes Operational plans
	3.3.4.7	No of employees below Managers on PMS (T15-T8)	Cascading of Performance Management System	NIL	37 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b> 29 Employees below managers Performance Agreements concluded by September 2021.	-8 employees below managers Performance Agreements not conducted	PMS workshop for 8 employees below managers conducted in mid-June 2022	Will ensure that all Performance Agreements are conducted in FY 2022/2023	Memos Signed Performance/ Accountable Agreements Sectional minutes Operational plans
	3.3.4.8	Reviews of employees on performance agreements conducted	Performance Management Assessment and reviews	NIL	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b> Assessment for GM and 3 Managers conducted	-37	We could not manage to conclude 8 performance agreement and 29 were also not assessed	To ensure all employees in the next financial year conclude the Performance Agreement and quarterly reviews.	Circulars Memos Performance, assessment schedule Performance reports; and Performance Assessments reports.

## 2. Human Settlements APR 2021/2022

KEY PERFORMANCE AREA							BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			
IDP OBJECTIVE : To promote integrated sustainable human settlements by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Housing Construction	3.3.1.20	No. of houses constructed at 1.Maydene Farm ext.71 2.New Brighton 131 3. Kei Rail 537 (200) 4.New Payne 300 (74) 5. New Payne 200 (51) 6. Ntshabeni 200 (27) 7. Willow 200 (58) 8. Zidindi 300 (105) 9. Mahlungulu 350 (260)	Construction of housing units at 1.Maydene Farm ext.71 2.New Brighton 131 3. Kei Rail 537 (200) 4.New Payne 300 (74) 5. New Payne 200 (51) 6. Ntshabeni 200 (27) 7. Willow 200 (58) 8. Zidindi 300 (105) 9. Mahlungulu 350 (260)	1317 sites serviced at Maydene Farm Ext. 71  1. 414 houses constructed at Maydene Farm Ext. 71 2. 131 sites serviced at New Brighton 3. 537 sites serviced at Kei Rail 4. 226 houses constructed at New Payne 300 5. 149 houses constructed at New Payne 200 6. 173 houses constructed at Ntshabeni 200 7. 142 houses constructed at Willow 200 8. 195 houses constructed at Zidindi 300	456 houses constructed by June 2022 at  1.Maydene Farm ext. 71 2.New Brighton 131 3. Kei Rail 537 (200) 4.New Payne 300 (74) 5. New Payne 200 (51) 6. Ntshabeni 200 (27) 7. Willow 200 (58) 8. Zidindi 300 (105) 9. Mahlungulu 350 (260)	<b>NOT ACHIEVED</b> 51 houses completed by June 2022  - 198 houses on foundation stage; - 99 Wall Plate stage - 45 Roof & Electrical  4 housing projects have obtained NHBRC registration - Zidindi 300 (01 Feb 2022), Willow 200 (24 Dec 21) Ntshabeni 200 (4 Feb 2022) and New Payne 300 (24 Dec 2021)	-405 houses not completed	Slow performance by contractor appointed for Maydene Farm project. Dispute regarding quantum subsidy allocation  NHBRC certificate registration has caused delay in the implementation of various housing projects	Application for revision of subsidy quantum submitted to Department of Human Settlements in April 2022	Payment Certificates  Final Unit Report  Hand over certificates

KEY PERFORMANCE AREA							BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			
IDP OBJECTIVE : To promote integrated sustainable human settlements by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
				9. 90 houses constructed at Mahlangu 350						
KEY PERFORMANCE AREA							BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			
IDP OBJECTIVE : To promote integrated sustainable human settlements by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Housing Strategy Preparation	3.3.1.32	% Completion of the housing sector plan project	Preparation of the KSD Housing Sector Plan	2011-2016 Housing Sector Plan	100% completion of Housing Sector Plan Project by June 2022	<b>ACHIEVED</b> 100% of Housing Sector Plan Project competed	Nil	N/A	N/A	Progress report Situational analysis report Strategies & synthesis report H/S strategy report Integration & implementation framework Adopted Housing Sector Plan
Housing Construction	3.3.1.33	No of Housing Forum Meetings held	Sitting of Housing Forum Meetings	2 Housing Forum Meetings held in 2020/2021	4 Housing Forum meetings held by June 2022	<b>ACHIEVED</b> 4 sittings of housing forum meeting held	Nil	N/A	N/A	Attendance register Minutes of the meetings

KEY PERFORMANCE AREA							BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			
IDP OBJECTIVE : To promote integrated sustainable human settlements by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						Meeting held on 23/09/21.  (ii) Meeting held on 24/02/22  (iii) Meeting held on 02/05/22.  (iv) Last meeting held on 24 June 2022				

KEY PERFORMANCE AREA							BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			
IDP OBJECTIVE : To comply with legislative policies & frameworks for controlled development by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Spatial Planning	3.3.1.34	% Completion of the Coffee Bay Town Approval by Municipal Planning Tribunal	Coffee Bay Town Approval	Coffee Bay Rural Settlement	100% completion of the Coffee Bay Town Approval by Municipal Planning Tribunal by June 2022	<b>ACHIEVED</b> 100% of the Coffee Bay Town Approval by Municipal Planning Tribunal completed	Nil	N/A	N/A	Approval from Municipal Planning Tribunal (MPT)

KEY PERFORMANCE AREA							BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT			
IDP OBJECTIVE : To comply with legislative policies & frameworks for controlled development by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.1.35	% Completion on preparation of Ncambedlana Local Spatial Development Framework	Preparation of the Ncambedlana Local Spatial Development Framework	Approved SDF of 2013	100% completion on preparation of Ncambedlana LSDF by June 2022	<b>ACHIEVED</b> 100% on preparation of Ncambedlana LSDF completed	Nil	N/A	N/A	▪ Draft LSDF report
	3.3.1.36	% Completion on preparation of Qunu Local Spatial Development Framework	Preparation of the Qunu Local Spatial Development Framework	Approved SDF of 2013	100% completion of Qunu LSDF by June 2022	<b>ACHIEVED</b> 100% of Qunu LSDF completed	Nil	N/A	N/A	▪ Draft LSDF report
Land Use Management Scheme	3.3.1.37	% completion on Land Use Management Scheme	Preparation of the KSDM Land Use Management Scheme	Outdated Planning Schemes 1981 & 1989	100% completion on Land Use Management Scheme by June 2022	<b>ACHIEVED</b> 100% of Land Use Management Scheme completed	Nil	N/A	N/A	▪ Notice of public participation  Council resolution
Spatial Planning	3.3.1.38	% completion of KSD Land Audit report	Preparation of KSD Land Audit report	Nil	50% completion of KSD Land Audit report by June 2022	<b>NOT ACHIEVED</b> 25% of KSD Land Audit report completed	No situational analysis	Late procurement of consultant	The project will be fast tracked and completed with 6 months of the next financial year.	▪ Inception report  Situational analysis report

KEY PERFORMANCE AREA							FINANCIAL VIABILITY & MANAGEMENT			
IDP OBJECTIVE : To promote & enhance financial viability & as well as implement sound financial management by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Property Management	3.3.3. 17	No. of title deeds issued	Transfer of Council Properties	4245 title deeds issued	140 title deeds issued by June 2022	<b>ACHIEVED</b> 160 Title deeds issued	+20	Over performance due to new Southridge park transfers that were not part of the plan	N/A	Copies of transferred title deeds
Building Control	3.3.3. 18	% Completion of processed building plans	Processing of Building Plans	114 Approved building plans in 2020/2021	99% of all received Building plans processed by June 2022	<b>ACHIEVED</b> 99% of all received building plans processed	Nil	N/A	N/A	Building Plan Register
	3.3.3. 19	% Completion of the building management By- law	Preparation of the Building Management By Law	National Building Regulations	100% completion of the building management By Law by June 2022	<b>ACHIEVED</b> 100% of the building management By Law by completed	Nil	N/A	N/A	Press notice advertising the Building Management By- law
Outdoor Advertising Management	3.3.3. 22	% Completion of Outdoor Advertising Management By-Law	Preparation of the Outdoor Advertising Management By- Law	New	100% completion of the Outdoor Advertising Management By-Law by June 2022	<b>ACHIEVED</b> 100% of the Outdoor Advertising Management By-completed. By law gazetted.	Nil	N/A	N/A	Press notice advertising the Outdoor advertising management By- law

KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT & TRANSFORMATION				
IDP OBJECTIVE : To ensure institutional transformation and organizational development by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Co-ordination of employee performance for smooth running of operations and uninterrupted service delivery	3.3.4.6	No of Departmental Management staff with signed performance agreements	Conclusion of performance Agreements	Signed Performance Agreements, Performance management Policy	1 GM and 1 Manager on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> Performance agreements of General Manager and 1 manager on PMS concluded	Nil	N/A	N/A	Memos, Performance Agreements. Departmental minutes Operational plans
	3.3.4.7	No of employees below Managers on PMS (T15-T8)	Cascading of Performance Management System	NIL	10 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> Performance Agreements of 10 employees below managers concluded	Nil	N/A	N/A	Memos, Signed Performance / Accountable Agreements, Sectional minutes, and Operational plans
	3.3.4.8	Reviews of employees on performance agreements conducted	Performance Management Assessment and reviews	NIL	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b> Performance assessments and reviews of employees concluded	No assessment for employees below T15 to 8	Capacity issues since the concept is new.	We will ensure that in the next financial year the assessments are done to all levels.	Circulars, Memos, Performance assessment schedule, Performance reports; and Performance Assessments reports
Geographic Information System Management	<b>3.3.4. 27</b>	% completion on Geographic Information System Management	Creation of the KSD Institutional Geodatabase	New	100 % completion on creation of the KSD Institutional Geo database by June 2022	<b>ACHIEVED</b> 100 % on creation of the KSD Institutional Geo database by completed	Nil	N/A	N/A	Uploading report



## LEGEND

No.	Project Name	Target % and Description			
		25%	50%	75%	100%
1	Preparation of the Housing Sector Plan	Situational Analysis Report prepared	Strategies report prepared	Draft Housing Sector Plan Completed	Adopted Housing Sector Plan
2	Completion of Coffee Bay Town Approval by Municipal Planning Tribunal	Public Participation engagement	Advertisement of public participation for land rights owners' resolutions.	Submission of Coffee Bay Town application to Municipal Planning Tribunal.	Approval letter of Coffee Bay Town by Municipal Planning Tribunal
	Processing of Building Plans	<p>Processed building plan refers to the building plans that have gone through the approval cycle. This means that the building plans will be deemed processed once they have completed the cycle of receipt, circulation and a decision given (whether positive or negative).</p> <p>All the movement through the production cycle are noted in the building plans register which will be used as proof of the complete cycle.</p>			
3	Preparation of the Outdoor Advertising Policy	Draft By-law in place	Draft By-law adopted by Council	Outdoor advertising Bylaw advertised for comments	Bylaw adopted and Gazetted
4	Preparation of the Building Management By law	Draft By-law in place	Draft By-law adopted by Council	Building Management Bylaw advertised for comments	Bylaw adopted and Gazetted
5	Preparation of the KSDM Land Use Management Scheme	Draft Land Use Management Report completed	Press Notice advertising the draft Land Use Management Scheme	Final Draft Land use management completed.	Approval of final land use management scheme by Council
6	Preparation of the Ncambedlana Local Spatial Development Framework	Situational Analysis Report prepared	Strategies report prepared	Draft Ncambedlana Local Spatial Development Framework Completed	Press Notice Advertising the Ncambedlana LSDF
7	Preparation of Qunu Local Spatial Development Framework	Situational Analysis Report prepared	Strategies report prepared	Draft Qunu Local Spatial Development Framework Completed	Press Notice Advertising the Qunu LSDF
8	Creation of the KSD Institutional Geodatabase	Geodatabase design	Data collection report prepared	Data collection report prepared	Data collection report prepared
9.	Preparation of KSD Land Audit Report	Inception report completed	Situational analysis report prepared	Draft KSD Land Audit Report completed	Final KSD Land Audit Report completed

### 3. Community Services APR 2021/2022

KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT										
IDP OBJECTIVE: TO PROVIDE EFFECTIVE AND EFFICIENT WASTE MANAGEMENT SERVICE IN A SUSTAINABLE MANNER BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Increase access to refuse removal'	3.3.1.46	No of streets with refuse removed in billed household once per week	Refuse Removal	Currently refuse removal is collected in 537 streets in billed households once per week	Refuse removed in 537 streets in billed households once per week by June 2022.	<b>NOT ACHIEVED, Refuse removed in 537 streets in billed households for 40 weeks</b>	<b>12 weeks refuse removal was not done in 537</b>	Refuse collection services was interrupted in townships and suburbs due to down time in repairs and non-registration of trucks.	Joined meetings with BTO to ensure that the down time repairs of trucks is improved in the next financial year.  <b>The use of SMME's and Corporative was used.</b>	Approved refuse removal weekly schedule, Monthly reports, Job Cards Truck Tracking System weekly reports, Map of Billable households
	3.3.1.47	No of refuse removal points cleared in peri urban areas	Clearing of refuse removal points in Peri-urban areas	22 refuse removal points cleared once per week in peri urban areas.	22 refuse removal points within KSDLM cleared once per week by June 2022	<b>NOT ACHIEVED, 22 refuse removal points were not cleared once per week.</b>	Not all job cards were submitted	Refuse collection services was interrupted in townships and suburbs due to downtown time in repairs and non-registration of trucks.	The beck lock was cleared using cooperative.	Job Cards, Signed Schedule for refuse collection, Monthly reports, and Pictures of refuse removal points. Truck Tracking System weekly reports

KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT										
IDP OBJECTIVE: TO PROVIDE EFFECTIVE AND EFFICIENT WASTE MANAGEMENT SERVICE IN A SUSTAINABLE MANNER BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Facilitate establishment of new landfill site.	3.3.1.48	No. of meetings facilitated for establishment and operation of Qweqwe Landfill Site	EC – KSD Waste Disposal Site	4 meetings facilitated in 2021	4 meetings for establishment and operation of Qweqwe Landfill Site facilitated by June 2022	<b>ACHIEVED</b> , 4 meetings for establishment and operation of Qweqwe Landfill Site facilitated 23/06/2022, 17/06/2022, 26/10/2021, 05/04/2022	N/A	N/A	N/A	Attendance registers, Minutes of Meetings
Clearing of illegal dumps	3.3.1.49	No of Illegal Dump hotspot cleared	Clearing of Illegal Dumps	Currently 14 illegal dumps hot spot	14 illegal dumps hot spot cleared in KSD LM by June 2022	<b>NOT ACHIEVED</b> , 10 illegal dumps hot spot were cleared.	-4	Poor management of job cards.	To ensure that in the next financial year we improve in the management of job cars and clear all illegal dumps hot spot as per the schedule.	Monthly report, Job Cards, Pictures on file Truck Tracking System weekly reports
Ensure correct reporting to South African Waste Information System (SAWIS)	3.3.1.50	No of reports correctly captured on South African Waste Information System	Waste Information Management System	12 Waste Information reports captured in SAWIS	12 Waste Information reports correctly captured on SAWIS by June 2022	<b>ACHIEVED</b> , 12 Waste Information reports correctly captured on SAWIS	N/A	N/A	N/A	South African Waste Information System reports captured.

KEY PERFORMANCE AREA: BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT										
IDP OBJECTIVE: TO PROVIDE EFFECTIVE AND EFFICIENT WASTE MANAGEMENT SERVICE IN A SUSTAINABLE MANNER BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
										Proof of Verified reports Validation report

KEY PERFORMANCE AREA		BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT: COMMUNITY SERVICES								
IDP OBJECTIVE :		TO PROVIDE CLEAN, SAFE AND COMMUNITY FRIENDLY PUBLIC PARKS AND AMENITIES IN A SUSTAINABLE MANNER BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Beautification and maintenance of Parks & Beaches	3.3.1.51	No. of Parks beautified and maintained	Cleaning & Greening of Open Spaces	2 Parks beautified (Queens and Mqanduli)	4 Parks beautified and maintained by June 2022	<b>ACHIEVED</b> , 4 Parks beautified and maintained. City gardens, queens park, Mqanduli Park and Myezo Park	N/A	N/A	N/A	Monthly reports signed off. Job Cards Maintenance Plan Pictures
	3.3.1.52	No. of Beaches cleaned	Cleaning of Beaches	2 Beaches are cleaned through EC-Working for the Coast Project funded by DEFF	4 Beaches cleaned by June 2022 (2 Coffee Bay and 2 Hole in the Wall)	<b>NOT ACHIEVED</b> , 2 Beaches cleaned (1 Coffee Bay and 1 Hole in the Wall)	-2	No implementation plan and schedule that shows the four beaches	To develop the implementation plan which tally with 4 beaches as per the target.	Timesheets Implementation Plan Monthly Reports
Facilitate Facility Management of Municipal	3.3.1.53	Signed Facility management contract	Facility Management Services	No facility management	2 facilities with facility management contracts for	<b>NOT ACHIEVED</b> Nil	No contracts for facility management	Tenders were not responsive for management	The target has been reviewed and transferred	Service Level Agreement, Minutes of Project

KEY PERFORMANCE AREA		BASIC SERVICE DELIVERY & INFRASTRUCTURE DEVELOPMENT: COMMUNITY SERVICES								
IDP OBJECTIVE :		TO PROVIDE CLEAN, SAFE AND COMMUNITY FRIENDLY PUBLIC PARKS AND AMENITIES IN A SUSTAINABLE MANNER BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Sport Facilities					sport facilities by June 2022 (Mthatha & Rotary Stadium)			t and commercialization of sports facilities.	to 2022/2023 Financial Year.	Steering Committee, Monthly Reports Attendance register
Maintenance and management of Cemeteries	3.3.1.54	No. of Cemeteries maintained	Maintenance of Cemeteries	3 Cemeteries are maintained and managed	3 Cemeteries maintained and managed in KSDLM by June 2022	<b>NOT ACHIEVED, 1 cemetery (Mbuqe) was maintained quarterly, whilst 2 Cemeteries (Mqanduli and Northcrest) were only maintained once.</b>	-2 cemeteries not properly maintained.	Not following the maintenance plan	To strictly implement the maintenance and management plan	Monthly Report Maintenance and Management Plan Pictures Job Cards

KEY PERFORMANCE AREA		FINANCIAL VIABILITY								
IDP OBJECTIVE		TO PROMOTE AND ENHANCE FINANCIAL VIABILITY AND AS WELL AS IMPLEMENT SOUND FINANCIAL MANAGEMENT BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Improve efficiencies in management of financial resources	3.3.3.11	Improved accurate billing for refuse removal	Billing for refuse removal	162 business accounts or contracts for commercial refuse collection are	Facilitate accurate Billing for refuse removal by June 2022	<b>ACHIEVED,</b> Facilitate accurate Billing for refuse removal	N/A	N/A	N/A	Monthly reconciliations Data cleansing report

KEY PERFORMANCE AREA		FINANCIAL VIABILITY								
IDP OBJECTIVE		TO PROMOTE AND ENHANCE FINANCIAL VIABILITY AND AS WELL AS IMPLEMENT SOUND FINANCIAL MANAGEMENT BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
				billed (94 business accounts for trolley bins and 68 business accounts for skip bins)						
Implement revenue recovery Plan	3.3.3.12	No of new contracts signed for commercial refuse removal	Revenue Enhancement	78 signed commercial refuse removal contracts	28 signed new contracts for commercial refuse removal within KSDLM by June 2022	<b>NOT ACHIEVED</b> , 26 signed new contracts for commercial refuse removal within KSDLM	-2 signed new contracts	Not all commercial businesses signed the contracts.	To ensure that all businesses sign the contracts	Signed new Contracts.
	3.3.3.13	Rand value of revenue generated from commercial refuse removal and disposal	Revenue enhancement	R 136 000 collected at the landfill sites effective from February 2020	2 000 000 Revenue collected from commercial refuse removal and disposal by June 2022	<b>NOT ACHIEVED</b> R956 124.50 collected	-1 043 875.50	The target was too high and people still resist to dispose of the the and filled site.	Review the target in the next financial year and implementation of the by-laws.	Billing Statement, Tonnage collected, Monthly Reports

KEY PERFORMANCE AREA		INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION								
IDP OBJECTIVE :		TO ENSURE INSTITUTIONAL TRANSFORMATION AND ORGANIZATIONAL DEVELOPMENT BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Co-ordination of employee performance for smooth running of operations and uninterrupted service delivery	3.3.4.6	No of Departmental Management staff with signed performance agreements	Conclusion of performance Agreements	Signed Performance Agreements, Performance management Policy	1 GM on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> , 1 GM on PMS (Performance Agreements concluded)	N/A	N/A	N/A	Memos Performance Agreements. Departmental minutes Operational plans
	3.3.4.7	No of employees below Managers on PMS (T15-T8)	Cascading of Performance Management System	NIL	34 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b> , 32 Employees below managers on PMS (Performance Agreements concluded) by March 2022	-2 employees	2 employees did not sign the agreement	To ensure all employees sign then agreements in the next financial year.	Memos Signed Performance / Accountable Agreements Sectional minutes Operational plans
	3.3.4.8	Reviews of employees on performance agreements conducted	Performance Management Assessment and reviews	NIL	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b> , 1 Performance assessment and reviews of employees on performance agreements conducted	Performance assessment not conducted to all employees on performance agreements	Delays on the workshopping of employees on Performance Management System	The Target has been transferred to the next financial year 2022/2023	Circulars Memos Performance , assessment schedule Performance reports; and Performance Assessments reports.

KEY PERFORMANCE AREA		GOOD GOVERNANCE AND PUBLIC PARTICIPATION								
IDP OBJECTIVE :		TO PROVIDE EFFECTIVE AND EFFICIENT WASTE MANAGEMENT SERVICE IN A SUSTAINABLE MANNER BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Efficient rehabilitation and maintenance of waste infrastructure	3.3.5.40	No of external landfill site audits conducted	Mthatha, and Mqanduli Landfill site Environmental Audits	2 Environmental Audits that were conducted in 2020/2021 financial year	4 External Landfill site Audits facilitated by June 2022	<b>NOT ACHIEVED</b> Nil	2 External Landfill Site Audits conducted	Delays due to new procurement regulations	Fasttrack the process of procurement in the first quarter	4 external Landfill Sites Audit Reports on file Appointment letters Implementation Plan
	3.3.5.41	No. of land filed sites Maintained.	Maintenance of Mthatha & Mqanduli landfill sites	Maintenance Plan developed and implemented in 2020/2021 financial year	2 Landfill Sites (Mthatha & Mqanduli) maintained by June 2022	<b>ACHIEVED</b> 2 Landfill Sites (Mthatha & Mqanduli) maintained	N/A	N/A	N/A	Monthly reports signed off Job Cards. Maintenance Plan



#### 4. Strategic and Economic Development APR 2021/2022

KEY PERFORMANCE AREA						LOCAL ECONOMIC DEVELOPMENT				
IDP OBJECTIVE						TO PROMOTE LOCAL ECONOMIC DEVELOPMENT BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Agricultural Development	3.3.2.1	No. of a shearing shed set procured.	Wool Clip Commercialization	1 set of shearing sheds acquired	1 set of shearing equipment procured by June 2022	<b>ACHIEVED</b> 2 Meetings held 15 <sup>th</sup> Feb 2022.  Flock Competition held 12 <sup>th</sup> May 2022	+1	The wool growers association requested for support in the form of groceries for a Flock competition	N/A	Attendance register/ Minutes / Delivery notes
	3.3.2.2	No. of engagement held for Milling Plant and Feedlot	Milling Plant and Feedlot engagement	Quarterly engagement held	4 engagements were held for the milling plant and feedlot by June 2022	<b>ACHIEVED:</b> 6 meetings held 22 <sup>nd</sup> June; 19 <sup>th</sup> May; 1 <sup>st</sup> April ; 14 <sup>th</sup> Feb; 1 <sup>st</sup> Feb 2022 and 28 <sup>th</sup> Oct 2021, 25 <sup>th</sup> Aug 2021	+2	To closely monitor and assist with technical support as a result of issues encountered by RED Hub Management	N/A	Attendance registers/ Minutes of meetings
	3.3.2.3	No. of agricultural co-operatives supported with ploughing inputs	Maize and Crop production	Agricultural Cooperatives support was facilitated	3 Agricultural Cooperatives support with ploughing by June 2022	<b>ACHIEVED:</b> 3 coops supported with water tanks; Information Day on Maize Production & Farmers Meeting	N/A	N/A	N/A	Attendance register/ Minutes/ Delivery notes of equipment procured
SMME Development	3.3.2.4	No. of meetings held for the revitalization of Vulindlela	Vulindlela Industrial Park	Facilitated 4 meetings for Vulindlela Industrial Park	4 project support sessions held for Vulindlela	<b>ACHIEVED</b> 4 project sessions held	N/A	N/A	N/A	Attendance registers/ Minutes

KEY PERFORMANCE AREA						LOCAL ECONOMIC DEVELOPMENT				
IDP OBJECTIVE						TO PROMOTE LOCAL ECONOMIC DEVELOPMENT BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASURE SOURCE / POE
		Industrial Park			Industrial Park by June 2022					
	3.3.2.5	Emerging Contractors appointed	Contractor development program	Submission of CIDB guidelines submitted to MAYCO in 2020/2021	Appointment of emerging contractors by June 2022	<b>NOT ACHIEVED</b>	Target was not achieved	The success of the programme was dependent on Multiple stakeholders and that resulted in delays in the development of the specification.	Reviewal of the management plan for KSD contractor program and resubmission to council for the 2022/23 financial year Quarter 1.	Advert/appointment letter/attendance register and minutes
	3.3.2.5/1	No. of sessions for SANRAL support for emerging contractors facilitated		KSD is part of the stakeholder and technical sessions	2 sessions held for SANRAL support for emerging contractors facilitated by June 2022	<b>ACHIEVED</b> Meeting took place on the 6 <sup>th</sup> April 2022. Meeting held on the 11 <sup>th</sup> May 2022.	N/A	N/A	N/A	
	3.3.2.6	No. of Informal traders supported.	Informal Traders support	50 informal traders were supported through DSDB funding	50 Informal traders supported by June 2022	<b>ACHIEVED</b> SEDA & IBSP Funding made & Mthatha SMME for 59 informal traders supported with PPEs for the	N/A	N/A	N/A	List of beneficiaries supported / Proof of submissions

KEY PERFORMANCE AREA						LOCAL ECONOMIC DEVELOPMENT				
IDP OBJECTIVE						TO PROMOTE LOCAL ECONOMIC DEVELOPMENT BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						COVID-19 Pandemic 7 wards supported with sewing machines mediaSync Profiled businesses for DBSD to market township business.				
	3.3.2.7	No. of capacity building workshops facilitated for SMMEs/cooperatives	Capacity Building for SMMEs	Capacity Building provided for KSD SMMEs	2 Capacity building sessions were held: SMME's/cooperatives by June 2022	<b>ACHIEVED</b> There have been a number of interventions for capacity building pop up market for agro processing SMMEs. Entrepreneurship Partnership with SEDA and ORTDM; KSD Exhibitors competition held at KSD TVET College for 20 entrepreneurs (KSD Judging) and Dialogue held on the 19 October 2021.	<b>N/A</b>	N/A	N/A	Attendance registers/ Minutes

KEY PERFORMANCE AREA						LOCAL ECONOMIC DEVELOPMENT				
IDP OBJECTIVE						TO PROMOTE LOCAL ECONOMIC DEVELOPMENT BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						28 beneficiaries for workshop with IMDEP ON THE 2 <sup>ND</sup> June 2022.				
					1 Business breakfast to be facilitated by 2022	<b>ACHIEVED</b> 25 March 2022 the breakfast was held.	N/A	N/A	N/A	
					4 Business engagement held by June 2022	<b>ACHIEVED</b> 02 September 2021 15 December 2021 02 February 2022 04 March 2022 meetings were held.	N/A	N/A	N/A	Attendance registers Minutes
	3.3.2.8	No. of heritage/tourism supported	Tourism Development	KSD Tourism Month Activities were held: Cultural festival, awareness program, tourism day event, Tourism promotion event, and golf day.	3 Heritage and tourism events supported by June 2022 (Golf Day, Heritage Month, and Tourism Awareness)	<b>ACHIEVED</b> Procurement and orders were prepared in Q1 and Golf Day was held on the 23 <sup>rd</sup> October 2021. A meeting was held on the 13 <sup>th</sup> September 2021 to discuss the	N/A	N/A	N/A	Attendance registers, presentations, pictures, and delivery notes

KEY PERFORMANCE AREA						LOCAL ECONOMIC DEVELOPMENT				
IDP OBJECTIVE						TO PROMOTE LOCAL ECONOMIC DEVELOPMENT BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						functioning of Art Centres and on 18 Aug 2021 meeting with DBSA for transfer of Assets. 1 Horse racing event took place on the 27 <sup>th</sup> April 2022.				
	3.3.2.9	No. of artists and film producers supported.	Film producers support	Coordination of structures was done and support to 2 film producers done	2 Artists and film producers supported by June 2022	<b>ACHIEVED</b> 28 <sup>th</sup> -29 <sup>th</sup> September 2021 there was a film making workshop held by DSRAC. On the 19 <sup>th</sup> October 2021 a virtual meeting was held. Mthatha Film Festival was held on the 16 <sup>th</sup> December 2021. The municipality assisted with travel and accommodation for emerging film makers for	Nil	An opportunity for filming skill by the industry was done by DSRAC and a meeting initiated by sir Jet Novuka to prioritize and create employment.	N/A	Attendance register/pro of support

KEY PERFORMANCE AREA						LOCAL ECONOMIC DEVELOPMENT				
IDP OBJECTIVE						TO PROMOTE LOCAL ECONOMIC DEVELOPMENT BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						the Grahamstown National Arts Festival.				
Investment attractions	3.3.2.10	No of the Ocean Economy Sessions facilitated	Ocean Economy sessions	Conceptual document developed in 2019/2020	2 Oceans Economy sessions held by June 2022	<b>ACHIEVED</b> The municipality through its strategic planning session on the 18-20 May 2022 Mayo identified an opportunity for the Ocean's Economy Symposium. A meeting held on the 17th May 2022 to prepare for the KSD Symposium.	Nil	Support was requested for a handover from O.R Tambo DM	N/A	Attendance registers/minutes
LED governance	3.3.2.11	No. of LED Forums seated	LED Forums	4 LED Forums held	2 LED Forums held by June 2022.	<b>ACHIEVED</b> 1 meeting was held on the 22 <sup>nd</sup> September 2021. A departmental strategic planning session was	Nil	N/A	N/A	Attendance / Minutes

KEY PERFORMANCE AREA						LOCAL ECONOMIC DEVELOPMENT				
IDP OBJECTIVE						TO PROMOTE LOCAL ECONOMIC DEVELOPMENT BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						held 13 -14 April 2022.				
	3.3.2.1 2	No. of COVID 19 LED Support initiatives facilitated.	COVID-19 support	KSD Submitted requests for funding support through BIGM and SEDA	2 COVID-19 LED Support facilitated by June 2022  (Mobilisation of resources for economic recovery)	<b>ACHIEVED</b> 59 SMMEs BNB and 10 food businesses were assisted with PPEs. Draft Covid response strategy developed. draftSMME support pack for COVIOD 19 Developed through SALGA. 129 Businesses were assisted by beign given free business licenses in order to assist with COVID relief. 1 meeting held with BOSA Communicatio	<b>NIL</b>	SALGA donated PPEs in order to assist with COVID 19 pandemic	N/A	Attendance registers/ Minutes

KEY PERFORMANCE AREA						LOCAL ECONOMIC DEVELOPMENT				
IDP OBJECTIVE						TO PROMOTE LOCAL ECONOMIC DEVELOPMENT BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						ns on Coffee Bay Festival. 1 meeting held with informal traders association on 21 September 2021.				
Revenue collection	3.3.3.1 5	Revenue collected from businesses	Revenue Collection	KSD collected the revenue of R	R 400 000 revenue collection from businesses by June 2022	<b>NOT ACHIEVED</b>  Q1=R136 205.46 Q2=R69 735 Q3=R73 501.70 Q4 =R74 494  <b>TOTAL=R353 936.16</b>  <b>R377 729.04</b>	-R46 063.84  <b>R22 270.96</b>	Notices could not be served due to the Monomorium issued by department of small business	Businesses were served with notices, due to the lifting of the moratorium  In the 3 <sup>rd</sup> Quarter environmental health inspectors conducted a compliance check for businesses.	Receipts/ proof of payment



**IGR Planning and Research**

KEY PERFORMANCE AREA						GOOD GOVERNANCE & PUBLIC PARTICIPATION				
IDP OBJECTIVES						TO PROMOTE GOOD GOVERNANCE & CLEAN ADMINISTRATION BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
A sound coordinated and integrated approach to service delivery	3.3.5.1	No. of IGR Forums held	IGR forums and stakeholder meetings	4 IGR Forums sit per year and 3 stakeholder forums	4 IGR forums held by June 2022.	<b>ACHIEVED</b> IGR Forum held on the 17 August 2021 and 1 DDM One Plan Engagement held virtually on the 27 August 2021, weekly JOC meetings were held in Q1. Meeting was held with ward 24 and 16, on the 22 October 2021. Meeting held on the 13 October 2021.	+2	Q1 and Q2 was overachieved due to COVID 19 Rapid Response meetings. Q3 was overachieved due to the 100 days service delivery plan for new political engagement	N/A	Attendance registers/minutes
					3 stakeholder forums held by June 2022	<b>ACHIEVED</b> 15 September 2021 13 and 22 October 2021 17 February 2022 27 January 2022 26 April 2022	+2	Q1 and 2 overachieved due to Clean up campaign an engagement was needed to discuss projects with stakeholders	N/A	Attendance registers/minutes

KEY PERFORMANCE AREA						GOOD GOVERNANCE & PUBLIC PARTICIPATION				
IDP OBJECTIVES						TO PROMOTE GOOD GOVERNANCE & CLEAN ADMINISTRATION BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.5.2	No. of partnership agreements implemented for DUT, WSU, TVET, and EThekwini Metro Municipality	IGR Support	4 partnerships were implemented : WSU MOU, TVET MOU, DUT MOU, and SMSA MOU	4 partnership agreements implemented with DUT/WSU/TVET and EThekwini Metro Municipality by June 2022.	<b>NOT ACHIEVED</b>  Nil	-4	3/4 Partnership sessions were convened except for the eThekwini Metro MOU which didn't materialise resulting in the target not being achieved.	The target has been reviewed for 2022/2023.	Attendance registers / minutes / Progress reports
A sound coordinated and integrated approach to service delivery	3.3.5.4	Developed 5 years IDP (mSCOA) aligned	Integrated Development Plan	2019/20 IDP document	Developed 5-year IDP by June 2022	<b>ACHIEVED</b>  IDP was adopted on the 31 of MAY 2022	Yes	Q1 and Q2, there were deviations, due to local government elections there was no council and strategies and objectives could not be reviewed.	A memo was issued to HODs to draft objectives and strategies to be consolidated for IDP Steering committee on 10 <sup>th</sup> January 2022.	IDP Process Plan, notices, IDP document
	3.3.5.5	No. ward-based projects supported	Integrated Development Plan	36 wards were supported through Ward Based Budget	37 ward-based projects supported by June 2022	<b>NOT ACHIEVED</b>  34 Wards supported	-3	The ward 37 was included yet the establishment was not finalised and	Budgeted for in the next financial year.	Delivery notes  Attendance Registers

KEY PERFORMANCE AREA						GOOD GOVERNANCE & PUBLIC PARTICIPATION				
IDP OBJECTIVES						TO PROMOTE GOOD GOVERNANCE & CLEAN ADMINISTRATION BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
								no budget for it. The 2 could not be supported.	To ensure all wards are supported.	
A sound coordinated and integrated approach to service delivery	3.3.5.6	No. of facilitated activities for presidential intervention	Mixed-use development settlement patterns	KSD PI Annual Business Calendar	4 activities facilitated for Presidential intervention by June 2022	<b>NOT ACHIEVED</b>	-4	The projects were dormant due to the dissolving of the section	Remove the indicator in the next financial year.	Correspondences and concept document

**COMMUNICATIONS**

KEY PERFORMANCE AREA						GOOD GOVERNANCE & PUBLIC PARTICIPATION				
IDP OBJECTIVES						TO PROMOTE GOOD GOVERNANCE & CLEAN ADMINISTRATION BY JUNE 2022				
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
A sound coordinated and integrated approach to service delivery	3.3.5.3 8	No. of Communication Programs implemented	Communication program	Effective communication through implementation of Communication strategy and action plan	80 communication programs implemented by June 2022	<b>NOT ACHIEVED</b>	<b>Radio slots</b> Q4-Inadequate funds ,therefore only 1out of 4 radio slot were achieved Q3 over Achieved due to 100 days	The Section did not have adequate funds for more slots	Will ensure budget I adequate in next financial year	Letters from Radio stations Adverts  Face book updates

							<p>services delivery Q1 and 2-due to change of leadership only 1 out of 4 radio slots were achieved</p> <p><b>News paper advert /Media statements</b></p> <p>Q3 –additional media statements were held to address prolonged power outages</p> <p>Q1 and 2-over achieved in order to respond in accurate media updates</p> <p><b>Facebook updates</b></p> <p>Q3 over achieved due to 100 days program</p> <p>Q1 and 2 Over achieved due many programmes</p> <p><b>Media briefings</b></p>			
--	--	--	--	--	--	--	--	--	--	--

							Q1 and 2 Over achieved in order to correct in accurate statements			
	3.3.5.39	Developed Website		Website has not been upgraded	Website developed by June 2022	<b>NOT ACHIEVED Nil</b>	Not achieved due to Role conflict between ICT and Communications sections	Awaiting upgrading of Website by ICT	Meeting with ICT and communications to be facilitated by 15 Sept 22	Procurement process Website update

**SOCIAL SERVICES AND SPECIAL PROGRAMS UNIT**

KEY PERFORMANCE AREA				SPECIAL PROGRAMS UNIT AND SOCIAL SERVICES						
IDP OBJECTIVE				TO PROMOTE GOOD GOVERNANCE AND CLEAN ADMINISTRATION BY JUNE 2022						
IDP STRATEGY	KPI NO	KPI	PROJECT NAME	BASE LINE 2020/21	ANNUAL TARGET 2021/22	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE DOCUMENT
A sound coordinated and integrated approach to service delivery	3.3.5.26	No. of support programs for Children and Elderly Programmes implemented	Children and Elderly	8 programs supported for the Children and Elderly in 2020/2021	7 support programs for Children and Elderly by June 2022	<b>ACHIEVED</b> 13/08/2021 Assisted children and woman affected by fire at Grosvenor 02/08/2021 soup kitchen Happy feet day care 18/11/2012 Handing over of home-based kids to hospice and	N/A	N/A	N/A	Attendance register, Minutes and delivery note

KEY PERFORMANCE AREA				SPECIAL PROGERAMS UNIT AND SOCIAL SERVICES						
IDP OBJECTIVE				TO PROMOTE GOOD GOVERNANCE AND CLEANADMINISTRATION BY JUNE2022						
IDP STRATEGY	KPI NO	KPI	PROJECT NANME	BASE LINE 2020/21	ANNUAL TARGET 2021/22	ACTUAL PERFORMAN CE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASURE MENT SOURCE DOCUME NT
						faith and home 27/05/2021 06 December 2021 back to scholl concepts 02 February 2022 stakeholder consultative meeting				
	3.3.5.2 7	No. of KSD Disability programs supported	Disability program	Newly elected KSD Disability Federal Council in 2020/2021	2 Disability support programs are to be implemented by June 2022	<b>ACHIEVED</b> 27/01/2021 meeting 3/03/2021 recruitment drive 20/07/2022 meeting with federal structure of disability	N/A	N/A	N/A	Attendance registers, minutes, or report

KEY PERFORMANCE AREA				SPECIAL PROGERAMS UNIT AND SOCIAL SERVICES						
IDP OBJECTIVE				TO PROMOTE GOOD GOVERNANCE AND CLEANADMINISTRATION BY JUNE2022						
IDP STRATEGY	KPI NO	KPI	PROJECT NANME	BASE LINE 2020/21	ANNUAL TARGET 2021/22	ACTUAL PERFORMAN CE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASURE MENT SOURCE DOCUMENT
	3.3.5.2 8	No. of Youth developme nt programs implement ed	Youth Development	8 youth development programs implemented in 2020/2021	5 youth development al programs facilitated by June 2022	<p><b>ACHIEVED</b></p> <p>N/A</p> <p>Q1 youth ICT skills program was held On the 20<sup>th</sup> August</p> <p>Q3 750 pairs of shoes were delivered to vulnerable children</p> <p>1 Youth Dialogue held to debate on crime and drug abuse and addiction. Ms. KSD was held on 26<sup>th</sup> Feb 22 substance abuse campaign through beauty pageant at Rosedale community Hall in ward 13 Q4 mayors cup was achieved and Ms KSD</p>	N/A	N/A	N/A	Attendance registers, minutes,s or report

KEY PERFORMANCE AREA				SPECIAL PROGERAMS UNIT AND SOCIAL SERVICES						
IDP OBJECTIVE				TO PROMOTE GOOD GOVERNANCE AND CLEANADMINISTRATION BY JUNE2022						
IDP STRATEGY	KPI NO	KPI	PROJECT NANME	BASE LINE 2020/21	ANNUAL TARGET 2021/22	ACTUAL PERFORMAN CE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASURE MENT SOURCE DOCUM E NT
	3.3.5.2 9	No. of HIV/Aids programs implement ed	HIV/Aids	4 HIV/Aids programs implemented in 2021/2022	4 HIV/Aids Programs implemented by June 2022	<b>ACHIEVED</b> Q1 1 x HIV /Aids / STI and COVID Awareness campaign held Q2 World Aids Day held AND Antiretroviral Campaign Q3 1 Local Aids Council meeting for implementatio n HIV/Aids programs Q4 HIV/AIDS program held Woman Safe Space Awareness	NIL	N/A	N/A	Attendance registers and minutes



	3.3.5.3 0	No. of awareness campaigns for designated groups	SPU awareness Campaigns	10 Awareness campaigns done in 2020/2021	8 Awareness campaigns for designated groups implemented by June 2022	<b>ACHIEVED</b> Q1 -2 gender based and substance abuse campaigns held on the 30 <sup>th</sup> Aug 21 & 19 Aug 21  Q2 - -Substance Abuse and Teen Preg awareness campaign held on 9. Oct 21  -GBV Awareness Campaign 24 <sup>th</sup> Nov 21 -Motorcade against GBV 11 <sup>th</sup> Nov 21 -16 Days of activism Planning meeting 26 <sup>th</sup> Nov 21 Q3 1 consultative Gender meeting held on the 02 <sup>nd</sup> Feb 22 1 Condom week	Nil	N/A	N/A	Attendance registers and minutes
--	--------------	--	-------------------------	---	--	---	-----	-----	-----	----------------------------------

KEY PERFORMANCE AREA					SPECIAL PROGERAMS UNIT AND SOCIAL SERVICES					
IDP OBJECTIVE					TO PROMOTE GOOD GOVERNANCE AND CLEANADMINISTRATION BY JUNE2022					
IDP STRATEGY	KPI NO	KPI	PROJECT NANME	BASE LINE 2020/21	ANNUAL TARGET 2021/22	ACTUAL PERFORMAN CE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASURE MENT SOURCE DOCUME NT
						campaign held on the 08 <sup>th</sup> Feb 22 1 GBVF Awareness Campaign at ward 9 Maydene Farm on the 22 <sup>nd</sup> of March  Q4program held Woman Safe Space Awareness				

KEY PERFORMANCE AREA					INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION					
IDP OBJECTIVE					To ensure Institutional Transformation and Organisational Development by June 2022					
DP STRATEG Y	KPI NO.	KPI	PROJEC T NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORM ANCE 2021/2022	DEVIATIO N FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMEN T SOURCE / POE
Co- ordination of employee performanc e for ssmooththt running of operations and	3.3.4. 6	No of The department al Managem ent staff signed performanc e agreements	Conclusio n of performan ce Agreemen ts	Signed Performance Agreements, Performance management Policy	3 Managers on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b>  3 Managers Concluded Performanc e Agreement s	Nil	N/A	N/A	Memos  Performance Agreements. Departmental minutes Operational plans

KEY PERFORMANCE AREA							INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION			
IDP OBJECTIVE		To ensure Institutional Transformation and Organisational Development by June 2022								
DP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
uninterrupted service delivery	3.3.4.7	No of the employees below Managers on PMS (T15-T8)	Cascading of Performance Management System	NIL	15 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b> 9 employees completed performance agreements	-6 employees	Other staff where reluctant to sign as they felt they needed to be workshopped	This target will be address in next financial year by Sept 22	Memos Signed Performance/ Accountable Agreements Sectional minutes Operational plans
	3.3.4.8	Reviews of employees on performance agreements conducted	Performance Management Assessment and reviews	NIL	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b>	No assessments	There are no performance standards and methods or tools, method set for assessing.	Dept needs to be guided on the approach to assessing staff.	Circulars Memos Performance, assessment schedule Performance reports; and Performance Assessments reports.

## 5. Public Safety and Traffic Management APR 2021/2022

KEY PERFORMANCE AREA				BASIC SERVICE DELIVERY AND INFRASTRUTURE DEVELOPMENT						
				IDP OBJECTIVE: PROVIDE EFFECTIVE AND EFFICIENT FIRE AND DISASTER MANAGEMENT SERVICES BY JUNE 2022						
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANACE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
<b>Adhere to Fire Management Standards and Implement Disaster Management Plan</b>	3.3.1.61	No. of awareness campaigns conducted on fire safety	Fire Awareness Campaigns	10 Fire awareness campaigns conducted by June 2020.	10 fire awareness campaigns conducted in Schools and Communities by June 2022	<b>NOT ACHIEVED</b>  Nil	-10 Fire awareness	Poor filling system	Ensure monitoring of programmes . And records management.	Attendance register  Notice Report
	3.3.1.62	No. of days taken to scrutinize and recommend the business building plans submitted.	Scrutinization of business building plans	98 business building plans scrutinized and recommended	5 days taken for Scrutinization and recommendation of business building plans by June 2022	<b>NOT ACHIEVED</b>  151 Building plans were scrutinised and recommended not all within 5 days targeted period, due to returning them back,	Incomplete information submitted	Some plans submitted with incomplete information for recommendation and while attending to that timelines are affected.	To improve controls on submission and returning queries and introduced a tool that will track submission and resubmission.	Building Plan inspection sheet

KEY PERFORMANCE AREA				BASIC SERVICE DELIVERY AND INFRASTRUTURE DEVELOPMENT						
				IDP OBJECTIVE: PROVIDE EFFECTIVE AND EFFICIENT FIRE AND DISASTER MANAGEMENT SERVICES BY JUNE 2022						
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANACE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						between 7 to 10 days.				
	3.3.1.63	No. of businesses inspected, and flammable permits issued	Inspection and issuing of Flammable Permits	51 flammable permits issued by June 2020	60 businesses inspected and issued with flammable permits by June 2022	<b>NOT ACHIEVED</b> Nil	-60	Poor filling system	Ensure monitoring of programmes . And records management.	Copy of A fire flammable permits
	3.3.1.64	No. of businesses inspected, and fire compliance certificates issued	Inspection and issuing of fire compliance certificate	51 businesses inspected and fire compliance certificate issued	60 businesses inspected and issued with fire compliance certificate by June 2022	<b>NOT ACHIEVED</b> NIL	-60 Nil	Poor filling system	Ensure monitoring of programmes . And records management.	Copy of Fire compliance certificate
	3.3.1.65	No. of fire hydrants tested	Testing of Fire Hydrants	341 fire hydrants tested	170 fire hydrants inspected by June 2022	<b>NOT ACHIEVED</b> NIL	-170 Nil	Poor filling system	Ensure monitoring of programmes . and records management.	Fire hydrant inspection sheet
	3.3.1.66	No. of Disaster Advisory Forum (DAF)	Disaster Advisory Forum Meetings	Disaster Advisory Forum	04 Disaster Advisory Forum Meetings held by June 2022	<b>NOT ACHIEVED</b> Nil	-4	Poor filling system	Ensure monitoring of programmes . and records management.	Operational Plan Attendance Registers, Report

KEY PERFORMANCE AREA				BASIC SERVICE DELIVERY AND INFRASTRUTURE DEVELOPMENT						
IDP OBJECTIVE: PROVIDE EFFECTIVE AND EFFICIENT FIRE AND DISASTER MANAGEMENT SERVICES BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANACE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
		meetings conducted								
	3.3.1.67	No. of Awareness Campaigns conducted on disasters	Provision of immediate relief to all affected wards	5 Awareness Campaigns conducted	8 Awareness Campaigns on disasters conducted by June 2022	<b>NOT ACHIEVED</b> 2 Awareness Campaigns	-6 Awareness Campaigns not conducted.	Staff reporting has no clear direction whether they belong to KSDLM/ ORTDM.	Council should Consider structuring of Disaster management t to KSD LM/ ORTDM	Notices, Leaflets and Posters, Written of Service Form, Attendance Registers, Photos Action plan

IDP OBJECTIVE: TO PERFORM EFFECTIVE AND EFFICIENT TRAFFIC, ROAD SAFETY, TESTING AND LICENSING SERVICES BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANACE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Monitor the Implementation of Traffic, Testing Licensing and Road Safety Services	3.3.1.68	No. of Tickets issued	Issuing of tickets	4091 tickets issued.	6000 Tickets issued by June 2022	<b>ACHIEVED</b> <b>7643 tickets were issued.</b>	+1643 traffic tickets issued	There have been additional members of EPWPs assisting the traffic officers.	This will be an ongoing process.	Tickets Register
	3.3.1.69	No. of warrants executed	Execution of warrants of arrest	250 warrants of arrests executed	100 warrants of arrests executed by June 2022	<b>NOT ACHIEVED</b>	- 43 warrant of arrest executed	Poor planning	Planning according to the resources	Register for warrant of arrest

**IDP OBJECTIVE: TO PERFORM EFFECTIVE AND EFFICIENT TRAFFIC, ROAD SAFETY, TESTING AND LICENSING SERVICES BY JUNE 2022**

IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						57 warrants of arrest executed.			available and speed up the system of TRUVELLO.	
	3.3.1.70	No. of applications for <b>vehicle licensing received</b> , processed, and issued	Licensing of motor vehicles.	55941 applications for vehicle licensing received, processed, and issued.	56 000 Applications for vehicle licensing received, processed, and issued by June 2022	<b>ACHIEVED</b>  75186 Applications for Vehicle licensing received, processed, and issued.	+19186	Penalties were charged to applicants for late payment. During Covid 19 Lockdown the station was closed, and a grace period was given to applicants to pay when the station re-opens but some applicants extended the grace period.	N/A	RD321 & RD323
	3.3.1.71	No. of applications for <b>driving licenses received</b> , attended to, and issued	Testing of people for driving license	4785 applications for driving license received, attended to and issued	5025 applications for driving licenses attended to and issued by June 2022.	<b>ACHIEVED</b>  22624 applications for driving licenses were attended and issued.	+17599	All computers were functioning well without any destruction of faults and network.	N/A	RD321, RD323 & R721
	3.3.1.72	No. of applications for <b>learner's</b>	Testing of people for	6067 applications for learner's	6067 applications for learner's	<b>NOT ACHIEVED</b>	-2367 applications not processed.	The number of	The new electronic system for	RD321 & RD323 R763

**IDP OBJECTIVE: TO PERFORM EFFECTIVE AND EFFICIENT TRAFFIC, ROAD SAFETY, TESTING AND LICENSING SERVICES BY JUNE 2022**

IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
		licenses received, attended to and issued	learner's license.	licence received, attended to and issued	license received, attended to and issued by June 2022	3700 applications for learner's license received, attended to and issued		applicants in a class were reduced due to installation of new system	learner's license testing and marking installed only takes 27 learners per day.  Explore the possibility of opening on weekends, but in line with COVID Regulations  Engage DoT for increasing number of LEUs utilized at DLTC	
	3.3.1.73	Fully Operational Vehicle Testing Station (VTS)	Testing of motor vehicles for roadworth y	Closed VTS	Fully Operational Vehicle Testing Station (VTS) by June 2022	<b>ACHIEVED</b>  VTS is fully operational  594 vehicles were tested for roadworthiness as follows:  Vehicle suspended: 51	N/A	N/A	N/A	Progress report



IDP OBJECTIVE: TO PERFORM EFFECTIVE AND EFFICIENT TRAFFIC, ROAD SAFETY, TESTING AND LICENSING SERVICES BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						Issued Certificates: 543 Revenue collected: <b>R180 423.72</b>				
	3.3.1.74	Functioning <b>Driving License Testing Centre in Mqanduli</b>	Construction of Mqanduli Driving License Testing Centre	Absence of Mqanduli Driving Licence Testing Centre	Business Plan developed and presented to Council by June 2022	<b>NOT ACHIEVED</b>  Nil	Nonfunctioning DLTC	The KPI belong to technical services	We take the KPI to Technical Services department in the next financial year.	Business Plan, Council Resolution
	3.3.1.75	No. of Schools and Community Awareness Campaigns on <b>Road Safety</b>	Road Safety Awareness Campaigns	10 Schools and Community Awareness Campaigns on Road Safety conducted	60 Schools and Community Awareness Campaigns on Road Safety conducted by June 2022	<b>ACHIEVED</b>  103 Schools and Community Awareness Campaigns on Road Safety conducted	+43 Schools and Community Awareness Campaigns on Road Safety conducted	There have been additional resources of two (2) students and 1 vehicle	N/A	Attendance Register, Photos

			KEY PERFORMANCE AREA				BASIC SERVICE DELIVERY			
IDP OBJECTIVE: TO RENDER EFFECTIVE AND EFFICIENT SAFEGUARDING SERVICE OF MUNICIPAL PROPERTIES BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI		BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Safeguarding of Municipal Properties	3.3.1.76	No. of <b>Municipal Properties guarded</b>	Guarding of Municipal Sites	26 Municipal Properties guarded	26 Municipal Properties guarded by June 2022	<b>ACHIEVED</b>  D	+01 Additional site guarded.	A new landfill site in Coffee Bay was developed Social	N/A	Deployment book Patrol Sheet Occurrence Book and

						27 sites were guarded		Development Department and handed over to KSD Municipality in 01/06/2021.		Reports
<b>KEY PERFORMANCE AREA</b>						<b>BASIC SERVICE DELIVERY</b>				
<b>IDP OBJECTIVE: TO PROVIDE EFFICIENT AND EFFECTIVE SUPPORT SERVICE BY JUNE 2022</b>										
IDP STRATEGY	KPI NO.	KPI		BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Strengthen and Improve Support Service function	3.3.1.77	No. of Roads marked, and Roads signs inspected	Road Inspection and Marking	50 roads marked	60 Roads marked by June 2022	<b>NOT ACHIEVED</b>  33 Roads marked roads.	-27	The POE was prepared according to meters while the target is on number of roads	To change the method in the next financial year to be meters not number of roads	Road marking Register  Job Cards
					60 roads sign inspected by June 2022	<b>ACHIEVED</b> 60 Roads inspected roads.	N/A	N/A	N/A	
	3.3.1.78	No. of tickets captured	Capturing of tickets	1500 tickets were captured	6000 tickets captured by June 2022	<b>ACHIEVED</b> 9284 tickets captured  Revenue collected  Truvello  Jan- June 2022 = R 954 070.00  July – Dec 2021 = R <u>1 498 304-00</u>  <b>Total = R <u>2 630 364.00</u></b>	+6966 tickets captured	N/A	N/A	Report of tickets captured Tickets capturing spread sheet

						777 Summons taken to court 621 warrants paid summons tickets Nil cancelled.				
--	--	--	--	--	--	---	--	--	--	--

		KEY PERFORMANCE AREA				BASIC SERVICE DELIVERY				
		IDP OBJECTIVE : To Provide Safety and Security Services within the KSD Communities by June 2022								
IDP STRATEGY	KPI NO.	KPI		BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Implementation of Community Safety Plan and Bylaw Enforcement	3.3.1.79	Community Safety Strategy (CSS) developed and taken to Council	Development of Community Safety Strategy	Community Safety Plan (CSP) adopted	Draft Community Safety Strategy developed and sent to Council by June 2022	<b>NOT ACHIEVED</b>  The community safety strategy have been drafted.	Draft safety strategy	CSS still on consultation phase within the CSF	To speed up consultation process and give clear time frames	Adopted CSS & Council Resolution
	3.3.1.80	No. of Community Safety Forum (CSF) meetings conducted	Community safety forum-meetings	Existing Community Safety Forum (CSF)	04 Community Safety Forum Meetings (01 per Quarter) conducted by June 2022	<b>NOT ACHIEVED</b>  Nil	No meetings conducted.	Stakeholders were called to one venue to attend a meeting but did not turn up.	The department must write a memo to all stakeholders to raise our concern about this nonattendance	Invites/Notices Minutes, Attendance Registers
	3.3.1.81	No. of Community Safety Audits Conducted	Transact Walks-Processing of Data	08 Community Safety Audits Conducted	04 Community Safety Audits conducted by June 2022	<b>ACHIEVED</b>  03 safety audit conducted.	-1	Poor filling system	Ensure monitoring of programmes . and records management.	Reports, Attendance Registers

KEY PERFORMANCE AREA				BASIC SERVICE DELIVERY						
				IDP OBJECTIVE : To Provide Safety and Security Services within the KSD Communities by June 2022						
IDP STRATEGY	KPI NO.	KPI		BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.1.82	No. of joint operations conducted.	Joint Operations	15 Joint Operations conducted	9 Joint Operations conducted by June 2022	<b>ACHIEVED</b> 27 joint operations.	+15 joint Operations were conducted	Due to COVID 19 Regulations the section is monitoring compliance with the regulation from businesses, unlawful gathering and funeral.	On-going process during the pandemic.	Operational Plan Occurrence book, Report
	3.3.1.83	No. of Liquor outlets inspected	Inspecting liquor outlets for compliance	17 Liquor outlets inspected	48 Liquor outlets inspected by June 2022	<b>ACHIEVED</b> 74 liquor outlets.	+26 liquor outlets	Increased monitoring of liquor outs for compliance with COVID 19 Regulations.	On-going process during the pandemic.	Occurrence Book and Report
	3.3.1.84	No. of compliance notices issued	Issuing of compliance notices	150 compliance notices for illegal trading issued	175 compliance notices issued by June 2022	<b>NOT ACHIEVED</b> 118 notices issued	-57 not issued	The community is beginning to notice our presence and comply.	To continue intensify the operations and reduced the numbers in the next financial year. Do regular engagement with stakeholders	Register Occurrence Book Entries

KEY PERFORMANCE AREA				BASIC SERVICE DELIVERY						
IDP OBJECTIVE : To Provide Safety and Security Services within the KSD Communities by June 2022										
IDP STRATEGY	KPI NO.	KPI		BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.1.85	No. of by-law enforcement cases attended	Compliance operations	115 cases of by-law enforcement attended	150 cases of by-law enforcement attended by June 2022	<b>ACHIEVED</b> 158 cases	+8 cases attended	N/A	N/A	Operational plan, Occurrence Book and Report

KEY PERFORMANCE AREA				INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION						
IDP OBJECTIVE : To ensure Institutional Transformation and Organizational Development by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Co-ordination of employee performance for smooth running of operations and uninterrupted service delivery	3.3.4.7	No. of employees below managers on PMS (T15-T8)	Cascading Of Performance Management System	NIL	25 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b> Nil	-25 employees with Performance Agreements	Employees needed to be work shopped before completion of Performance Agreements.  The department arranged for PMS workshop but it was postponed until further notice	Department to re-arrange workshop for July 2022 with Skills Development.	Memos signed performance /accountable agreements Sectional minutes Operational plan
	3.3.4.8	Reviews of employees on performance	Performance Management	NIL	Performance assessment and reviews of	<b>NOT ACHIEVED</b> Nil	No assessment and reviews of	Employees needed to be work shopped before	Department to re-arrange workshop.	Circulars, Memos, Performance assessment

		agreements conducted.	Assessment and reviews.		employees on performance agreements conducted by June 2022.		employees done.	completion of Performance Agreements.		Schedules performance report and performance assessment reports
--	--	-----------------------	-------------------------	--	---	--	-----------------	---------------------------------------	--	---

## 6. Budget and Treasury APR 2021/2022

KEY PERFORMANCE AREA					FINANCIAL VIABILITY					
IDP OBJECTIVE: TO PROMOTE AND ENHANCE FINANCIAL VIABILITY AND AS WELL AS IMPLEMENT SOUND FINANCIAL MANAGEMENT BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
To Improve debt collection to the norm of 93%	3.3.3.1	Improved revenue collection by 5%	Debt and revenue collection	93% collection as at June 2021.	Ensure improved revenue collection by collecting 93% of annual and monthly billed income by June 2022.	<b>NOT ACHIEVED</b>	-7%	Shortage of staff at Credit control unit.	BTO will improve by utilising students to reach 2 <sup>nd</sup> quarter target.	Billing versus receipts report
						Billed R392 521 000 Collected R338 831 715 and is 86 % of the billed income				Billing versus receipts report
						Billed electricity R 320 146 645 Collected R313 966 626 = 98 % above target				Billing versus receipts report
Improve efficiencies in management of financial resources	3.3.3.2	Reviewed Financial Recovery Plan/ Strategy	Financial Recovery Plan reviewed annually to meet changing circumstances	Financial Recovery Plan adopted in 2020/21	Review Financial Recovery Plan of the municipality by June 2022	<b>ACHIEVED</b>	N/A	N/A	N/A	Departmental reports, minutes of Mayco, BTO committee, council.
					Implement Financial Recovery Plan of the municipality by June 2022	<b>ACHIEVED</b>				N/A

KEY PERFORMANCE AREA					FINANCIAL VIABILITY					
IDP OBJECTIVE: TO PROMOTE AND ENHANCE FINANCIAL VIABILITY AND AS WELL AS IMPLEMENT SOUND FINANCIAL MANAGEMENT BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANACE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
To provide free basic services	3.3.3.3	Providing free basic services to qualifying indigent beneficiaries.	Free basic Services to qualifying indigents consumers.	Reviewed indigent policy and indigent register.	Provide free basic Services to qualifying indigent consumers in line with indigent policy and register by June 2022.	<b>ACHIEVED</b> Subsidised beneficiaries with KSDLM electricity 10 900 Amounting to R925 225	<b>N/A</b>	<b>N/A</b>	N/A	Indigent subsidy reports and indigent register
			Conduct verification of indigent applicants and manage disputes annually			Eskom electricity 36 828 Amounting to R2 859 917	<b>N/A</b>			
						Wrote- off rates, rental and refuse removal for 2022	<b>N/A</b>			
To Align Budget and IDP processes to mSCOA requirements	3.3.3.4	Mscoa compliant Budget and IDP aligned	Alignment of Mscoa Budget and IDP	2021/22 IDP, Budget and PMS Process plan	Develop and monitor 2022/23 Process Plan by June 2022	<b>ACHIEVED</b> Complied with budget process plan	<b>N/A</b>	<b>N/A</b>	N/A	Council resolution,
							Monitor 2021/22 budget by June 2022			<b>ACHIEVED</b> Budget comparison reports sent HOD's and signed for.
To implement supply chain management	3.3.3.5	Developed procurement plans	Monitor the implementation of procurement plans	2021 procurement plans	Develop and monitor implementation of procurement plans by June 2022.	<b>ACHIEVED</b> Procurement Plan was monitored during the quarter and report of its implementation has been prepared	<b>N/A</b>	<b>N/A</b>	N/A	Report on implementation of the procurement plan

KEY PERFORMANCE AREA					FINANCIAL VIABILITY					
IDP OBJECTIVE: TO PROMOTE AND ENHANCE FINANCIAL VIABILITY AND AS WELL AS IMPLEMENT SOUND FINANCIAL MANAGEMENT BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANACE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						Draft procurement plan for 2022/23 financial year was prepared.	N/A			Council resolution and Procurement Plan
	3.3.3.6	Updated Contract register	Updating Contract register on regular basis	2021 contract register	Ensure contract register is in place and is updated on regular basis by June 2022.	<b>ACHIEVED</b>  Contract register has been updated with the twenty one (21) new individual contracts awarded for the Financial Year.	N/A	N/A	N/A	Updated contract register
To monitor Audit Action Plan annually	3.3.3.7	Developed and implemented Audit Action Plan	Development of audit action plan for improved standards	AG report 2019/20.	Development and implementation of Audit Action Plan by June 2022.	<b>ACHIEVED</b>  Implementation of the Audit Action Plan was monitored. The audit action plan for 2020/21 audit was prepared and reviewed by the Internal Audit.	N/A	N/A	N/A	Internal audit reports
				Approved AAP						AG reports,
										Mancom minutes
Credible annual financial statements	3.3.3.8	Developed credible Annual financial statements	Preparation & submission of GRAP compliant Financial Statements by 31 <sup>st</sup> August	2019/20 AFS	Ensure preparation & submission of credible GRAP compliant Financial Statements by 31 <sup>st</sup> August 2021.	<b>NOT ACHIEVED</b>  2020/21 GRAP AFS were submitted on the 31 August 2021 to Auditor General. The audit report was issued by the AG on 31 <sup>st</sup> January 2022	Material findings	Capacity of preparing AFS	GM Accounting and financial reporting was appointed, further the incumbent is a qualified CA which that will improve the compilation of AFS.	AFS  2020/21 submitted to AG, Adjusted AFS, Quarterly Financials 2021/22
Management of municipal assets	3.3.3.9	GRAP compliant asset register	Management of GRAP compliant asset register	2020/21 asset register	Ensure maintenance of GRAP compliant asset register on monthly basis.	<b>ACHIEVED</b>  All monthly and quarterly reconciliations have been prepared	N/A	N/A	N/A	Updated asset register.



KEY PERFORMANCE AREA						FINANCIAL VIABILITY				
IDP OBJECTIVE: TO PROMOTE AND ENHANCE FINANCIAL VIABILITY AND AS WELL AS IMPLEMENT SOUND FINANCIAL MANAGEMENT BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
					Submit asset register to the insurance and obtain confirmation of cover by June 2022	ACHIEVED  Asset register was submitted, and we received the confirmation of the cover.	N/A	N/A	N/A	Proof of cover
	3.3.3.10	Fleet controls and systems in place	Management and controls for fleet usage	Fleet management policy and procedures in place	Monitor full implementation of fleet management policy of the municipality by June 2022	ACHIEVED  Municipal fleet has been monitored during the quarter and reports thereto have been prepared and submitted to Management.	N/A	N/A	N/A	Fuel, Repairs and maintenance and Incident reports

KEY PERFORMANCE AREA					INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION					
IDP OBJECTIVE : To ensure Institutional Transformation and Organisational Development by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Coordination of employee performance for smooth running of operations and uninterrupted service delivery	3.3.4.6	No of departmental staff with signed performance agreements	Conclusion of performance agreements	Signed Performance Agreements , Performance Management Policy	3 Managers on PMS (Performance Agreements concluded) by September 2021	ACHIEVED  Performance agreements signed with GMS and Managers	N/A	N/A	N/A	Memos, Performance Agreements, Departmental minutes, Operational plans

	3.3.4.7	No of employees below Managers on PMS (T15 – T8)	Cascading of Performance Management System		29 Employees below managers on PMS Performance Agreements concluded by September 2021	<b>NOT ACHIEVED</b> 13 employees concluded the performance agreements.	-16 employees with Performance Agreements	There were challenges in the cascading of PMS to lower levels of staff, this was due to lack of understanding of the entire process.	Training was facilitated and we will ensure conclusion of Performance agreements in the next financial year.	Memos, Signed. Performance/Accountable Agreements, Sectional minutes, Operational plans
	3.3.4.8	Reviews of employees on performance agreements conducted	Performance Management Assessment and reviews		Performance assessment and reviews of employees on performance conducted by June 2022.	<b>NOT ACHIEVED</b> Nil	Performance reviews not done	Performance reviews couldn't be performed due to conflicting programmes in the calendar.	Performance reviews to be conducted in the 4 <sup>th</sup> quarter.	Circulars, Memos, Performance assessment schedule, Performance reports and Performance Assessments reports.

## 7. Corporate Services APR 2021/2022

KEY PERFORMANCE AREA							INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION			
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Reviewing a coherent IDP aligned organisational structure	3.3.4.1	Reviewed Organizational Structure.	Reviewal of Organisational Structure.	Adopted Organisational Structure 2020	Reviewed Organizational Structure Operational by June 2022	<b>NOT ACHIEVED</b> Design Organisational Structure	The structure is not approved.	Delayed Finance consultation.	Consider comments from Municipal Manager, submit the Organogram to LLF for consultation and to Council Structures	Reviewed organizational structure, Process plan Attendance registers

KEY PERFORMANCE AREA							INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION			
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
									for noting before 31 July 2022.	
	3.3.4.2	No. of Job Descriptions Framework (JDFs) written and submitted for evaluation	Job description writing	Draft JDF's	530 Job Descriptions Framework (JDFs) written completed by June 2022	<b>NOT ACHIEVED</b>  282 Job Descriptions written completed by 30 June 2022	-248 Job Descriptions could not be written	Lack of adequate and suitable staff for the unit to write JDFs. The appointment of JE Office in February 2022 has resulted to 53% achievement towards the annual targets.	Finalize Job Description Writing by 30 September 2022.  Review list of job description writing once the Structure is approved.	Job Descriptions
	3.3.4.3	No. of employees placed in 2020 approved organisational structure	Staff Placement	210 approved structure placements	1491 employees placed by June 2022	<b>NOT ACHIEVED</b>  A total of 976 employees have been placed by 30 June 2022	-361 employees were affected by major changed posts and posts were abolished from the structure.	Major changed posts require job evaluation, budget and recruitment process.	Conduct job evaluation process and recommend the list of posts for budgeting during adjustment.	Process Plan Staff Placement letters Implementation Plan
Build and maintain the capacity of the municipality to execute the local	3.3.4.4	Developed Recruitment Plan for 2022/2023	Recruitment Plan Development	Recruitment Plan 2021/22	Approval of Recruitment Plan 2022/23 by June 2022	<b>NOT ACHIEVED</b>  Draft Recruitment Plan	Recruitment Plan approved.	Budget could not be confirmed on time for departmental posts.	List and submit only the budgeted posts confirmed by	Approved Recruitment Plan 2022/23 Approved list of critical

KEY PERFORMANCE AREA							INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION			
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
government developmental agenda									Budget Office	posts by HoDs
	3.3.4.5	No. of budgeted vacant positions filled	Implementation of the Recruitment Plan	106 posts filled	Filling of 100 budgeted posts by June 2022	<b>NOT ACHIEVED</b> 89 posts filled	-11	Cash flow and delays verting processes	To speed up the process in the next financial.	Advert, Master list, Memorandums, Shortlisting Report, Selection Report and Appointment letter/ Contract of employment, Input register, Transfer letters
Co-ordination of employee performance for smooth running of operations and uninterrupted service delivery	3.3.4.6	No of Departmental Management staff with signed performance agreements	Conclusion of performance Agreements	Signed Performance Agreements, Performance management Policy	11 GM's and 18 Managers on PMS (Performance Agreements facilitated) by September 2021	<b>ACHIEVED</b> Facilitation was done through workshops to enable employees to sign performance agreement	N/A	N/A	N/A	Memos Circular Attendance register
					3 GM's and 8 Managers on PMS (Performance Agreements	<b>NOT ACHIEVED</b> 3 GMs & 8 managers	-9	No submission	No submission	Performance Agreements. Departmental minutes

KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
					concluded) by September 2021	signed performance agreement.				Operational plan
	3.3.4.7	No of employees below Managers on PMS facilitated (T15-T8)	PMS Cascading	NIL	174 Employees on PMS facilitated (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> Facilitation was done through workshops to enable employees to sign performance agreements.	N/A	N/A	N/A	Memos Circular Attendance register
					18 Employees on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b> NIL .	-18	No submission	No submission	Signed Performance / Accountable Agreements Sectional minutes Operational plan
	3.3.4.8	Reviews of employees on performance agreements conducted	Conduction performance Management Assessment and reviews	NIL	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b> Performance assessment and reviews of employees on performance agreements conducted	No assessment were done.	No submission	No submission	Circulars Memos Performance , assessment schedule Performance reports; and Performance Assessment s reports.

KEY PERFORMANCE AREA							INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION			
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.4.9	Integrated HRD Strategy Implementation Plan developed and implemented	Development of Integrated HRD Strategy Implementation plan	HRD Strategy	Integrated HRD Strategy Implementation Plan developed and implementation of three programmes by June 2022	<b>NOT ACHIEVED</b>  Integrated HRD Strategy Implementation Plan developed. 3 programmes implemented, 1. Adult Education and Training, 2. Pre-trade Test Training (Artisan Development Programme)	-1	No submission	No submission	Implementation Plan Implementation Report
	3.3.4.10	Reviewed WSP	Reviewal of WSP 2022/23	Workplace Skill Plan (WSP) 2021/22	Workplace Skill Plan (WSP) 2022/23 submitted to LGSETA by June 2022	<b>ACHIEVED</b>  Workplace Skill Plan (WSP) 2022/23 submitted on the 29 <sup>th</sup> of April 2022.	N/A	N/A	N/A	Departmental training needs, WSP 2022/23 Implementation Plan Circular Memo Skills Audit report
	3.3.4.11	No. of employee's capacitation programme facilitated as	Implementation of 2022/23 WSP	Nil	590 employees' capacitation programme facilitated by June 2022	<b>ACHIEVED</b>  643 employees'	+53	Source funding and partnered with dept. of higher education	N/A	Attendance registers, LGSETA quarterly reports,

KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
		per WSP 2022/23				capacitation programme				Training expenditure reports, Close up report, Programme Delivery Plan
Promote a diverse workforce representative of demographics at all occupational categories	3.3.4.12	No. of Employment Equity Forums meetings	Employment equity Plan Implementation	Employment Equity Plan (EEP) 2019-2024	4 Employment Equity Committee meetings BY June 2022	<b>NOT ACHIEVED</b> 2 Employment Equity Committee meetings BY June 2022	-2 employment Equity Committee meetings were not conducted.	Councillors terms came to an end and it took time for nomination of other members to serve in the committee.	Meetings integrated in Institutional Calendar.	Notice Attendance Register EE reports, Agenda, Minutes
	3.3.4.13	Installed call center telephone system	Call center system installation	Customer Care Policy	Call center telephone system installed by June 2022.	<b>ACHIEVED</b> Call Center system is functional	N/A	N/A	N/A	Advert Appointment letter Submission register Project close up report.
		.			Nil	Established Customer service champions forum from each internal department by 2022.	<b>ACHIEVED</b> Customer service forum is in place particularly with Technical Services department, due the demand on electricity	N/A	N/A	N/A

KEY PERFORMANCE AREA							INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION			
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.4.14	No. of complaints referred per shift	Facilitation of resolving customer complaints	Manual Customer Complaint Register	All Received complains allocated to relevant departments by end of each shift	<b>ACHIEVED</b> Customer complaints daily, monthly, quarterly and annual reports are in place	N/A	N/A	N/N	Job cards and monthly reports  Customer Complaint Register
Archiving and storing of institutional records	3.3.4.15	Developed plan on centralized archiving and storage facility	Establishment of archives and storage facility	Archives Electronic management system	Developed plan on centralizing of institutional record and archives facility by June 2022	<b>NOT ACHIEVED</b> Draft Plan on centralized archiving and storage facility developed Collection of Documents from Stores i.e. Supply Chain and Urban Renewal that are due for disposal.	Not all documents that are due for disposal were collected and sorted.  Draft plan has not yet been presented to all stakeholders	Shortage of personnel to sort and collect the document and transport	Facilitate the allocation of EPWP to Fastrack the project and request BTO to allocate transport for the project.	Plan, Attendance registers, pictures, physical verification
Municipal Halls and MPCC's management	3.3.4.17	Developed hall and MPCC procedure manual	Development of procedure manual	Nil	Hall and MPCC management procedure manual Developed by June 2022	<b>NOT ACHIEVED</b> Draft in place	Incomplete MPCC Management manual	Expire of contract of the incumbent responsible for the division	New GM is employed more focused will be channeled to complete such projects.	Policy Procedure Minutes Resolution Attendance registers



KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Improve ICT Governance & Security	3.3.4.18	No. of ICT steering committee meetings	Improvement ICT Governance	Approved ICT Policies	4 ICT Committee Meetings held by June 2022	<b>ACHIEVED</b> 4 ICT steering committee meeting held	N/A	N/A	N/A	Notice of Meetings, Agenda, Registers, schedule of meetings
	3.3.4.20	No. of sites installed with Surveillance Cameras	Surveillance Cameras Installation	3 sites with cameras Service provider appointed for 3 years	4 sites installed with surveillance cameras by June 2022	<b>NOT ACHIEVED</b> 3 sites installed	-1 site left due to budget constraints	Insufficient budget	1 site pushed to quarter 1 of new financial year	Service level agreements, Commissioning letter, close up report
Improved Information Management Systems	3.3.4.24	Developed EDMS policy	EDMS Policy	Nil	Development of EDMS policy by June 2022	<b>NOT ACHIEVED</b>	No EDMS policy	The Reviewed Records management policy does include EDMS	To facilitate the submission of the reviewed policy into Council structures.	Draft EDMS Policy
	3.3.4.25	Developed cloud-based intranet	cloud based intranet	On premise intranet	Development of cloud-based Intranet for KSD Municipality by June 2022	<b>ACHIEVED</b> Cloud based intranet developed	N/A	N/A	N/A	Screen shots, project reports and close-out reports
	3.3.4.26	No of Records Forum sittings	Records management forum	Nil	4 Records Forum meetings held by June 2022	<b>ACHIEVED</b> 4 Meeting of the Records Management Committee	N/A	N/A	N/A	Attendance registers, Minutes, invitations
Ensure a safe, healthy and conducive work	3.3.4.28	No. of Employee Health and	Implementation of Employee Health and	Adopted Wellness Strategy	4 wellness interventions	<b>ACHIEVED</b>	N/A	N/A	N/A	Invites, Attendance Registers,

KEY PERFORMANCE AREA							INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION			
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
environment with a high quality of work-life.		Wellness Management interventions implemented	Wellness Strategy		Implemented by June 2022 (Financial Wellness, HIV AIDS management, Wellness management and productive management)	Financial Wellness Event and Women's Month Celebration ( 31 August in Mqanduli) <ul style="list-style-type: none"> <li>➤ Financial Wellness Event and Women's month celebration (on the 18 August 2021 in Mthatha Town Hall</li> <li>➤ Health and Wellness Screening Programme (Mthatha Town Hall)on the 02 September 2021)</li> <li>➤ Health and Wellness Screening Programme (Mqandulion the 04 September 2021)</li> </ul>				notices, Implementation Plan

KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						<ul style="list-style-type: none"> <li>➤ KSD Staff Heritage Parade and Cultural Food Stalls Event</li> <li>➤ Financial Literacy Training in partnership with Wage Wise Service Provider from 20th October 2021 to 29th October 2021.</li> <li>➤ KSD Interdepartmental games on the 17th of November 2021 at Rotary Stadium.</li> <li>➤ Sport Inter municipality Vaccination Drive Wellness Programme held in Buffalo City</li> </ul>				

KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						<p>Municipality in East London from 27th – 28th November 2021. (soccer, netball, darts, tennis, athletics</p> <p>pool table layers attended)</p> <p>➤ World Aids Day Commemoration and Awareness presentations and screening programme on HIV/AIDS and TB.</p>				
Ensure Municipal sites are complying with OHS Act and its regulations	3.3.4.29	No. of municipal sites <b>inspected</b> in terms of OHS Regulations	Compliance on Occupational Health and Safety	OHS Policy and Committee in place	25 municipal sites inspected in terms of OHS regulations by June 2022	<b>ACHIEVED</b> Inspection of all 25 Municipal sites to ensure compliance with OHS Act	N/A	N/A	N/A	Attendance registers Inspection Repots Circular Schedule

KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						and its regulations				
	3.3.4.30	No. of Municipal sites in <b>compliance</b> in terms of Fire equipment and first aid boxes	Municipal sites in <b>compliance</b> in terms of Fire equipment	Fire equipment serviced in 2020/21	Servicing of fire equipment and installation of first aid boxes in 26 municipal sites by June 2022	<b>NOT ACHIEVED</b>  Servicing of fire equipment and installation of first aid boxes in 26 municipal sites	Refilling of first aid boxes on municipal sites are incomplete.	The service provider has not been paid for previous services and will only refill the first aid boxes when they have been paid	To conduct the refill in July when the service provider has been paid the amount due to them.	Notices Assessment Reports Schedule Certificate of service level agreement Attendance register Appointment letters
	3.3.4.31	No. of meetings for OHS Committee	OHS Committee	OHS Committee Terms of Reference	4 OHS Committee Meetings held by June 2022	<b>ACHIEVED</b>  4 OHS Committee meeting sitting 01/09/2021 14/12/2021 17/02/2022 24/05/2022	N/A	N/A	N/A	Agenda Memo Attendance register Minutes, resolution register
Enhancing sound employment relations	3.3.4.32	Labour Relations Strategy Implementation Plan developed and implemented	Development of Labour Relations strategy	Main Collective Agreement	Labour Relations Strategy Implementation Plan developed and implemented by June 2022	<b>ACHIEVED</b>  14 Workshops were conducted	N/A	N/A	N/A	Labour Relations Strategy Implementation Plan Report Schedules Invitations

KEY PERFORMANCE AREA						INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE: To ensure institutional transformation and organizational development by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.4.33	No. of Engagements with labour	Employee Relations	Nil	12 LLF Sitzings by June 2022	<b>NOT ACHIEVED</b>  11 Sitting were conducted	-1 LLF sitting was not conducted	Replacement of Councillors after local government elections and Covid 19 challenges	Training of LLF members	Notices, Minutes Attendance register

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATIION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Facilitate reviewal of council / institutional policies and by-laws Implementation of Council Oversight and	3.3.5.9	No. of facilitated workshops on the Reviewal of policies and by-laws	Accountability and clean governance	2019-2020 approved Council Policy`s and by-laws	2 workshops facilitated on policies and by-laws by June 2022	<b>ACHIEVED</b> 2 workshops were conducted on the 18 March 2022 and 15 June 2022	N/A	N/A	N/A	Attendance register, notices ,institutional plan on policies and by-laws

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Public Participation	3.3.5.10	Implemented Code of Conduct for Councillors	Adherence to Policies	Code of Conduct for Councillors (Schedule 1), Rules of Order	Induction conducted for New Council on Code of Conduct and Rules of Order by June 2022	<b>ACHIEVED</b> Induction of councillors was conducted by SALGA as a comprehensive programme.	N/A	N/A	N/A	Attendance Register, Notices
	3.3.5.11	Reviewed Ward Committee Strategy and Guidelines	Public Participation	Reviewed Ward Committee Strategy and Guidelines	Ward Committee Strategy and Guidelines reviewed by June 2022	<b>ACHIEVED</b> Strategy reviewed by Public Participation and Petitions Committee and sent to the 21 <sup>st</sup> Ordinary Council Meeting on the 30 Sept 2021 for approval. Workshop Conducted on the strategy on the  367 ward committees have been established and are functional in all 37 wards of King Sabata Dalindyebo Municipality.	N/A	N/A	N/A	Attendance Register, Notices, Public Participation Strategy and Policy

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						95/96 Appeals resolved. One outstanding as it has a letter of demand.				
	3.3.5.12	No. of Mayor's and Speaker's IDP, PMS and Budget Imbizos	Public Participation		4 Speaker's imbizos facilitated for the development of IDP, PMS and Budget by June 2022	<b>ACHIEVED</b> 4 Speaker's Outreach programme was conducted on the 26 August 2021, Kwa Mlawu Location, ward 25. Government Departments in attendance for presentation were Social Development, Dept of Health, SAPS, DRDAR, IEC, NPA, Initiation Forum and Women's Caucus. Speaker's Outreach programme	N/A	N/A	N/A	Notices, Attendance Registers



KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						<p>was conducted on the 14 October 2021, Kwa Nkosi Noltaly Traditional Authority, ward 31. Government Departments in attendance for presentation were Social Development, Dept of Health, SAPS, DRDAR, IEC, NPA, Initiation Forum and Women's Caucus</p> <p>Speaker's Imbizo held in ward 23, Darabe on the 09 February 2022, Speaker's Imbizo held in ward 21 on the 22 June 2022. Buildup programmes preceded the</p>				

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						workshop- Dialogue at Nzwakazi Location; Civic education and initiation workshop in Futye Komkhulu on the 17 June 2022; support to a household under extreme poverty conditions on the morning of 22 June 2022. Sector departments provided services on wheels: SASSA;IEC;DRDAR;Dept of Health;NPA;Social Dev and Correctional Services.				
	3.3.5.13	Developed Council Calendar	Development of Council Calendar	2020-2021 Council / Institutional Calendar and meetings	Council Calendar developed by June 2022	<b>ACHIEVED</b> Council Calendar has been developed	N/A	N/A	N/A	Council Calendar Resolution register

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATIION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.5.14	No. of Ordinary Council Meetings held as per the Council Calendar	Council Sittings		04 ordinary council meetings held by June 2022	<p><b>ACHIEVED</b> 5 ordinary meetings that were held as follows:</p> <p>21<sup>st</sup> Ordinary meeting that was held on the 21<sup>st</sup> September 2021</p> <p>1<sup>st</sup> Ordinary Meeting on the 22 November 2021, Adjourned 1<sup>ST</sup> Ordinary Council Meeting on the 23 November 2021.</p> <p>2<sup>nd</sup> Ordinary Council Meeting on the 14 December 2021</p> <p>3<sup>rd</sup> Ordinary meeting held on the 30<sup>th</sup> March 2022.</p>	N/A	N/A	N/A	Minutes and Attendance Registers, Notices and Agenda

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						4 <sup>th</sup> Ordinary meeting held in on the 29 June 2022				
	3.3.5.17	No. of Section 79 Committees held as per Council Calendar	Section 79 Committee meetings		20 sittings of 5 Section 79 Committees held by June 2022	<p><b>ACHIEVED</b> All Section 79 Committees were convened as follows: <b>WOMENS CAUCUS</b> On the 07 July 2022, Committee sat to discuss the Women Month Celebrations.</p> <p>The Committee 15 February 2022 discussed the ToR 2021/2022 and developed the Committee Activity Plan for the 3<sup>rd</sup> and 4<sup>th</sup> Quarter 2021/2022.</p>	06 Public Participation Committee meetings	High demand of committee sittings due to the process of ward committee establishment.	Public Participation Committee meetings to be convened according to the schedule on the calendar.	Minutes and Attendance Registers, Notices and Agenda

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						<p>The Women's Caucus on the 27 May 2022 was to discuss the 3<sup>rd</sup> Quarter Activities of the Committee as well as the plan for the 4<sup>th</sup> Quarter. To also review the ToR and the Workplan for 2022/2023 FY.</p> <p><b>GEOGRAPHIC NAMES COMM</b>  GNC on the 14 July 2021 to discuss submission request on Callaway Street Naming and Applications for name changes, 19 January 2022 capacitate committee members on the LGNC</p>				

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						background, LGNC Terms of Reference, LGNC Policy and Callaway report on street naming ,26 May 2022 to discuss minutes of the of the ordinary meeting held on the 19 January 2022, Submission of Annual Plan, Applications and Approved Name Change and 14 June 2022 to discuss LGNC Terms of Reference.  <b>RULES COMMITTEE</b> Rules Committee on the 13 August 2021 to discuss annual report on sitting of				

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATIION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						Section 80 and Section 79 Committees 31 <sup>st</sup> March 2022 to discuss Standing Rules of Council and its Committees and Dress Code and 9 <sup>th</sup> June 2022 to discuss Compliance with Institutional bylaws Policies.  <b>PUBLIC PARTICIPATION AND PETITIONS COMM</b> Public Participation on the 15 July as scheduled to discuss ISANCO Petition, Civic Education Report and				

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						Public Participation Week Plan. Special Committee on the 16 September 2021 for the inputs on the Draft Standard Ward Committee Strategy and Guidelines. 01 October 2021 to discuss Civic Education Report, Urgent committee meeting on the 17 December 2021 to discuss Standard Ward Committee Strategy, Activity Plan Ordinary on the 2 for ward Committee Procedure Manual and Procedure Manual. 25 <sup>th</sup> May 2022 to				



KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATIION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						<p>discuss amendments community complaints and petitions policy 2028, Amendments on Public Participation and Petitions Policy 2018, Terms of Reference for Public Participation Committee for 2021/202 FY, Annual Public Participation Plan, and 14<sup>th</sup> June 2022 to discuss report on the status update for ward committee.</p> <p><b>ETHICS AND MEMBERS INTEREST</b></p> <p>EMI on the 23 July 2021, the Committee discussed the</p>				

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATIION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						<p>Solidarity Funds and presentation on Pension Fund.</p> <p>On the 08 October 2021 to discuss asset disposal.</p> <p>30 May 2022 to present Terms of Reference, Draft Annual Activity Plan for 2022/2023 FY and Councilor Attendance 3<sup>rd</sup> Quarter.</p> <p>Ethics and Members interest Committee held on the 24 June 2022 to discuss report on determination of upper limits.</p>				

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATIION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.5.18	No. of MPAC sittings	Oversight Committee Meetings		4 sittings of MPAC held by June 2022	<p><b>ACHIEVED</b></p> <p>7 MPAC meeting convened on the 09 July 2021 for Special Meeting and 11 August 2021 for an ordinary meeting.</p> <p>Special meeting held on the 14 January 2022,</p> <p>Ordinary meeting held on the 9<sup>th</sup> February 2022,</p> <p>urgent meeting held on the 18 February 2022,</p> <p>Special meeting held on the 11 March 2022 and Ordinary meeting held on the 3<sup>rd</sup> June 2022.</p>				Minutes and Attendance Registers, Notices and Agenda

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATIION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMAN ACE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREM ENT SOURCE / POE
	3.3.5.19	No. of Civic Education Programmes facilitated	Civic Education Programmes	2 Capacity Building Programmes for Traditional Leaders and Ward Committees	4 Civic Education Programmes facilitated by June 2022 (Traditional Leaders, Ward Committees, Organs of Peoples' Power)	<b>ACHIEVED</b> A virtual two days workshop was conducted for Traditional Leaders on Civic Education on the 19-20 August 2021 and Ward committee workshop was conducted on the 21 September 2021 on Ward Committee Performance Assessment A civic education programme was conducted in ward 19 Tantseka Loc, kwaBhodi, on the 21 October 2021. Civic education was conducted on the 24 <sup>th</sup> March 2022 in ward 35 Tyumbu	5 civic education programmes	The fifth civic education programme was conducted as a buildup programme towards Speaker's Outreach Programme to enhance effective Public Participation.	Plan for Civic education Programme to be developed and be rolled out in many communities under KSD Municipality.	Attendance Registers, Notices

KEY PERFORMANCE AREA						GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
IDP OBJECTIVE : To promote effective municipal governance and oversight by 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE 2020/2021	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						Location, Civic Education held for ward committees and ward Councillors on the 02 June 2022 and for Fuyie Traditional Council on the 17 June 2022				

## 8. Executive & Council APR 2021/2022

KEY PERFORMANCE AREA				GOOD GOVERNANCE AND PUBLIC PARTICIPATION						
IDP OBJECTIVE: TO ENSURE CO-ORDINATED AND INTEGRATED APPROACH TO SERVICE DELIVERY BY JUNE 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
Implementation of Council Oversight and Public Participation	3.3.5.3	State of Municipal Address & tree lighting conducted.	SOMA & tree lighting	Not held in the previous financial year	Facilitate SOMA & tree lighting by June 2022	<b>NOT ACHIEVED</b> Nil	NIL	The events couldn't be organized timeously due to Covid 19 restrictions and budget constraints.	Covid regulations have been scrapped and the items has been budgeted for and will be planned for in good time	Invitations, Reports, Presentation and attendance registers
Enhance organisational performance to	3.3.5.7	No. of SDBIP & Performance Reports	Strengthening of oversight structures to	2020/2021 SDBIP	Prepared and submitted	<b>ACHIEVED</b>	N/A	N/A	N/A	SDBIP 2021/2022

		KEY PERFORMANCE AREA				GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
		IDP OBJECTIVE: TO ENSURE CO-ORDINATED AND INTEGRATED APPROACH TO SERVICE DELIVERY BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
achieve organisational objectives.		prepared and submitted.	enhance service delivery. Improve /ensure council and community oversight on service delivery excellence		SDBIP by June 2022	SDBIP prepared and submitted				Adjusted SDBIP and performance reports. Draft SDBIP 2022/2023 Memo's, Report
				All submissions for 2020/2021 are in place	Conduct Quarterly reviews by June 2022	<b>ACHIEVED</b> Quarterly reviews conducted	N/A	N/A	N/A	Review Quarterly Performance Reports
				2020/2021 reports available	Prepare Annual Performance Report 2020/2021 by 30 September 2021	<b>ACHIEVED</b> Annual Performance prepared	N/A	N/A	N/A	Annual Performance report
					Prepare Mid-year Performance Report 2021/2022 by 15 January 2022	<b>ACHIEVED</b> Mid -Year report prepared	N/A	N/A	N/A	Mid-year performance report
					Prepare Quarterly Performance Report June 2022	<b>ACHIEVED</b> Quarterly reports prepared	N/A	N/A	N/A	Quarterly performance reports
					Prepare and develop calendar	<b>ACHIEVED</b>	N/A	N/A	N/A	Calendar of submission

		KEY PERFORMANCE AREA				GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
		IDP OBJECTIVE: TO ENSURE CO-ORDINATED AND INTEGRATED APPROACH TO SERVICE DELIVERY BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
					(Timelines) for 2022/2023 by June 2022.	Timelines was prepared and developed				
				Complied with MFMA and MCA in 2019/2020	Ensure compliance with MFMA/MCA on publication of documents by June 2022.	<b>ACHIEVED</b> All publications were done	N/A	N/A	N/A	Notices Advert
	3.3.5.8	No. of Signed Performance agreements for s56 Managers	Conclusion of Performance Agreements	Signed 2020/21 performance agreements.  PMS Framework or policy	Ensure all S56 Managers Performance Agreement signed by 30 September 2021	<b>ACHIEVED</b> All S56/57 Managers signed Performance Agreements	N/A	N/A	N/A	Signed Performance Agreement  56/57 Performance Management Policy
				Complied with MFMA in 2019/2020	Ensure compliance with MFMA with Publication of documents for S56 managers in 2021/22 by August 2021	<b>ACHIEVED</b> Complied with MFMA (Submissions were made to COGTA and advert were done)	N/A	N/A	N/A	Letters, memo and report.  Advert
Implementation of Council Oversight and Public Participation	3.3.5.12	No. of Mayor's and Speaker's IDP, PMS and Budget Imbizos	Public Participation	Public Participation Policy	5 Mayor's Imbizos facilitated for the development of IDP, PMS and Budget by June 2022	<b>NOT ACHIEVED</b>  <b>Nil</b>	-4 Imbizos	Budget constraints necessitated deviation.	Items are adequately budgeted for, and will resume within the next financial year	Invitations, Reports and attendance registers

		KEY PERFORMANCE AREA				GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
		IDP OBJECTIVE: TO ENSURE CO-ORDINATED AND INTEGRATED APPROACH TO SERVICE DELIVERY BY JUNE 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
	3.3.5.1 5	No. of Mayoral Committee meetings held as per the Council Calendar	Mayoral Committee Meetings	Standing rules	12 Mayoral Committee meetings held by June 2022	<b>ACHIEVED</b> 12 Meetings: - 3 Ordinary Mayoral Committee and 9 Special	Nil	N/A	N/A	Minutes, report, attendance registers, resolutions
	3.3.5.1 6	No. of Section 80 Committees held as per Council Calendar.	Section 80 Committee meetings		36 sittings of 9 Section 80 Committees held by June 2022	<b>Not Achieved</b> BTO 9 Community Services 2 Corporate Services 7 Human Settlement 5 Infrastructure 5 IGR 3 Public Safety 3 RED 5 SPU 3	-2 Community Services -1Public Safety -1SPU -1IGR	Postponement and quorating of committees	To ensure that in the next financial year standing committees sit as per the calendar and Whip of Council to ensure that all committees do sit and quorate	Minutes and Attendance Registers, Notices and Agenda



IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE CE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
<b>IDP OBJECTIVE:</b>		<b>TO PROMOTE ENTERPRISE-WIDE RISK MANAGEMENT PROCESSES BY JUNE 2022</b>								
Monitoring implementation of Risk Management, Anti-Fraud and Corruption, Whistleblowing Policy's, Strategies and Plans	3.3.5.20	No. of Risk Management Committee sittings	Risk Management Committee sittings	2020-2021 Risk Registers and Policy's	04 Seating of Risk Management Committee by June 2022	<b>NOT ACHIEVED</b> 03 three Risk committee meeting set.	-1 Risk Committee Meeting not set	Resignation of Risk Committee Chair and delayed appointment.	Secondment of Risk Committee Chair from APAC in 2 <sup>nd</sup> Quarter	Attendance Registers and Minutes and report <b>Risk Management Unit</b>
	3.3.5.21	Conducted Risk Assessment	Risk Assessment	2020/2021 Risk Management Committee meetings	Risk Assessment conducted within KSD LM by June 2022	<b>ACHIEVED</b> Risk Assessment conducted	N/A	N/A	N/A	Operational risk register Strategic risk register Attendance Registers and Minutes and report
	3.3.5.22	Facilitated reporting of Anti-Fraud and Corruption Plan, Policy and Whistle Blowing	Implementation of Fraud and Corruption incidents and Whistle-Blowing cases	2020-2021 Anti-Fraud and Corruption policy's and Plan's	Fraud and Corruption incidents reported by June 2022	<b>ACHIEVED</b> Fraud and Corruption incidents report prepared	N/A	N/A	N/A	Reports Circulars Memos
<b>IDP OBJECTIVE</b>		<b>TO STRENGTHEN IMPLEMENTATION OF INTERNAL CONTROL AND REPORTING BY JUNE 2022</b>								
Evaluate and Monitor implementation of internal controls, risk management and governance	3.3.5.23	No. of Audit Committee meetings	Preparation of Annual Audit Committee Oversight Report and Four quarterly reports to Council	Audit Committee Charter was adopted in 2020/2021	Facilitate 4 quarterly Audit Committee meetings and report to council by June 2022	<b>ACHIEVED</b> 4 APAC meeting were held as follows: On 22/07/2021 On 26/08/2021 On 22/10/2021	N/A	N/A	N/A	Audit Committee Agenda and minutes  Attendance Register

IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMAN CE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						On 21/01/2022 On 04/05/2022 On 22/06/2022				Audit committee report to council
	3.3.5.2 4	Oversight Annual Audit committee report facilitated	Annual Audit Committee Report	Oversight Annual Audit Committee Report for 2020/2021 financial year	Facilitate submission of annual oversight audit committee report for 2021/2022 to PMS by June 2022	<b>ACHIEVED</b>  Annual report to Council was prepared and presented to Council	N/A	N/A	N/A	Oversight Audit committee report
	3.3.5.2 5	Implemented 2021/2022 Risk based Internal Audit Plan	Implementation of all projects incorporated in the Internal Audit Plan	Internal Audit Charter was approved in 2020/21	Develop, Implement and Report on implementation of risk based Internal Audit Plan by June 2022	<b>ACHIEVED</b>  Completed Audits  <b>Quarter 1 Completed Projects:</b> 1. Quarterly Performance Management Information review 2. Review of Dashboard 3. Stock Count 4. Review of the Financial statement	N/A	N/A	N/A	Progress report against the implementation.

IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMAN CE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREM ENT SOURCE / POE
						5. Follow Up Audits on Internal Audit completed Projects and 6. AG Action Plan 7. Annual performance review 8. Follow up Audit on the review project of Draft IDP & SDBIP relating to 2021/22 financial year for the alignment audit conducted during Q4 of the last financial year. 9. ICT Audit  <b>Quarter 2</b>  - IA follow up Audits - Q1 Performance review -Review Dashboard				

IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMAN CE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREM ENT SOURCE / POE
						-AG Follow Up Audit - Labour Relations Audit <b>Quarter 3</b> 1. Risk Management Audit. 2. Review of Mid-Term performance Information. 3. Quarter 2 Performance Information audit. 3. Dashboard review. 4. Fleet Management Audit. 5. Review of revenue recovery strategy. 6. Follow up on AG. 7. Follow up on Internal Audit completed projects. <u>Ad hock assignment.</u>				

IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE CE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
						<p>Review of Annual report- this project was completed.</p> <p><b>Quarter 4</b></p> <ol style="list-style-type: none"> <li>1. PMS review Q3.</li> <li>2. Internal Audit Strategic documents were reviewed: <ul style="list-style-type: none"> <li>- APAC Charter</li> <li>- IA Charter</li> <li>- Internal Audit</li> <li>- Internal Audit Methodology</li> <li>- One year operational plan and three year rolling plan.</li> </ul> </li> <li>3. IA Follows Audit.</li> <li>4. AG Follow up Audit.</li> <li>5. Alignment of SDBIP with IDP review.</li> <li>6. SCM Completed.</li> <li>7. Payroll audit</li> </ol>				

		KEY PERFORMANCE AREA				GOOD GOVERNANCE AND PUBLIC PARTICIPATION				
		IDP OBJECTIVE : PROMOTE GOOD GOVERNANCE AND CLEAN ADMINISTRATION BY JUNE 2022								
STRATEGIC OBJECTIVE	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
To exercise administrative and operational oversight, ensure good governance and public participation and engagement.	3.3.5.3 1	Number of SLAs reviewed for strategic services	SLAs Review	2020/2021 SLAs redeveloped/ reviewed.	Review of 20 SLAs for strategic services by 30/06/22 (CHECK PROCUREMENT PLAN)	<b>NOT ACHIEVED</b> 15 SLA's were reviewed	-5	Head Legal had not been well for the better part of the year	The Accounting officer is paying attention to the matter.	File of all Reviewed SLA's and register on SLA's developed.
	3.3.5.3 2	Litigation Management SOP developed	Litigation Management SOP development	New	Development of Litigation Management SOP by date 30 June 2022	<b>NOT ACHIEVED</b> Draft litigation Management SOP in place	Draft litigation	Head Legal had not been well for the better part of the year	The target is overalled to the next financial year.	Copy of approved SOP
	3.3.5.3 3	Litigation Register developed	Litigation register report	Litigation Register developed (2020/22)	Review and update litigation register by June 2022	<b>ACHIEVED</b> Litigation register reviewed and updated	Non	N/A	N/A	Consolidated Quarterly Reports

	3.3.5.3 4	Protection of Access to Information Act Manual developed	PAIA manual development	New	Development of PAIA Manual by 30/6/22	<b>NOT ACHIEVED</b>  Draft PAIA in place	Draft PAIA in place	Head Legal had not been well for the better part of the year	The target is overalled to the next financial year.	Copy of approved PAIA manual
	3.3.5.3 5	Develop a Policy on Development of By-Laws	Policy on Development of By-Laws development	New	Policy on Development of By-laws by 30/6/20 and number of Policies and By-Laws reviewed per quarter.	<b>NOT ACHIEVED</b>  <b>Only</b> Research was conducted	No policy in place	Head Legal had not been well for the better part of the year	The target is overalled to the next financial year.	Copy of approved Policy on Development of By-Laws

		KEY PERFORMANCE AREA				INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
		IDP OBJECTIVE : To ensure Institutional Transformation and Organisational Development by June 2022								
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMAN CE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREME NT SOURCE / POE
Co-ordination of employee performance for smooth running of operations and uninterrupted service delivery	3.3.4.6	No of Departmental Management staff with signed performance agreements	Conclusion of performance Agreements	Signed Performance Agreements, Performance management Policy	3 GM's and 1 Manager on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b>  1GM and 1Manager signed PA	-2 GM's without PA	Elections of the Local Government which the two GM's their contracts were to come to an end affected the process	To ensure that personnel sign the PA' S in the next financial year	Memos Performance Agreements. Departmental minutes Operational plans
	3.3.4.7	No of employees below	Cascading of Performance	NIL	6 Employees below managers on PMS	<b>ACHIEVED</b>	+1 Employee	Cascaded to the lowest level	N/A	Memos Signed Performance/

		KEY PERFORMANCE AREA				INSTITUTIONAL DEVELOPMENT AND TRANSFORMATION				
IDP OBJECTIVE : To ensure Institutional Transformation and Organisational Development by June 2022										
IDP STRATEGY	KPI NO.	KPI	PROJECT NAME	BASELINE	ANNUAL TARGET	ACTUAL PERFORMANCE 2021/2022	DEVIATION FROM THE TARGET	REASONS FOR DEVIATION	REMEDIAL ACTION	MEASUREMENT SOURCE / POE
		Managers on PMS (T15-T8)	Management System		(Performance Agreements concluded) by September 2021.	7 Employees with Performance Agreements		beyond TASK Grade indicated.		Accountable Agreements Sectional minutes Operational plans
	3.3.4.8	Reviews of employees on performance agreements conducted	Performance Management Assessment and reviews	NIL	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b>  1 GM , 1 Manager and 7 Employees assessed.	-2 GM's without PA	Officials with no Performance Agreements reviews and or assessment of performance could not be done.	MM will ensure that all officials signs Performance Agreements and reviews and or assessments are also conducted.	Circulars Memos Performance, assessment schedule Performance reports; and Performance Assessments reports.

\_\_\_\_\_  
**N Pakade**  
Municipal Manager

\_\_\_\_\_  
Date

\_\_\_\_\_  
**Cllr G.N Nelani**  
His Worship, the Executive Mayor



### 3.5.1 ANNUAL PERFORMANCE ANALYSIS AND COMPARISON REPORT

#### INTRODUCTION

The schedule of performance of the municipal performance regulation 2006, section 28(1) of the Municipal Systems Act, 2000 (Act No. 32 of 2000) requires that performance reviews be conducted quarterly.

The Annual performance is produced for the municipal departments. This has been based on the report received for the 2021/2022 financial year as reflected in the Service Delivery and Budget Implementation Plan (SDBIP).

The approach followed was to focus on two key aspects being:

- o Legislative compliance
- o Evidence based assessment

#### 1. PURPOSE OF THE REPORT

The purpose of this report is to table the results of the analysis of performance information of directorates and the municipality for the financial year ending 30 June 2022.

#### 2. REGULATORY FRAMEWORK

- (a) Section 153 of the Constitution of the Republic of South Africa, 1996 outlines the developmental duties of municipalities and states that in Sub-section (1) A municipality must –
  - (a) structure and manage its administration and budgeting and planning processes to give priority to the basic needs of the community, and to promote the social and economic needs of the community; and
  - (b) Participate in national and provincial development programmes Section B, part 3 of the White Paper on Local Government, 1998 puts forward the tools and approaches for the developmental local government and states that: ***“to achieve developmental outcomes will require significant changes in the way local government works. This section of the paper puts forward three inter-related approaches which can assist municipality to become more developmental:***
    - a. ***Integrated Development Planning and Budgeting***
    - b. ***Performance Management***
    - c. ***Working together with local citizens and partners***

Part 3.2 deals specifically with performance management and states that ***“performance management is critical to ensure that plans are being implemented, that they are having the desired development impact, and that resources are being used efficiently. Municipalities currently set their own measures of performance, or key performance indicators. Key performance indicators vary greatly from municipality to municipality and cover both efficiency measures and human development indices”***.

- (c) Section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) as amended provides for the preparation of the annual performance reports and states that:

**(1) A municipality must prepare for each financial year a performance report reflecting – (a) the performance of the municipality and of each service provider during that financial year;**

**(b) A comparison of the performances reflected to in paragraph (a) with targets set for and performances in the previous financial year; and (c) Measures taken to improve performance.**

**(2)** The Local Government: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to the Municipal Managers, 2006 provide guidelines for the management of performance for the municipal managers and the managers accountable to them including provision of the development of the performance contracts, monitoring and evaluation of performance. To this extent the regulations outlines the core competency requirements and the criteria for performance rewards for the senior officials.

Section 40 of the Local Government: Municipal Systems Act 32 of 2000 stipulates that a Municipality must establish mechanisms to monitor and review its performance management system.

Section 41 (1)(c) states that a Municipality must in terms of its performance management system and in accordance with any regulations and guidelines that may be prescribed-

- (i) monitor performance; and
- (ii) measure and review performance at least once per year

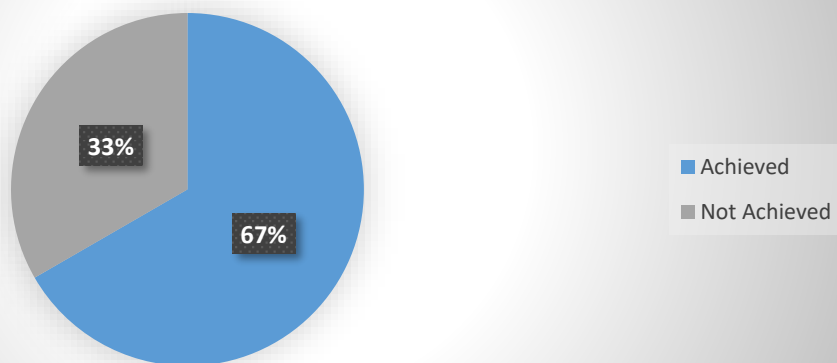
**The KSD Municipality local government Key Performance Areas and Weights**

KEY PERFORMANCE AREA	WEIGHT	WEIGHT
	2020/21	2021/22
Basic Service Delivery and Infrastructure Development	40	40
Local Economic Development	20	20
Financial Viability and Management	15	15
Institutional Transformation and Organizational Development	10	10
Good Governance and Public Participation	10	10
Spatial Planning & Social Transformation	5	5
TOTAL: 100%		

**Annual Targets achieved & not achieved for year 2020/2021**

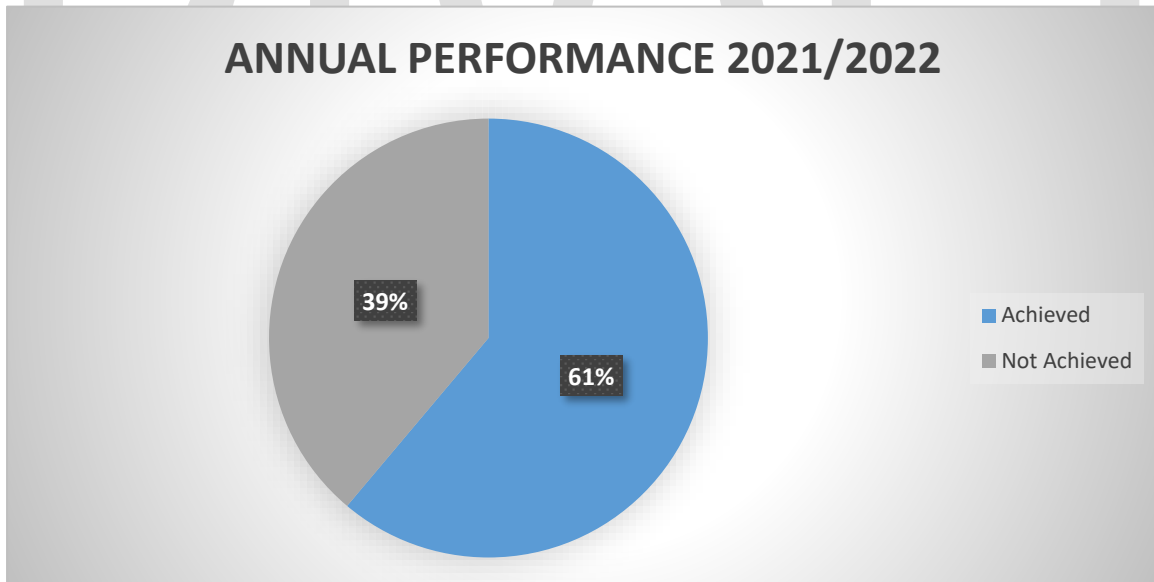
Details	No of targets	No of targets Achieved	% of targets Achieved	No of targets Not Achieved	% of targets Not Achieved
Technical Services	14	8	57%	6	43%
Human Settlements	20	9	45%	11	55%
Community Services	24	15	75%	9	25%
Rural and Economic Development	54	43	80%	11	20%
Public Safety and Traffic Management	19	10	53%	9	47%
Corporate Services	45	30	67%	15	33%
Budget and Treasury	15	13	87%	2	13%
Executive & Council	16	11	69%	5	31%
<b>Total</b>	<b>207</b>	<b>139</b>	<b>67%</b>	<b>68</b>	<b>33%</b>

**ANNUAL PERFORMANCE 2020/2021**



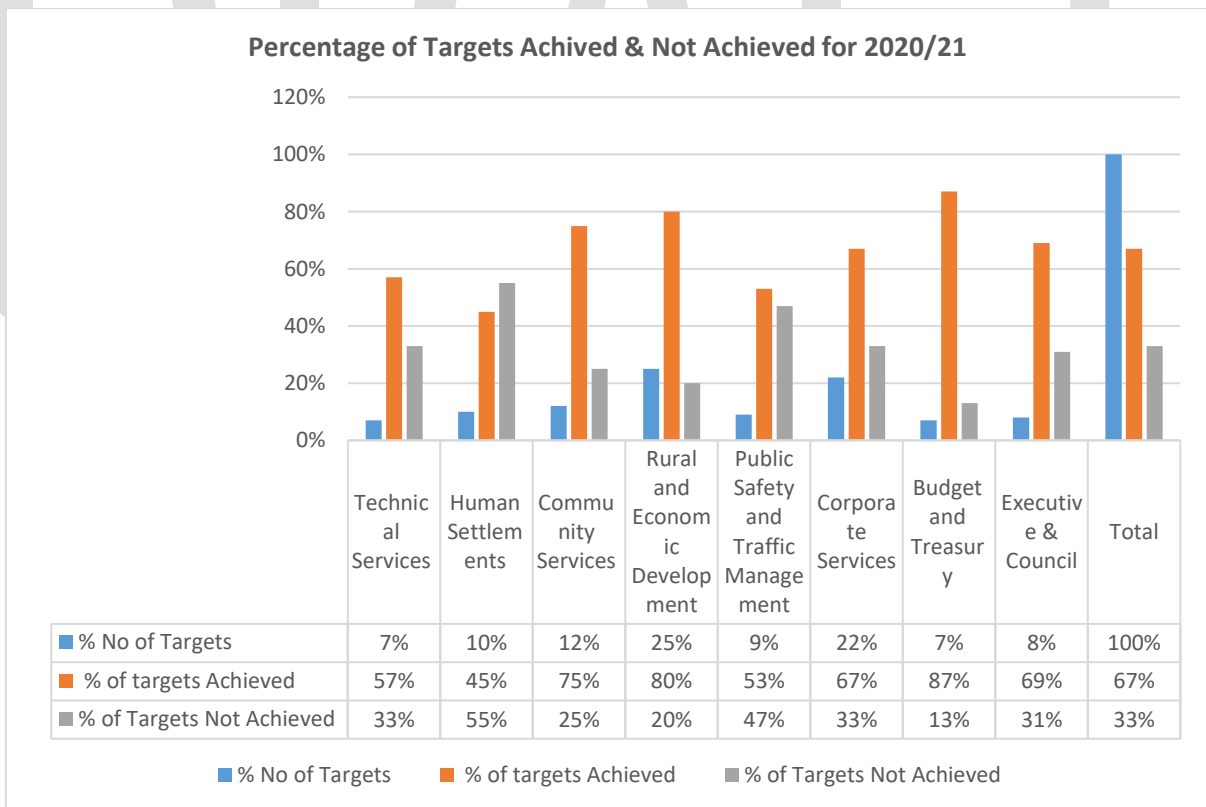
**Annual Targets Achieved & Not Achieved for year 2021/2022**

<b>Details</b>	<b>No of targets</b>	<b>of No targets Achieved</b>	<b>% of targets Achieved</b>	<b>No of targets Not Achieved</b>	<b>% of targets Not Achieved</b>
Technical Services	<b>18</b>	11	61%	7	39%
Human Settlements	<b>16</b>	13	81%	3	19%
Community Services	<b>17</b>	6	35%	11	65%
Rural and Economic Development	<b>32</b>	23	72%	9	28%
Public Safety and Traffic Management	<b>28</b>	13	46%	15	54%
Corporate Services	<b>39</b>	23	59%	16	41%
Budget and Treasury	<b>16</b>	12	75%	4	25%
Executive and Council	<b>27</b>	17	63%	10	37%
<b>Totals</b>	<b>193</b>	<b>118</b>	<b>61%</b>	<b>75</b>	<b>39%</b>



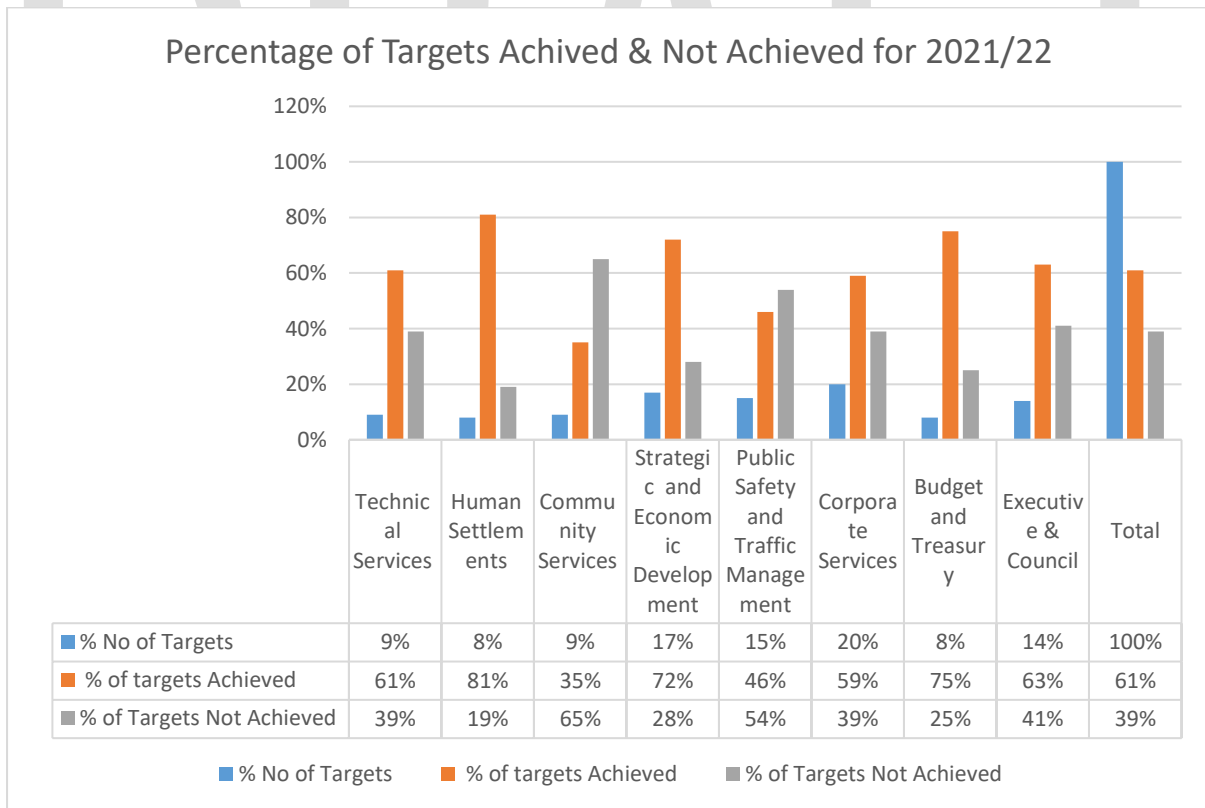
**Targets Achieved & Not Achieved per department for year 2020/2021**

Details	% of targets	% of targets Achieved	% of targets Not Achieved
Technical Services	7%	57%	43%
Human Settlements	10%	45%	55%
Community Services	12%	75%	25%
Rural and Economic Development	25%	80%	20%
Public Safety and Traffic Management	9%	53%	47%
Corporate Services	22%	67%	33%
Budget and Treasury	7%	87%	13%
Executive and Council	8%	69%	31%
<b>Totals</b>	<b>100%</b>	<b>67%</b>	<b>33%</b>



**Targets Achieved & Not Achieved per department for year 2021/2022**

Details	% of targets	% of targets Achieved	% of targets Not Achieved
Technical Services	9%	61%	39%
Human Settlements	8%	81%	19%
Community Services	9%	35%	65%
Strategic and Economic Development	17%	72%	28%
Public Safety and Traffic Management	15%	46%	54%
Corporate Services	20%	59%	41%
Budget and Treasury	8%	75%	25%
Executive and Council	14%	63%	37%
<b>Totals</b>	<b>100%</b>	<b>61%</b>	<b>39%</b>



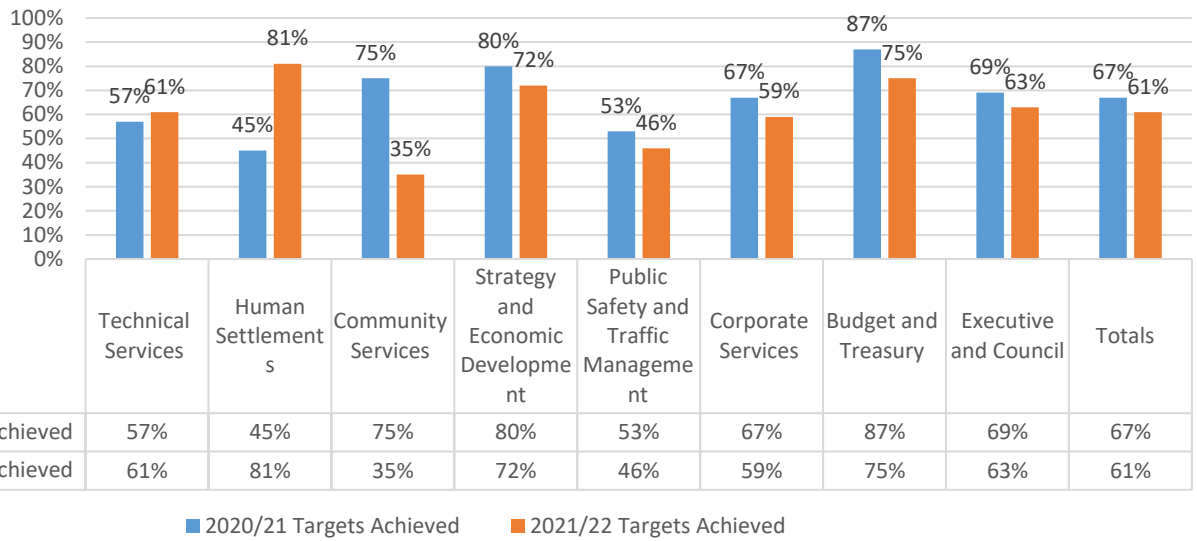
### 1.1 Overall comparison performance report of the Municipality per Directorate

The table below illustrates the summary of overall performance of the Municipality for 2021/2022 in comparison with 2020/2021. This means that it is a tabulation of the total number of targets set by all directorates combined, which then gives a picture of how the municipality has performed.

Directorate	2020/2021					2021/2022			
	No. of Targets	No. of Targets Achieved	No. of Targets Not Achieved	Achieved in terms of %		No. of Targets	No. of Targets Achieved	No. of Targets Not Achieved	Achieved in terms of %
Technical Services	14	8	6	57%	18	11	7	61%	
Human Settlements	20	9	11	45%	16	13	3	81%	
Community Services	24	15	9	75%	17	6	11	35%	
Rural and Economic Development	54	43	11	80%	32	23	9	72%	
Public Safety and Traffic Management	19	10	9	53%	28	13	15	46%	
Corporate Services	45	30	15	67%	39	23	16	59%	
Budget and Treasury	15	13	2	87%	16	12	4	75%	
Executive & Council	16	11	5	69%	27	17	10	63%	
<b>Total</b>	<b>207</b>	<b>139</b>	<b>68</b>	<b>67%</b>	<b>193</b>	<b>118</b>	<b>75</b>	<b>61%</b>	

The tabulation above shows that the municipal performance has decreased by 6%, from 67% to 61% after analysis.

**Targets Achieved per department 2020/21 vs 2021/22**



### 1.2 Overall Performance Report of the Municipality per KPA

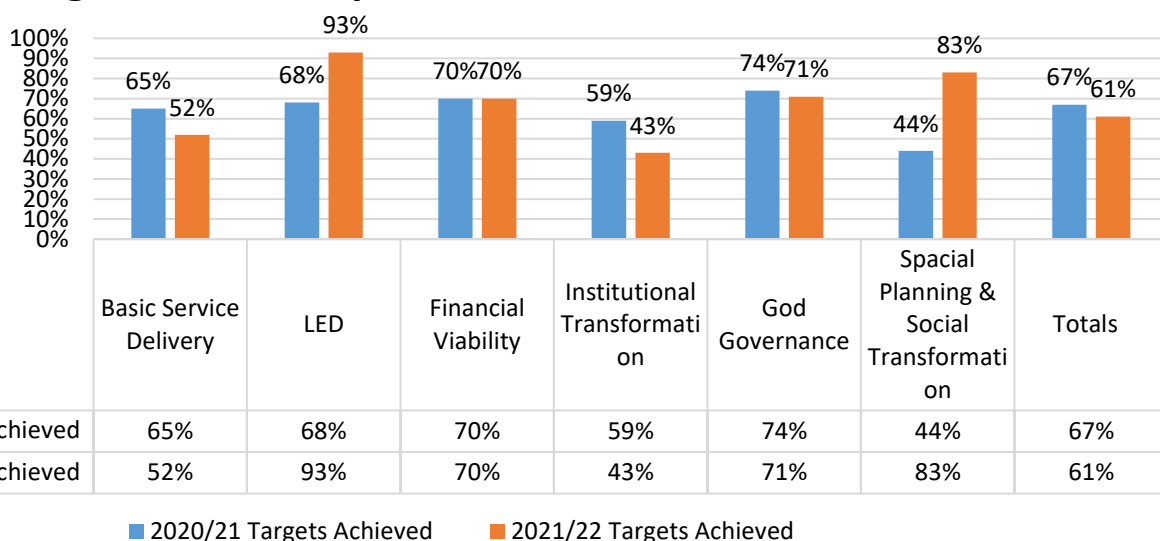
The table below illustrates the summary of overall performance of the Municipality for 2021/2022 in comparison with 2020/2021 per KPA. This means that it is a tabulation of the total number of targets set per KPA, which then gives a picture of how the municipality has performed.

Directorate	2020/2021				2021/2022			
	No. of Targets	No. of Targets Achieved	No. of Targets Not Achieved	Achieved in terms of %	No. of Targets	No. of Targets Achieved	No. of Targets Not Achieved	Achieved in terms of %
Basic Service Delivery	37	24	13	65%	50	26	24	52%
LED	22	15	7	68%	15	14	1	93%
Financial Viability	20	14	6	70%	17	12	5	70%
Institutional Transformation	33	19	12	59%	51	22	29	43%
Good Governance	78	58	20	74%	48	42	14	71%
Spatial planning and Social Transformation	18	8	10	44%	12	10	2	83%
<b>Total</b>	<b>207</b>	<b>139</b>	<b>68</b>	<b>67%</b>	<b>193</b>	<b>118</b>	<b>75</b>	<b>61%</b>



The tabulation above shows that the municipal performance has decreased by 6%, from 67% to 61% after analysis.

### Targets Achieved per KPA 2020/21 vs 2021/22



## 2. Challenges in the Implementation of the Performance Management System

No	Challenge Identified	Description	Corrective Measures	By When
1	<b>Submissions of performance reports</b>	<p>(1) Directorates do not submit their performance reports within the prescribed time to allow enough time for PMS Unit to analyse performance information.</p> <p>(2) The review revealed that the reporting timelines (cut-off dates) for the directorates are not as strict as they should be, and this causes inaccuracy, incompleteness and discrepancies in the reporting.</p>	<p>(1) To develop a clear procedure detailing reporting requirements and timeframes and circulate to directorates</p> <p>(2) To put strict controls in terms of adhering to set deadlines and communicate this clearly to directorates</p>	June every year

No	Challenge Identified	Description	Corrective Measures	By When
2	Submission of Performance Information (Portfolio of Evidence)	<p>(1) The performance information submitted to back up claims of achievement is not always relevant or sufficient or authentic, resulting in those claims being nullified by the PMS Division</p> <p>(2) Performance reports are sometimes submitted electronically resulting in non- or late submission of performance information by directorates</p>	<p>(1) The PMS Division will not accept any performance reports not supported by portfolio of evidence and any claims of achievement will be nullified</p> <p>(2) No late POE will be accepted as electronically transmitted reports should be followed immediately by portfolio of evidence sent by messenger</p>	
3	Setting performance objectives, strategies, targets and indicators	<p>(1) There is still a challenge regarding the targets set in scorecards in as far as "SMART" principle is concerned. Some indicators are not "SMART" making it difficult to produce performance information</p> <p>(2) Performance Targets and Indicators set are sometimes not in the control of the municipality or the directorate setting the targets and this result in non-achievement even though the part of performance under the control of the municipality or the directorate has been achieved.</p>	<p>(1) Training and workshops on the targets setting need to be continuous and not be events and the directorate will set up schedules for refresher workshops on the municipality's PMS processes including "SMART" goal setting</p> <p>(2) Structured and/or accredited training on PMS for managers and supervisors</p>	Bi-annual
4	Misalignment of IDP Targets (Strategic	In some cases the targets set in the Directorate Scorecards are misaligned with the IDP	With every performance review done during the year the original plans will be revisited to ensure that	As of when

No	Challenge Identified	Description	Corrective Measures	By When
	Scorecard) and Directorate Scorecards / SDBIPs	(Strategic Scorecard). This is mostly caused by the fact that when reviews are done during the year and amendments done, there is no revisiting of the Strategic scorecard to re-align with the directorates scorecards	they remain aligned with the reviewed plans	

### 3. Underlying Causes for Non-Performance

Having looked at the reasons provided by directorates for non-performance the directorate tabulated these below so that proper action can be taken to correct these.

No	Category	Description	Corrective Measures	Time Frame
1	Legislation	The municipality may not be complying with some of the legislation prescribed especially where professional services are concerned. The example is when an advert was issued by the municipality inviting service providers to submit proposals for the development of the Roads and Storm Water Maintenance Plan, when the Engineering Council of South Africa disapproved and the performance of such a target is deferred to the next financial year.	To ensure that in future all legislation relating to a particular function is checked and implemented to improve planning and processes	continuously
2	Powers and Functions	The system of government that is currently prevailing necessitates that the spheres work interdependently even though autonomous in nature. To this end there are some functions that are in the competence of other spheres with the municipality playing a facilitating role; however, in setting targets the municipality would sometimes set indicators that are not in its control. This is also through with the different roles of internal stakeholders, such as the role of the official and that of a councillor. This results in	To ensure that the municipality is clear with its powers and functions to enable setting of targets for only the role an individual has a control over	continuously

No	Category	Description	Corrective Measures	Time Frame
		<p>some of the targets not being met. An example is when a target would be set by an official with an indicator that says a particular document would have been approved by council – when the sitting of council is not in the control of officials. Another example would be a target that would say solid waste transfer stations would be constructed in a particular period, when this is in the competence of the District Municipality</p>		
3	Cooperation	<p>The review has revealed that there is not always cooperation between councillors and officials or information gap. An example is when Human Settlements Directorate indicates that they could not achieve because of non-public participation.</p>	<p>(1) To strengthen relations and teamwork internally  (2) To provide structured support.  (3) To strengthen IGR functionality</p>	continuously
4	Planning	<p>It has also been noted that one of the reasons for non-achievement is lack of, or poor planning. The reason that the directorate could not perform because a client changed his requirement and the position of the pump station has not been approved, service provider was chased away is tantamount to lack of or poor planning</p>	<p>To improve planning processes and ensure that targets planned for are achievable through capacity building programmes – structured training and workshops</p>	continuously.
5	Lack of capacity (financial and human)	<p>Some targets were not met because there was lack of financial and human resources and example is with the implementation of bylaws; and lack of human resources capacity in respect to producing the quarterly newsletter</p>	<p>To improve planning and implementation by ensuring the effective utilization of existing resources</p>	continuously
6	Lack of focus	<p>Some divisions could not achieve their targets, eg, Municipal Relations and we attribute this to lack of focus</p>	<p>To improve monitoring and evaluation of individual performance</p>	continuously

No	Category	Description	Corrective Measures	Time Frame
7	Performance Monitoring and Evaluation	There is poor monitoring and evaluation of individual and directorate performance. This is evidenced by the issue of lack of support for the claimed achievement by directorates with POE'S.	To improve monitoring and evaluation	continuously
8	SMART Principle	It has also been noted that some target needs to be reviewed or reworked. The reasons that the directorate at time had to have process targets in between creates the gap.	To improve planning processes and ensure that targets planned for, do meet the SMART principle.	continuously.

**COMPILED BY:**

**ENDORSED BY:**

\_\_\_\_\_  
**V.S LETUKA**

\_\_\_\_\_  
**N PAKADE**

**MANAGER: PERFORMANCE, MONITORING & EVALUATION MUNICIPAL MANAGER**

DRAFT

ANNEXURE

**9. Technical Services:**

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.1.1	Number of surfaced streets repaired and maintained	120 surfaced streets repaired and maintained within KSDLM by June 2021.	<b>Achieved</b> 135 surfaced streets repaired and maintained	3.3.1.1	No. of surfaced streets repaired and maintained	160 surfaced streets repaired and maintained within KSD LM by June 2022	<b>ACHIEVED</b> 162 surfaced streets repaired and maintained within KSD LM by June 2022
3.2.1.1/1	Number of km of gravel roads repaired and maintained	800km of gravel roads repaired and maintained within KSDLM by June 2021	<b>Achieved</b> 908.7 km of gravel roads repaired and maintained	3.3.1.3	No. of Km of Gravel roads repaired and maintained	1000km of gravel roads repaired and maintained within KSD LM by June 2022	<b>ACHIEVED</b> 1028.3km of gravel roads repaired and maintained within KSD LM by June 2022
3.2.1.1/2	Number of km of roads constructed and rehabilitated.	70 km of roads constructed and rehabilitated Norwood, Nyokinala & Mbozwana, Chris Hani, Slovo and Marhambeni, Ngqwarha, Mxambule & Jojweni, Haji, Kunene & Mncwasa, Silverton, 14 Sai, Chartma Elliot, Vigies, Khalalo, Baziya & Sxuzula, Blekana & Mqanduli, Highbury, Tyeni & Mbozisa, Luthuthu & Qweqwe, Dumrhana, Cimela & Gubevu, Zinkawu) by June 2021	<b>Achieved</b> 87.25km were constructed and rehabilitated (Nyokinala to Mbozwana 29km, 14 Sai AR 5.9km; Upper Ngqwarha AR 12.34km; Chatam to Tembu Surfacing 1.51km; Haji to Kunene via Mncwasa AR 12km; Christ Hani, Slovo, Marhambeni AR 18.5km and Silverton 8km.	3.3.1.4	No. of Km of roads constructed	105 km of roads constructed within KSD LM by June 2022.	<b>ACHIEVED</b> 105km of roads constructed within KSD LM by June 2022
3.2.1.1/3	Number of meters of Storm water infrastructure unblocked and maintained	50 000m of Storm water infrastructure unblocked and maintained within KSDLM by June 2021	<b>Achieved</b> 126289m of storm water infrastructure unblocked and maintained	3.3.1.7	No. of Meters of Storm water infrastructure unblocked and maintained	100 000m of Storm water infrastructure unblocked and maintained within KSD LM by June 2022.	<b>ACHIEVED</b> 137 755m of Storm water infrastructure unblocked and maintained within KSD LM by June 2022.
3.2.1.10	Number of Community halls constructed	2 Community halls constructed by June 2021.  (Rosedale & Northcrest)	<b>Not Achieved</b> 1 Community Halls constructed (Rosedale) and 1 Community Hall still under construction (Northcrest)	3.3.1.17	No. of Community Halls constructed	2 Community Halls constructed by June 2022. (Northcrest & Silverton Community Halls)	<b>NOT ACHIEVED</b>  Northcrest community hall is complete, contractor for Silverton community hall appointed.
3.2.1.13	Number of households	Connecting 666 households to the grid in Mthatha	<b>Not Achieved</b> 486 households connected to the				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
	connected to the grid	West 4 and Nobula Village by June 2021	grid in Mthatha West 4 and Nobula Village.				
3.2.1.14	Number of km of 66kv overhead line constructed	Construction of 14 km of 66kv overhead line from Mbuqe to Thornhill substation by June 2021	<b>Achieved</b> 14 km of 66kv overhead line from Mbuqe to Thornhill substation constructed				
3.2.1.15	Number of transformer bays constructed	Construction of 1 transformer bay at Thornhill substation by June 2021	<b>Not Achieved</b> The construction of 1 transformer bay at Thornhill substation is still under construction and not yet completed.	3.3.1.11/1	No of transformers installed	1 Transformer Bay installed at Thornhill Substation by June 2022	<b>NOT ACHIEVED</b> All the foundations constructed and a set of 3 CTs has been installed.
3.2.1.16	Number of substations constructed	Procurement of 2 substation equipment by June 2021	<b>Not Achieved</b> Procurement of 2 substation equipment bid is in process.	3.3.1.19	No. of DLTC constructed	1 DLTC at Mqanduli constructed by June 2022.	<b>NOT ACHIEVED</b> Mqanduli DLTC is under construction
3.2.1.18	Number of km of 11KV overhead line constructed	7km of 11kV overhead line Constructed between Thornhill substation and Mthatha Dam by June 2021	<b>Not Achieved</b> The project is under construction.				
3.2.1.19	No. of intersections of Traffic lights inspected and maintained	29 intersections of Traffic lights inspected and maintained in Mthatha Town & Surroundings by June 2021.	<b>Achieved</b> 29 intersections of Traffic lights inspected and maintained in Mthatha Town & Surroundings.	3.3.1.15	No. of intersections of Traffic lights maintained	29 intersections of traffic lights maintained in Mthatha by June 2022	<b>ACHIEVED</b> 29 intersections of traffic lights maintained
3.2.1.20	No. of streetlights inspected and repaired	1000 of streetlights inspected and repaired within KSDLM by June 2021	<b>Achieved</b> 1000 streetlights inspected and repaired within KSDLM	3.3.1.16	No. of streetlights maintained	2000 streetlights maintained within KSD LM by June 2022	<b>ACHIEVED</b> 2104 streetlights maintained
3.2.1.22	Christmas lights installed and operational	Christmas Lights operational on the day of the event in Mthatha & Mqanduli by December 2020	<b>Achieved</b> Lights were switched on, on the day of the event in Mthatha and Mqanduli.				
3.2.1.23	Installed Highmast lights and Solar Streetlights	Installing 30 solar streetlights in Chatham and Harrow Street by June 2021	<b>Not Achieved</b> Installation of 30 solar streetlights is under construction.	3.3.1.9	No. of Solar streetlights installed	30 Solar streetlights installed at Chatham, Harrow streets and cemeteries by June 2022.	<b>ACHIEVED</b> 67 solar streetlights installed by June 2022

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANACE 2021/2022
				3.3.1.12	No. of breakers replaced	5 Breakers Replaced at UNITRA substation by June 2022	<b>ACHIEVED</b> 5 breakers installed and commissioned at Unitra substation
				3.3.1.13	No. of electrical faults restored	10000 electrical faults restored by June 2022	<b>ACHIEVED</b> <b>10829 electrical faults restored</b>
				3.3.1.14	No. of meters inspected	1200 meters inspected within KSD LM by June 2022.	<b>ACHIEVED</b> 2006 meters inspected
				3.3.1.6	No. of bridges constructed	Construction of 2 bridges, one at Blekana and one at Baziya villages by June 2022	<b>NOT ACHIEVED</b> 1 Bridge constructed (Blekana bridge Completed)
				3.3.1.11	No. of switching station refurbished	1 switching station Refurbished at Mbuqe Extension by June 2022	<b>ACHIEVED</b> <b>1 switching station completed</b>
				3.3.4.6	No of Departmental Management staff with signed performance agreements	1 GM and 3 Managers on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> 1 GM and 3 Managers Performance Agreements concluded by September 2021
				3.3.4.7	No of employees below Managers on PMS (T15-T8)	37 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b> 29 Employees below managers Performance Agreements concluded by September 2021.
				3.3.4.8	Reviews of employees on performance agreements conducted	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b> Assessment for GM and 3 Managers conducted



## 10. Human Settlements

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.1.26.1	No. of houses constructed at Maydene Farm Ext.71	250 houses to be constructed at Maydene Farm Ext.71 at by June 30, 2021	<b>Not Achieved</b> - Q1 – 0 houses complete <b>Q2 : 10x houses</b> complete <b>Q3</b> -17 Houses constructed by March 2021 <b>Q4</b> 0 houses complete by 30 June 2021 <b>TOTAL HOUSES COMPLETED 27 -174</b> foundations -133 wall plates -60 roof & electrical	3.3.1.20	No. of houses constructed at 1.Maydene Farm ext.71 2.New Brighton 131 3. Kei Rail 537 (200) 4.New Payne 300 (74) 5. New Payne 200 (51) 6. Ntshabeni 200 (27) 7. Willow 200 (58) 8. Zidindi 300 (105) 9. Mahlungulu 350 (260)	456 houses constructed by June 2022 at  1.Maydene Farm ext. 71 2.New Brighton 131 3. Kei Rail 537 (200) 4.New Payne 300 (74) 5. New Payne 200 (51) 6. Ntshabeni 200 (27) 7. Willow 200 (58) 8. Zidindi 300 (105) 9. Mahlungulu 350 (260)	<b>NOT ACHIEVED</b> 51 houses completed by June 2022  - 198 houses on foundation stage; - 99 Wall Plate stage - 45 Roof & Electrical  4 housing projects have obtained NHBC registration - Zidindi 300 (01 Feb 2022), Willow 200 (24 Dec 21) Ntshabeni 200 (4 Feb 2022) and New Payne 300 (24 Dec 2021)
3.2.1.26.2	No. of houses constructed at New Brighton	5 houses to be constructed at New Brighton by June 30 2021	<b>Not Achieved</b> 0 Houses completed				
3.2.1.26.3	No. of houses constructed at Kei Rail	5 houses to be constructed at Kei rail by 30 June 2021	<b>Not Achieved</b> 0 Houses completed				
3.2.1.26.5	No. of houses constructed at New Payne 300	24 houses constructed at New Payne 300 by 30 June 2021	<b>Not Achieved</b> 0 houses completed				
3.2.1.26.6	No. of houses constructed at New Payne 200	35 houses constructed at New Payne 200 by 30 June 2021	<b>Not Achieved</b> 0 houses completed				
3.2.1.26.7	No. of houses constructed at Ntshabeni	27 houses constructed at Ntshabeni by 30 June 2021	<b>Not Achieved</b> 0 houses completed				
3.2.1.26.8	No. of houses constructed	28 houses constructed at	<b>Not Achieved</b>				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
	at Mahlangu	Mahlungulu by 30 June 2021	0 houses completed				
3.2.1.26.9	No. of houses constructed at Willow	35 houses constructed at Willow by 30 June 2021	<b>Not Achieved</b> 0 houses completed				
3.2.1.26.10	No. of houses constructed at Zidindi	29 houses constructed at Zidindi by 30 June 2021	<b>Not Achieved</b> 0 houses completed				
3.2.1.26.4	No. of Housing Forum Meetings held	2 Housing Forum meetings held by 30 June 2021	<b>Achieved</b> 2 sittings of Housing Forum Meetings	3.3.1.33	No of Housing Forum Meetings held	4 Housing Forum meetings held by June 2022	<b>ACHIEVED</b> 4 sittings of housing forum meeting held  Meeting held on 23/09/21. (ii) Meeting held on 24/02/22 (iii) Meeting held on 02/05/22. (iv) Last meeting held on 24 June 2022
3.2.1.26/11	% completion of the housing sector plan project	25% of the housing sector plan project completed by 30 June 2021	<b>Achieved</b> 25 % of the housing sector plan project completed.	3.3.1.32	% Completion of the housing sector plan project	100% completion of Housing Sector Plan Project by June 2022	<b>ACHIEVED</b> 100% of Housing Sector Plan Project completed
3.2.2.27/4	% Completion of the proclamation of Coffee Bay New Town	25 % completion of the Coffee Bay New Town Proclamation by 30 June 2021	<b>Not Achieved</b> 22 % complete on proclamation of Coffee bay New Town	3.3.1.34	% Completion of the Coffee Bay Town Approval by Municipal Planning Tribunal	100% completion of the Coffee Bay Town Approval by Municipal Planning Tribunal by June 2022	<b>ACHIEVED</b> 100% of the Coffee Bay Town Approval by Municipal Planning Tribunal completed
3.2.1.32/1	% progress in the processing of received building plans.	99% of all received building plans should be processed by 30 June 2021	<b>Achieved</b> 99% of all received building plans were processed	3.3.3.18	% Completion of processed building plans	99% of all received Building plans processed by June 2022	<b>ACHIEVED</b> 99% of all received building plans processed
3.2.1.32/3	% Completion of the building management	75% completion of the building management by 30 June 2021	<b>Achieved</b> 75% preparation of the building Management	3.3.3.19	% Completion of the building management By- law	100% completion of the building management By	<b>ACHIEVED</b> 100% of the building management By

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
	management By Law preparation	law by 30 June 2021	By-Law completed.			Law by June 2022	Law by completed
3.2.2.32	% Completion of Outdoor Advertising Management By Law preparation	75% completion of Outdoor Advertising Management By Law by 30 June 2021	<b>Achieved</b> 75% preparation Outdoor Advertising Management bylaw completed.	3.3.3.22	% Completion of Outdoor Advertising Management By-Law	100% completion of the Outdoor Advertising Management By-Law by June 2022	<b>ACHIEVED</b> 100% of the Outdoor Advertising Management By-completed. By law gazetted.
3.2.1.3 5/1	% Completion of the Land Use Management Scheme preparation.	75 % completion on Land Use Management Scheme by 30 June 2021	<b>Achieved</b> 75 % completion on Land Use Management Scheme by June 2021	3.3.1.3 7	% completion on Land Use Management Scheme	100% completion on Land Use Management Scheme by June 2022	<b>ACHIEVED</b> 100% of Land Use Management Scheme completed
3.2.1.3 5/2	% Completion of the Ncambedlana Local Spatial Development Framework preparation	25 % completion on preparation of Ncambedlana LSDF by 30 June 2021	<b>Achieved</b> 25 % completion on preparation of Ncambedlana LSDF by June 2021	3.3.1.3 5	% Completion on preparation of Ncambedlana Local Spatial Development Framework	100% completion on preparation of Ncambedlana LSDF by June 2022	<b>ACHIEVED</b> 100% on preparation of Ncambedlana LSDF completed
3.2.1.3 5/3	% Completion of the Qunu Local Spatial Development Framework preparation	25 % completion on preparation of Qunu LSDF by 30 June 2021	<b>Achieved</b> 25 % completion on preparation of Qunu LSDF by June 2021	3.3.136	% Completion on preparation of Qunu Local Spatial Development Framework	100% completion of Qunu LSDF by June 2022	<b>ACHIEVED</b> 100% of Qunu LSDF completed
3.2.3.18	No. of title deeds issued	140 title deeds issued by 30 June 2021	<b>Not Achieved</b> 41 Title deeds issued by June 2021	3.3.3.17	No. of title deeds issued	140 title deeds issued by June 2022	<b>ACHIEVED</b> 160 Title deeds issued
3.2.4.25	% Completion of the KSM geo-database created	75% completion on creation of the KSD Institutional Geo-database by 30 June 2021	<b>Achieved</b> 75 % completed on the creation of the KSD institutional Geo-database	3.3.4.27	% Completion on Geographic Information System Management	100 % completion on creation of the KSD Institutional Geo database by June 2022	<b>ACHIEVED</b> 100 % on creation of the KSD Institutional Geo database by completed
				3.3.1.38	% completion of KSD Land Audit report	50% completion of KSD Land Audit report by June 2022	<b>ACHIEVED</b> 50% of KSD Land Audit report completed

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
				3.3.4.6	No of Departmental Management staff with signed performance agreements	1 GM and 1 Manager on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> Performance agreements of General Manager and 1 manager on PMS concluded
				3.3.4.7	No of employees below Managers on PMS (T15-T8)	10 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> Performance Agreements of 10 employees below managers concluded
				3.3.4.8	Reviews of employees on performance agreements conducted	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>ACHIEVED</b> Performance assessments and reviews of employees concluded

## 11. Community Services

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.1.36	Number of residential and commercial properties with access to refuse collection services	Removal of refuse collection to 9094 urban households once a week by June 2021	<b>Achieved</b> Provision of refuse removal service to 14669 urban households once a week	3.3.1.46	No of streets with refuse removed in billed household once per week	Refuse removed in 537 streets in billed households once per week by June 2022.	<b>ACHIEVED</b> , Refuse removed in 537 streets in billed households once per week
3.2.1.37	No of refuse removal points cleared in peri urban areas	Clearing of 22 refuse removal points within KSDLM once per week by June 2021	<b>Achieved</b> 22 refuse removal points were cleared once per week in peri urban areas	3.3.1.47	No of refuse removal points cleared in peri urban areas	22 refuse removal points within KSDLM cleared once per week by June 2022	<b>ACHIEVED</b> , 22 refuse removal points within KSDLM cleared once per week
3.2.1.38	No. of waste disposal PSC meetings	To facilitate 6 waste disposal PSC meetings by June 2021	<b>Not Achieved</b> 4 PSC meetings facilitated.				
3.2.1.39	No. of waste transfer station PSC meetings	To facilitate 4 waste transfer station PSC meetings by June 2021	<b>Achieved</b> 4 Project Steering Committee Meetings facilitated				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.1.40	No of external landfill site audits conducted	To facilitate 5 External Landfill site External Audits by June 2021	<b>Achieved</b> 5 Environmental Audits conducted	3.3.5.40	No of external landfill site audits conducted	4 External Landfill site Audits facilitated by June 2022	<b>NOT ACHIEVED</b> Nil
3.2.1.41	No. of landfilled sites Maintained.	To ensure Maintenance of 2 Landfill Site (Mthatha & Mqanduli) by June 2021	<b>Achieved</b> Implementation of Maintenance Plan for Mthatha & Mqanduli Landfill Sites	3.3.5.41	No. of land filed sites Maintained.	2 Landfill Sites (Mthatha & Mqanduli) maintained by June 2022	<b>ACHIEVED</b> 2 Landfill Sites (Mthatha & Mqanduli) maintained
3.2.1.42	No. of illegal dump interventions implemented	To ensure clearing of 14 illegal Dumps hotspot within KSD LM by June 2021	<b>Not Achieved</b> 14 illegal Dumps hotspot cleaned	3.3.1.49	No of Illegal Dump hotspot cleared	14 illegal dumps hot spot cleared in KSD LM by June 2022	<b>ACHIEVED,</b> 14 illegal dumps hot spot cleared in KSD LM
3.2.1.43	No of parks beautified	To facilitate beautification of 4 parks by June 2021 (Vulindlela, Myezo, Queens and City Gardens)	<b>Achieved</b> 4 parks beautified (Vulindlela, Myezo, Queens & City Gardens)	3.3.1.51	No. of Parks beautified and maintained	4 Parks beautified and maintained by June 2022	<b>ACHIEVED,</b> 4 Parks beautified and maintained
3.2.1.44	No. of work opportunities created for Coastal cleaning	To create 21 work opportunities by June 2021	<b>Not Achieved</b> 16 work opportunities created for Coastal cleaning				
3.2.1.45	No. of work opportunities created for Coastal Safety (Lifeguards appointed)	To recruit additional 15 Lifeguards by June 2021	<b>Achieved</b> 15 Lifeguards recruited				
3.2.1.46	No. of beaches cleaned	To clean 2 beaches by June 2021	<b>Achieved</b> 2 beaches cleaned	3.3.1.52	No. of Beaches cleaned	4 Beaches cleaned by June 2022 (2 Coffee Bay and 2 Hole in the Wall)	<b>ACHIEVED,</b> 4 Beaches cleaned (2 Coffee Bay and 2 Hole in the Wall)
3.2.1.47	No of library awareness Programmes conducted	To provide mobile library services to 6 schools within KSD LM by June 2021	<b>Achieved</b> Library awareness Programmes conducted in 7 schools using mobile library				
3.2.1.48	No cemeteries maintained	To maintained 3 cemeteries in KSD LM by June 2021	<b>Achieved</b> 3 cemeteries maintained	3.3.1.54	No. of Cemeteries maintained	3 Cemeteries maintained and managed in KSDLM by June 2022	<b>ACHIEVED,</b> 3 Cemeteries are maintained and managed
3.2.1.49	Electronic Cemetery management System in place	To manage electronic cemetery management system in place (GIS) by June 2021	<b>Not Achieved</b> Data Collected and captured, however no electronic cemetery management system in place				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.1.50	Maintenance and Rehabilitation Programme implemented	Maintenance of Mqanduli Animal Pound by June 2021	<b>Not Achieved</b> Only fencing has been done at Mqanduli Animal Pound.				
3.2.1.51	No. of waste minimization projects launched in schools	Launching of Waste minimization programme in 12 Schools by June 2021	<b>Not Achieved</b> 8 Waste minimization programme launched in Schools				
3.2.1.52	No of Wards visited by Environmental Health Practitioners	To visit 36 Wards by June 2021	<b>Not Achieved</b> 11 Wards visited by Environmental Health Practitioners				
3.2.1.53	No of Public Facilities maintained	To ensure maintenance of 14 Public Ablution Facilities within KSDLM by June 2021	<b>Achieved</b> 14 Public Ablution Facilities within KSDLM maintained				
3.2.1.54	No of EPWP Work opportunities created	To facilitate creation of 100 EPWP Work Opportunities by June 2021(Vulindlela industrial park)	<b>Achieved</b> 100 EPWP Work Opportunities created for Waste Management & Beautification of Open Spaces in Vulindlela industrial Park				
3.2.1.55	No of new contracts signed for commercial refuse collection	To facilitate signing of 24 New Contracts for commercial refuse removal within KSDLM by June 2021	<b>Achieved</b> 24 New Contracts for commercial refuse removal	3.3.3.12	No of new contracts signed for commercial refuse removal	28 signed new contracts for commercial refuse removal within KSDLM by June 2022	<b>ACHIEVED,</b> 28 signed new contracts for commercial refuse removal within KSDLM
3.2.1.56	Rand value of revenue generated from commercial refuse removal and disposal	To facilitate collection of 2 000 000 on refuse removal by June 2021	<b>Not Achieved</b> R964,558.45 collected generated from Commercial refuse removal and disposal	3.3.3.13	Rand value of revenue generated from commercial refuse removal and disposal	2 000 000 Revenue collected from commercial refuse removal and disposal by June 2022	<b>NOT ACHIEVED,</b>
3.2.1.57	No of facilities with Facility Management Contracts	To facilitate facility management contracts for 2 sport facilities by June 2021 (Mthatha & Rotary Stadium)	<b>Not Achieved</b> Appointment of Service Provider for Facility Management in progress	3.3.1.53	Signed Facility management contract	2 facilities with facility management contracts for sport facilities by June 2022 (Mthatha & Rotary Stadium)	<b>NOT ACHIEVED</b>
3.2.1.58	No of policies, by laws and guidelines developed and reviewed	To facilitate development and reviewal of 3 Policies, 1 by law and 2 guidelines by June 2021	<b>Achieved</b> Cemetery, Crematoria and Funeral Undertakers Policy approved				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			<p>by Council and Workshopping has been conducted.</p> <p>Waste Management By laws approved by Council and Submitted to Chief Magistrates for approval of fines.</p> <p>2 guidelines for Solid Waste Management and Parks and gardens developed and reviewed</p>				

KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.3.5	Improved accurate billing for refuse removal	Facilitate accurate Billing for refuse removal by June 2021	<b>Achieved</b> accurate billing for refuse removal has been improved by June 2021	3.3.3.1 1	Improved accurate billing for refuse removal	Facilitate accurate Billing for refuse removal by June 2022	<b>ACHIEVED,</b> Facilitate accurate Billing for refuse removal
				3.3.1.4 8	No. of meetings facilitated for establishment and operation of Qweqwe Landfill Site	4 meetings for establishment and operation of Qweqwe Landfill Site facilitated by June 2022	<b>ACHIEVED,</b> 4 meetings for establishment and operation of Qweqwe Landfill Site facilitated
				3.3.1.5 0	No of reports correctly captured on South African Waste Information System	12 Waste Information reports correctly captured on SAWIS by June 2022	<b>ACHIEVED,</b> 12 Waste Information reports correctly captured on SAWIS
				3.3.4.6	No of Departmental Management staff with signed performance agreements	1 GM on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED,</b> 1 GM on PMS (Performance Agreements concluded)

					3.3.4.7	No of employees below Managers on PMS (T15-T8)	34 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED,</b> 34 Employees below managers on PMS (Performance Agreements concluded) by March 2022
					3.3.4.8	Reviews of employees on performance agreements conducted	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED,</b> 1 Performance assessment and reviews of employees on performance agreements conducted

### Rural and Economic Development:

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANACE 2021/2022
3.2.2.1	Wool Clip Commercialisation programme – co-ordinate the ac-quisition of three sets of shearing shed equipment and renovation of three shearing sheds by DRDAR	Facilitate procurement of 1 Sets of shearing equipment by June 2021	<b>Achieved:</b> 1 Shearing shed procured	3.3.2.1	No. of a shearing shed set procured.	1 set of shearing equipment procured by June 2022	<b>ACHIEVED</b> 2 Meetings held 15 <sup>th</sup> Feb 2022.  Flock Competition held 12 <sup>th</sup> May 2022
		Facilitate 4 meetings for renovation of three shearing sheds by DRDAR by June 2021	<b>Not Achieved:</b>				
3.2.2.2	No. of meetings with farmers	Facilitate 4 meetings of stakeholders for the milling plant by June 2021	<b>Achieved:</b> 4 meetings held				
3.2.2.3	No. of meetings to sit for setting up of a feedlot with EC-RDA and DRDAR	4 meetings to sit for Provision of support services to Mqanduli Feedlot by June 2021	<b>Not Achieved</b>  1 meeting held	3.3.2.2	No. of engagement held for Milling Plant and Feedlot	4 engagements were held for the milling plant and feedlot by June 2022	<b>ACHIEVED:</b> 6 meetings held 22 <sup>nd</sup> June; 19 <sup>th</sup> May; 1 <sup>st</sup> April ; 14 <sup>th</sup> Feb; 1 <sup>st</sup> Feb 2022 and 28 <sup>th</sup> Oct 2021, 25 <sup>th</sup> Aug 2021



2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.2.5	Revitalised Vulindlela Industrial Park	Facilitate 4 Vulindlela industrial park: Technical meetings by June 2021	<b>Achieved:</b> 7 meetings were held	3.3.2.4	No. of meetings held for the revitalization of Vulindlela Industrial Park	4 project support sessions held for Vulindlela Industrial Park by June 2022	<b>ACHIEVED</b> 4 project sessions held
3.2.2.6	Resuscitated Contractor development steering committee	Resuscitate Contractor Development Steering Committee by June 2021	<b>Achieved:</b> Contractor Development resuscitated, Engagements with Business Chambers done, Appointments of 15 contractors have been done	3.3.2.5	Emerging Contractors appointed	Appointment of emerging contractors by June 2022	<b>NOT ACHIEVED</b>
3.2.2.7	Submitted funding support from SEDA	Submission of funding support for SMMEs by June 2021	<b>Achieved:</b> 40 KSD SED programs through DSCC, Campaigns were done for Relief Funding, 150 businesses supported.	3.3.2.3	No. of agricultural co-operatives supported with ploughing inputs	3 Agricultural Cooperatives support with ploughing by June 2022	<b>ACHIEVED:</b> 3 coops supported with water tanks; Information Day on Maize Production & Farmers Meeting
3.2.2.8	No. of Informal traders supported, resource mobilization and developed business plans	50 Informal Traders to be supported resource mobilization and development of Business plans by June 2021	<b>Achieved:</b> 20 traders were supported with vouchers through UNDP,  Session held for the IMEDP Handovers conducted for 60 local traders at Town hall and	3.3.2.6	No. of Informal traders supported.	50 Informal traders supported by June 2022	<b>ACHIEVED</b> SEDA & IBSP Funding made & Mthatha SMME for 59 informal traders supported with PPEs for the COVID-19 Pandemic 7 wards supported with sewing machines mediaSync Profiled

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			<p>OR Tambo DM,</p> <p>13 Spaza shops were supported.</p> <p>Letters of support for the development of Ntozonke Market Centre with the DSDB, KSD has submitted 50 waste pickers for funding by DEDEAT.</p>				businesses for DBSD to market township business.
		Facilitate 4 sessions (informal trading) to sit by June 2021	<b>Achieved:</b> 6 sessions were held with informal traders for support			1 Business breakfast to be facilitated by 2022	<b>ACHIEVED</b> 25 March 2022 the breakfast was held.
						4 Business engagement held by June 2022	<b>ACHIEVED</b> 02 September 2021 15 December 2021 02 February 2022 04 March 2022 meetings were held.
3.2.2.10	No. of capacity building workshops facilitated for Tourism SMME'S.	Facilitate 2 capacity building workshops for Tourism SMME's by June 2021	<b>Achieved:</b> 2 Capacity Building Exercises done	3.3.2.7	No. of capacity building workshops facilitated for SMMEs/cooperatives	5 Capacity building sessions were held: SMME's/cooperatives by June 2022	<b>ACHIEVED</b> There have been a number of interventions for capacity building pop up market for agro processing SMMEs. Entrepreneurship Partnership with SEDA and ORTDM; KSD

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANACE 2021/2022
							Exhibitors competition held at KSD TVET College for 20 entrepreneurs (KSD Judging) and Dialogue held on the 19 October 2021. 28 beneficiaries for workshop with IMDEP ON THE 2 <sup>ND</sup> June 2022.
3.2.2.11	No. of activities held in the tourism and heritage activities	Facilitate 3 events: (Cultural event and Golf Day) by June 2021  (Online Tourism Indaba)  Tourism awareness	<b>Not Achieved:</b> Golf Day, Heritage Development  2 awareness programs held	3.3.2.8	No. of heritage/tourism supported	6 Heritage and tourism events supported by June 2022 (Golf Day, Heritage Month, and Tourism Awareness)	<b>ACHIEVED</b> Procurement and orders were prepared in Q1 and Golf Day was held on the 23 <sup>rd</sup> October 2021. A meeting was held on the 13 <sup>th</sup> September 2021 to discuss the functioning of Art Centres and on 18 Aug 2021 meeting with DBSA for transfer of Assets. 1 Horse racing event took place on the 27 <sup>th</sup> April 2022.
3.2.2.13	No. of Capacity building programmes provided for Local Tourism	Facilitate 2 Capacity programmes by June 2021.	<b>Achieved:</b> 4 Capacity Building exercises were done				
3.2.2.14	No of facilitated graded establishments	Facilitate 2 meetings for upgrading of 10 accommodation establishment by June 2021	<b>Achieved:</b> 2 Meetings were held and 17 BnB's were graded				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.2.15	Business plans/proposals for Coffee Bay Campsites rehabilitation developed.	Submit funding support business plans/proposal for Coffee Bay by June 2021	<b>Achieved:</b> Phase 2 was submitted				
3.2.2.16	No. of meetings participated for tourism attractions	Facilitates 4 meetings for Implementation of Tourism packaged projects by June 2021	<b>Achieved:</b> 4 meetings facilitated for implementation of Tourism Project Packages: Liberation Route, ECPTA, Nelson Mandela and O.R Tambo/ECPTA				
3.2.2.20	No. of artists and film producers supported.	Facilitate support of 5 organised and unorganised artists by June 2021	<b>Achieved:</b> Film making by law for the development of Film making, Support of the creative industries for September 2021 Heritage Month, Support of 10 creative industries groups. Developed an LED strategy that supports Creative Industries	3.3.2.9	No. of artists and film producers supported.	2 Artists and film producers supported by June 2022	<b>ACHIEVED</b> 28 <sup>th</sup> -29 <sup>th</sup> September 2021 there was a film making workshop held by DSRAC. On the 19 <sup>th</sup> October 2021 a virtual meeting was held. Mthatha Film Festival was held on the 16 <sup>th</sup> December 2021. The municipality assisted with travel and accommodation for emerging film makers for the Grahamstown National Arts Festival.

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
						3 stakeholder forums held by June 2022	ACHIEVED 15 September 2021 13 and 22 October 2021 17 February 2022 27 January 2022 26 April 2022
3.2.2.21	No of Ocean Economy Sessions facilitated	Facilitate 2 Oceans Economy sessions by June 2021.	<b>Not Achieved:</b> 1 Ocean's economy sessions held	3.3.2.1 0	No of the Ocean Economy Sessions facilitated	2 Oceans Economy sessions held by June 2022	<b>ACHIEVED</b>  The municipality through its strategic planning session on the 18-20 May 2022 Mayo identified an opportunity for the Ocean's Economy Symposium. A meeting held on the 17th May 2022 to prepare for the KSD Symposium.
3.2.2.22	No. of LED Forums seated	Facilitate 2 LED Forums by June 2021	<b>Not Achieved:</b> 1 LED Forums were held	3.3.2.1 1	No. of LED Forums seated	2 LED Forums held by June 2022.	<b>ACHIEVED</b> 1 meeting was held on the 22 <sup>nd</sup> September 2021. A departmental strategic planning session was held 13 -14 April 2022.
3.2.2.23	No of Information Sharing sessions held	Facilitate Business breakfast by June 2021.	<b>Achieved:</b> 1 Business Breakfast and Business Expo held				
3.2.2.24	No. of Business Chamber Meetings held	Facilitate business chamber engagements by June 2021.	<b>Not Achieved:</b> 3 Business Chamber engagements	3.3.5.6	No. of facilitated activities for presidential intervention	7 activities facilitated for Presidential intervention by June 2022	<b>NOT ACHIEVED</b>

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.2.25	No. SANRAL Engagements held	Facilitate 2 meetings for N2 development by June 2021.	<b>Achieved:</b> 5 SANRAL meetings held	3.3.2.5/1	No. of sessions for SANRAL support for emerging contractors facilitated	2 sessions held for SANRAL support for emerging contractors facilitated by June 2022	<b>ACHIEVED</b> Meeting took place on the 6 <sup>th</sup> April 2022. Meeting. Meeting held on the 11 <sup>th</sup> May 2022.
3.2.2.28	No. of COVID 19 LED Support initiatives facilitated.	Facilitate Implementation of 2 LED COVID-19 Projects by June 2021:  -SMME support  -Food Security    -Investment attraction	<b>Achieved:</b> 4 Business plans for Youth, 19 applications submitted for MERSETA training, CWP support 1000 local people, Business Licensing By Law Car Washes by Law  Participated in the feedlot project for food security project, KSDM is participated in the project for the Special Economic Zone (SEZ), 3 Cooperatives supported for agricultural activities  Participated in the World Forum for	3.3.2.1 2	No. of COVID 19 LED Support initiatives facilitated.	2 COVID-19 LED Support facilitated by June 2022  (Mobilisation of resources for economic recovery)	<b>ACHIEVED</b> 59 SMMEs BNB and 10 food businesses were assisted with PPEs. Draft Covid response strategy developed. draftSMME support pack for COVID 19 Developed through SALGA. 129 Businesses were assisted by being given free business licenses in order to assist with COVID relief. 1 meeting held with BOSA Communication s on Coffee Bay Festival. 1 meeting held with informal traders association on 21 September 2021.

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANACE 2021/2022
			Economic Development,  Nelson Mandela Precinct for development,  Submission of the resource mobilization for property investment earmarked for KSDM.				
3.2.2.30	Revenue collected from Ntozonke Market, Town Hall stalls and street trading	R 530 000 revenue collection by June 2021	<b>Not Achieved:</b> R130 274.14 Revenue Collected from informal traders except York Road and Sutherland Road				
3.2.2.31	Revenue collected from formal businesses	R 550 000 revenue collection for business licensing by June 2021	<b>Achieved:</b> R709 063.00 <b>Revenue</b> collected from formal businesses	3.3.3.1 5	Revenue collected from businesses	R 400 000 revenue collection from businesses by June 2022	<b>NOT ACHIEVED</b>  <b>Q1=R136 205.46</b> <b>Q2=R69 735</b> <b>Q3=R73 501.70</b> <b>Q4 =R74 494</b>  <b>TOTAL=R353 936.16</b>
3.2.2.32	Implemented Outdoor advertising policy for revenue collection	R 1 000 000 revenue collection for outdoor advertising by June 2021	<b>Not Achieved:</b> R119 639.33 Revenue collected for outdoor advertising applicants				

## IGR, PLANNING AND RESEARCH

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.5.1	Developed IGR policy	Facilitate approval of IGR policy by June 2021	<b>Achieved:</b> IGR policy was approved in April 2021				
3.2.5.1/1	No. of IGR Forums and Stakeholder meetings	Facilitate 4 IGR Forums for technical and political by June 2021	<b>Achieved:</b> There has been 11 JOC Meetings held over the financial year on the following dates: 2 November 2020; 10 November 2020; 21 December 2020 4 January 2021 12 January 2021 25 January 2021 22 February 2021 25 May 2021 8 June 2021 22 June 2021 29 June 2021	3.3.5.1	No. of IGR Forums held	4 IGR forums held by June 2022.	<b>ACHIEVED</b>  IGR Forum held on the 17 August 2021 and 1 DDM One Plan Engagement held virtually on the 27 August 2021, weekly JOC meetings were held in Q1. Meeting was held with ward 24 and 16, on the 22 October 2021. Meeting held on the 13 October 2021.
3.2.5.1/2	No. of agreements/MOU signed	Ensure Implementation of the partnership agreements by June 2021 (DUT, TVET, WSU and SAMSA)	<b>Achieved:</b> Meeting held with DUT in August 2020, November 2020 and December 2020,  LGSETA has allocated R 12 million for the Work	3.3.5.2	No. of partnership agreements implemented for DUT, WSU, TVET, and EThekwini Metro Municipality	4 partnership agreements implemented with DUT/WSU/TVET and EThekwini Metro Municipality by June 2022.	<b>NOT ACHIEVED</b>



2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			<p>Integrated Learning</p> <p>Meeting with DUT took place on 25 February 2021,</p> <p>Meeting with SMSA took place on 31 March 2021,</p> <p>Meeting with KSD TVET took place on 30 March 2021,</p> <p>A meeting was held on the 30 April 2021 with DUT,</p> <p>KSDM had an engagement with TVET for reviewal of the partnership agreement, and</p> <p>17 June 2021 KSDM held a Youth Business Expo in partnership WSU/TVET and SAMSA, KSD Municipality has partnered with WSU on</p>				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANACE 2021/2022
			LED innovation champions				
3.2.5.3	No. of capitation programmes for Traditional Leaders	Facilitate 4 Consultation meetings with traditional leadership by June 2021	<p><b>Achieved:</b></p> <p>Consultations were held over the financial year with traditional leaders. The consultations were held as follows:</p> <p>There were 7 consultations held over the financial year with Traditional Leadership within KSD Municipality</p>				
		Facilitate 4 meetings / sessions for the Establishment of 33 ward war rooms by June 2021	<p><b>Not achieved</b></p> <p>There were 15 war rooms that were launched over the 2020/21 financial year. The war rooms launched were as follows:</p> <p>Ward 2, 5, 6, 7, 14, 16, 20, 21, 23, 25, 29, 31, 32, 34 &amp; 35</p>				
		Facilitate 12 Meetings/ Sessions for the revival of 36 for the revival of ward war rooms.	<p><b>Not achieved</b></p> <p>Nil</p>				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.5.4	Developed IDP and Budget (mSCOA) aligned	Developing IDP and Budget (mSCOA) aligned by June 2021	<b>Achieved:</b> IDP for 2021/2022 Approved	3.3.5.4	Developed 5 years of IDP (mSCOA) aligned	Developed 5-year IDP by June 2022	<b>ACHIEVED</b>  IDP was adopted on the 31 of MAY 2022
3.2.5.5	Developed Communications Strategy and Policy	Development of the communications Policy by June 2021	<b>Achieved:</b> Communications Policy approved	3.3.5.3	Developed Website	Website developed by June 2022	<b>NOT ACHIEVED</b>
		Development of the communications Strategy by June 2021	<b>Achieved:</b> Communications Strategy approved				
		Facilitate 20 Profiling of municipal activities by June 2021: Print and audio media	<b>Achieved:</b> 32 print media slots, 23 Radio Slots, 150 Facebooks, 1 twitter and 20 website updates				
3.2.5.11	No. of projects for each of the 36 wards supported through ward-based budget	Facilitate ward-based projects to 36 wards by June 2021	<b>Achieved:</b> All 36 wards were supported through Ward Based Budget	3.3.5.5	No. ward-based projects supported	37 ward-based projects supported by June 2022	<b>ACHIEVED</b> <b>D</b> <b>Q1=17 Wards</b> <b>Q2=14 Wards</b> <b>Q3=11 Wards</b> <b>Q4=2,7,30,14,3,4,31,19, 15,1 &amp; 36</b>
3.2.5.20/1	Facilitated workstream	Facilitate 4 work streams meetings by June 2021	<b>Not Achieved</b>				

## Social Services and Special Programs Unit

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.5.23	Mainstreamed programs for vulnerable sectors for people leaving with disabilities	Establish disability federal Council by June 2021	<b>Achieved:</b> Guidelines developed, KSD Federal Council established	3.3.5.27	No. of KSD Disability programs supported	2 Disability support programs are to be implemented by June 2022	<b>ACHIEVED</b> 27/01/2021 meeting 3/03/2021 recruitment drive 20/07/2022 meeting with federal structure of disability
		Facilitate 4 meetings with disability structure by June 2021	<b>Achieved:</b> 4 meetings conducted:- -Planning meeting for KSD Disability Federal Council, -Workshop on people with disabilities through the assistance of ORTDM, - GBVF workshop assisted by ORTDM and -Establishment of KSD Federal Council.				
		Facilitate 2 Awareness programs by June 2021	<b>Achieved:</b> 21 people with disabilities trained on skills development from 26 October to 20 November 2020.				
		Facilitate 3 external support from	<b>Achieved:</b> Dept of transport, ORTDM and				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
		government departments by June 2021	dept of Public Works				
3.2.5.24	Mainstreamed programs for vulnerable sectors on gender issues	Revive 1 gender forum by June 2021	<b>Achieved:</b> KSD Gender Forum established on the 10 <sup>th</sup> June 2021	3.3.5.30	No. of awareness campaigns for designated groups	8 Awareness campaigns for designated groups implemented by June 2022	<b>ACHIEVED</b>
		Facilitate 4 awareness campaigns on gender-based violence and 16 days of activism by June 2021	<b>Achieved:</b> -Awareness campaign Cacadu 23/09/2020 ward 28, - Dialogue at Mthatha 21/06/21, - Crime Summit and launch of Court Watch Brief 10-11 Nov 2020, -GBV dialogue 22/10/2020, - Men` and boys dialogue ward 18 ( 8-9 Dec 2020				
3.2.5.25	Mainstreamed programs for vulnerable sectors for care, protection and support of elderly and children	Provide 5 learner support material to 5 households by June 2021	<b>Achieved:</b> the following received the material: Khwenxura, Ncetule, Hlumani, Happy fit educare centre and Hello Kity	3.3.5.26	No. of support programs for Children and Elderly Programmes implemented	7 support programs for Children and Elderly by June 2022	<b>ACHIEVED</b>  13/08/2021 Assisted children and woman affected by fire at Grosvenor 02/08/2021 soup kitchen 12/08/2021 handing over of goods to elderly Happy feet day care 18/11/2012

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANACE 2021/2022
							and Hlumani day care 16/11/2021 Golden Games on the 17/11/2021 for elderly Handing over of home-based kids to hospiece and faith and home 27/05/2021
		Support 2 Forster Care Centres with seedlings by June 2021	<b>Achieved:</b> 7Centers received seedlings: Khwezi, Stwayi, Slovo, Mandela, Chris-hani, waterfall and ward 28 community				
3.2.5.26	No. of youth development programs Implemented.	Facilitate 2 EPWP programs with the Dept of Public Works by June 2021	<b>Achieved:</b> Renovation of Mthatha magistrate offices and Renovation of Military base, young in the following wards 14,12,10,16 is recruited.	3.3.5.28	No. of Youth development programs implemented	5 youth developmental programs facilitated by June 2022	<b>ACHIEVED</b> <b>ICT skills programme</b> <b>Youth dialogue</b> <b>Miss KSD on the 22/2/2022</b> <b>Mayors cup</b> <b>Training on paving and waste management</b>
		Facilitate sponsorship for Miss KSD from business fraternity and relevant government departments by June 2021	<b>Achieved:</b> Miss KSD held in November 2020. Awards for the project were from the sponsors				
		Facilitate 2 support from existing	<b>Achieved:</b> Youth Business				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
		partnerships for career expo and placement of young graduates or unemployed graduates by June 2021	Career Expo was held on the 17 June 2021 and 50 youth are placed at Dumelang Umonde training institution and receive stipend.				
		Facilitate 1 Youth month Celebration by June 2021	<b>Achieved:</b> Youth day June 2021 Celebrations was done, Youth Business Career Expo and Youth Dialogue Zangqele S.S.S				
		Facilitate 4 Awareness campaigns on substance abuse and teenage pregnancy by June 2021	<b>Achieved:</b> Mancam SPS, Gwengwe J.S.S, Chief N.Z Mtirara S.S.S and Xugxwala J.S.S				
		Facilitate Back to school campaigns (target two Senior Secondary Schools) by June 2021	<b>Achieved:</b> Twalikhulu Sps, Gotyibeni SPS, dukathole, Tyhalara SPS received school uniform and leaner support material				
		Facilitate 2 SCHOOLS- Educational Dialogue by June 2021	<b>Achieved:</b> Zangqele S.S.S on youth month concept, Child protection week at Chief N.Z Mtirara S.S.S,				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			Mabheleni J.S.S, Gwengwe SPS and Mancam SPS.				
		Procure ICT equipment's for Mqanduli: (2 Computers and 2 routes) for connectivity by June 2021	<b>Achieved:</b> procurement of ICT support done				
3.2.5.27	Reduced fatalities due to HIV/Aids infections based on previous statistics	Facilitate 4 Awareness Campaigns: Training COVID-19 pandemic and HIV/Aids epidemic by June 2021	<b>Achieved:</b> ward 28 awareness campaign, delivery of hygiene kits on Covid 19, awareness campaign at Silvetone, waterfall park, Slovo, Mandela , Chris-Han and Zama S.S.S, Nozuko S.S.S, Skill Centre , Milton Mbekela , EWPS STI, Condom week and Covid 19. Health choices graduation at Chief N.Z Mtirara S.S.S.	3.3.5.29	No. of HIV/Aids programs implemented	4 HIV/Aids Programs implemented by June 2022	<b>ACHIEVED</b>
				3.3.5.38	No. of Communication Programs implemented	80 communication programs implemented by June 2022	<b>NOT ACHIEVED</b>
				3.3.2.5	Emerging Contractors appointed	Appointment of emerging	<b>NOT ACHIEVED</b>



2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANACE 2021/2022
						contractors by June 2022	
				3.3.4.6	No of The departmental Management staff signed performance agreements	3 Managers on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b>
				3.3.4.7	No of the employees below Managers on PMS (T15-T8)	15 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b>
				3.3.4.8	Reviews of employees on performance agreements conducted	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b>

## 12. Public Safety

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANACE 2020/2021
3.2.5.28	No. of awareness campaigns conducted on fire safety	To conduct 08 Fire awareness campaigns on fire safety by June 2021	<b>Not Achieved</b> 2 Fire Awareness Campaigns Conducted.	3.3.1.61	No. of awareness campaigns conducted on fire safety	10 fire awareness campaigns conducted in Schools and Communities by June 2022	<b>ACHIEVED</b> 18 Fire awareness were conducted in this financial year.
3.2.5.30	No. of flammable permits issued	To issue 51 flammable permits by June 2021	<b>Achieved</b> 65 Flammable permits issued. 81 Fire Compliance certificate issued. 7 Conveyance permits.	3.3.1.63	No. of businesses inspected, and flammable permits issued	60 businesses inspected and issued with flammable permits by June 2022	<b>ACHIEVED</b> 78 Flammable permits were issued.
3.2.5.31	No. of fire hydrants tested	To test 170 fire hydrants by June 2021	<b>Not Achieved</b> 408 Fire Hydrants tested	3.3.1.65	No. of fire hydrants tested	170 fire hydrants inspected by June 2022	<b>ACHIEVED</b> 322 fire hydrants were inspected and serviced.

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANACE 2020/2021
3.2.5.32	No. of Disaster Advisory Forum meetings held	To facilitate 04 Disaster Advisory Forum Meetings by June 2021	<b>Achieved</b> 06 Meetings were conducted	3.3.1.66	<b>No. of Disaster Advisory Forum (DAF) meetings conducted</b>	04 Disaster Advisory Forum Meetings held by June 2022	<b>ACHIEVED</b> 11 meetings conducted
3.2.5.34	No. of tickets issued for traffic violations	To issue 5 000 tickets for traffic violations by June 2021.	<b>Achieved</b> <b>TOTAL:7755</b>  6387 Sec 341 and 1368 sec 56 Issued	3.3.1.68	No. of Tickets issued	6000 Tickets issued by June 2022	<b>ACHIEVED</b> <b>7655 tickets were issued as follows:</b>  5346 Sec 341 and 2309 sec 56
3.2.5.35	No. of warrants executed	To ensure execution of 200 warrants of arrests by June 2021	<b>Not Achieved</b>  There is no warrant of arrest executed.	3.3.1.69	No. of warrants executed	100 warrants of arrests executed by June 2022	<b>NOT ACHIEVED</b>  56 warrants of arrest executed.
3.2.5.36	No. of registrations and licenses of vehicles processed and issued.	To ensure processing and issuing of 56000 Applications for vehicle licensing by June 2021	<b>Achieved</b> 102 935 processed and issued Applications for vehicle licensing	3.3.1.70	No. of applications for <b>vehicle licensing received</b> , processed, and issued	56 000 Applications for vehicle licensing received, processed, and issued by June 2022	<b>ACHIEVED</b>  91802 processed and issued Applications for vehicle licensing Registered & Received 7925 Renewals 82168 Deregistration 676 Duplication 424 TSP 101 Searches 329 PLN 65 MTN 6 SLN 108  Total monies collected: R54260200.23  DOT = R40821977.65 KSD: <b>R10986878.58</b> RTMC: 2451344.00
3.2.5.37	No. of applications for driving licenses processed and issued	To ensure processing 4311 applications for driving licenses by June 2021	<b>Achieved</b> 25909 applications were processed and licenses issued  Total monies collected R5 700 662.00  KSD : R4 859 880.00  DLCA: R830 782.00	3.3.1.71	No. of applications for <b>driving licenses received</b> , attended to, and issued	5025 applications for driving licenses attended to and issued by June 2022.	<b>ACHIEVED</b>  22624 applications were processed, and licences issued as follows:  Driver's licence passed 3199  Failed 637 Absent 352 Temps 8024 Prdps 1972 Renewals 8440

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANCE 2020/2021
							Total Revenue collected R3656616.00 broken down as follows:  KSD: R2 843 548.00 DLCA: R813068.00
3.2.5.38	No. of applications for learner's license processed	To ensure processing of 5978 applications for learner's license by June 2021	<b>Not Achieved</b>  4483 applications for learner's license processed	3.3.1.72	No. of applications for <b>learner's licenses received</b> , attended to and issued	6067 applications for learner's license received, attended to and issued by June 2022	<b>NOT ACHIEVED</b>  <b>3700</b> applications for learner's license processed as follows:  Passed 1091 Fail 2286 Absent 71 Duplicate 252
3.2.5.39	No. of Motor vehicles tested for Roadworthy	To ensure testing of 2000 Motor vehicles for Roadworthiness by June 2021	<b>Not Achieved</b>  The station is still not operating.				
3.2.5.41	No. of Municipal Sites guarded	To provide the guarding of 26 Municipal sites by June 2021	<b>Achieved</b>  27 sites were guarded	3.3.1.76	No. of <b>Municipal Properties guarded</b>	26 Municipal Properties guarded by June 2022	<b>ACHIEVED</b>  27 sites were guarded
3.2.5.42	No. of Roads marked.	To ensure inspection and marking of 60 Roads by June 2021.	<b>Achieved</b>  79 Roads inspected roads.	3.3.1.77	No. of Roads marked, and Roads signs inspected	60 Roads marked by June 2022	<b>ACHIEVED</b>  60 Roads inspected & marked.
						60 roads sign inspected by June 2022	
3.2.5.43	No. of tickets for traffic violation captured	To ensure capturing of 5000 traffic violation tickets by June 2021	<b>Not Achieved</b> 4150 tickets of Section 341 were captured  Revenue collected  Mikros  July – Dec 2020 = R 859 800  Jan- June 2021 = 2 143 250  Office Books  July – Dec 2020 = R645 226 Jan – June 2021	3.3.1.78	No. of tickets captured	6000 tickets captured by June 2022	<b>ACHIEVED</b>  11 289 tickets captured  Revenue collected  Truvello  Jan- June 2022 = R 954 070.00  July – Dec 2021 = R <u>1 498 304- 00</u>  <b>Total = R <u>2 630 364.00</u></b>  777 Summons taken to court

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANCE 2020/2021
			= R 594 996  <b>Grand Total = 4 243 272</b>  Section 56  420 Summons taken to court.  283 Warrants 36 paid tickets 24 cancelled				621 warrants paid summons tickets Nil cancelled.
3.2.5.44	Adopted Community Safety Plan (CSP) and Draft Community Safety Strategy (CSS)	To ensure the Implementation of the Adopted Community Safety Plan and development of a Draft Community Safety Strategy by June 2021	<b>Achieved</b>  An internal stakeholder's workshop on CSP for development of Mthatha West (Ward 11) situational analysis was held with Violence Prevention Through Urban Up scaling (VPUU) and German Internal Corporation (GIC)	3.3.1.79	Community Safety Strategy (CSS) developed and taken to Council	Draft Community Safety Strategy developed and sent to Council by June 2022	<b>NOT ACHIEVED</b>  The community safety strategy have been drafted.
3.2.5.45	No. of Community Safety Forum meetings	To facilitate 04 Community Safety Forum Meetings by June 2021	<b>Not Achieved</b>  01 CSF Meeting Attended.	3.3.1.80	No. of Community Safety Forum (CSF) meetings conducted	04 Community Safety Forum Meetings (01 per Quarter) conducted by June 2022	<b>.NOT ACHIEVED</b>
3.2.5.46	No. of safety audits conducted	To ensure conducting of 04 safety audits by June 2021	<b>Not Achieved</b>  01 safety Audit.	3.3.1.81	No. of Community Safety Audits Conducted	04 Community Safety Audits conducted by June 2022	<b>ACHIEVED</b>  04 safety audit conducted.
3.2.5.47	No. of joint operations conducted	To conduct 09 Joint Operations by June 2021	<b>Achieved</b>  24 joint Operations were conducted.	3.3.1.82	No. of joint operations conducted.	9 Joint Operations conducted by June 2022	<b>ACHIEVED</b>  27 joint operations.
3.2.5.48	No. of Liquor outlets inspected	To ensure inspection of 48 Liquor outlets by June 2021	<b>Achieved</b>  393 Liquor outlets were Inspected	3.3.1.83	No. of Liquor outlets inspected	48 Liquor outlets inspected by June 2022	<b>ACHIEVED</b>  108 liquor outlets.
3.2.5.49	No. of compliance notices issued	To ensure issuing of 100 compliance notices by June 2021	<b>Achieved</b>  138 Compliance notices served.	3.3.1.84	No. of compliance notices issued	175 compliance notices issued by June 2022	<b>NOT ACHIEVED</b>  118 notices issued
				3.3.1.64	No. of businesses inspected, and fire compliance certificates issued	60 businesses inspected and issued with fire compliance certificate by June 2022	<b>ACHIEVED</b>  398 Fire compliance certificates were issued.

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANACE 2020/2021	KPI NO.	KPI	ANNUAL TARGET	ACTUAL PERFORMANACE 2020/2021
				3.3.1.62	No. of days taken to scrutinize and recommend the business building plans submitted.	5 days taken for Scrutinization and recommendation of business building plans by June 2022	<b>NOT ACHIEVED</b>  151 Building plans were scrutinised and recommended.
				3.3.1.75	No. of Schools and Community Awareness Campaigns on <b>Road Safety</b>	60 Schools and Community Awareness Campaigns on Road Safety conducted by June 2022	<b>ACHIEVED</b>  107 Schools and Community Awareness Campaigns on Road Safety conducted
				3.3.1.67	No. of Awareness Campaigns conducted on disasters	8 Awareness Campaigns on disasters conducted by June 2022	<b>NOT ACHIEVED</b> 2 Awareness Campaigns
				3.3.1.73	Fully Operational <b>Vehicle Testing Station (VTS)</b>	Fully Operational Vehicle Testing Station (VTS) by June 2022	<b>ACHIEVED</b> 594 vehicles were tested for roadworthiness as follows:  Vehicle suspended: 51 Issued Certificates: 543  Revenue collected: <b>R180 423.72</b>
				3.3.1.74	Functioning <b>Driving License Testing Centre in Mqanduli</b>	Business Plan developed and presented to Council by June 2022	<b>NOT ACHIEVED</b>
				3.3.1.85	No. of <b>by-law enforcement cases attended</b>	150 cases of by-law enforcement attended by June 2022	<b>ACHIEVED</b>  158 cases
				3.3.4.7	No. of employees below managers on PMS (T15-T8)	25 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b>  Nil
				3.3.4.8	Reviews of employees on performance agreements conducted.	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b>  Nil

## Corporate Services

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.4.1	No. of Departmental Management staff with signed performance agreements	Facilitate 4 GM's and 15 Managers on PMS (performance agreements concluded in respect of all) by September 2020	Achieved  4 GM's and 15 Managers have signed their performance agreements.	3.3.4.6	No of Departmental Management staff with signed performance agreements	11 GM's and 18 Managers on PMS (Performance Agreements facilitated) by September 2021	ACHIEVED  Facilitation was done through workshops to enable employees to sign performance agreement
						3 GM's and 8 Managers on PMS (Performance Agreements concluded) by September 2021	ACHIEVED  GMs signed performance agreement and all Managers.
3.2.4.2	No. of reviews of GM'S and Managers on performance management	Conduct quarterly and annually performance reviews by June 2021	Not Achieved  Quarterly reviews conducted (Technical Services, Corporate Services, BTO and Public Safety)	3.3.4.8	Reviews of employees on performance agreements conducted	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	ACHIEVED  Performance assessment and reviews of employees on performance agreements conducted
3.2.4.3	Developed Recruitment plan	Facilitate approval of recruitment Plan 2021/2022	Achieved  Recruitment Plan developed	3.3.4.4	Developed Recruitment Plan for 2022/2023	Approval of Recruitment Plan 2022/23 by June 2022	NOT ACHIEVED  Draft Recruitment Plan
3.2.4.4	No. of budgeted vacant positions filled	Facilitate filling of 100 budgeted-posts by June 2021	Achieved  112 posts filled	3.3.4.5	No. of budgeted vacant positions filled	Filling of 100 budgeted posts by June 2022	ACHIEVED  138 posts filled
3.2.4.5	Integrated HRD strategy developed	Facilitate approval of integrated HRD strategy by June 2021	Achieved  approval of integrated HRD facilitated.	3.3.4.9	Integrated HRD Strategy Implementation Plan developed and implemented	Integrated HRD Strategy Implementation Plan developed and implementation of three programmes by June 2022	ACHIEVED  Integrated HRD Strategy Implementation Plan developed. 3 programmes implemented, 1. Adult Education and Training, 2. Amended Senior Certificate. Pre-trade Test Training (Artisan Development Programme)
3.2.4.6	Reviewed WSP	Facilitate Workplace Skill Plan (WSP) for 2021/22 and submission to LGSETA by June 2021	Achieved  Workplace Skill Plan (WSP) for 2021/22 submitted to LGSETA	3.3.4.10	Reviewed WSP	Workplace Skill Plan (WSP) 2022/23 submitted to LGSETA by June 2022	ACHIEVED  Workplace Skill Plan (WSP) 2022/23 submitted on the 29 <sup>th</sup> of April 2022.

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.4.7	Percentage of Skills development interventions implemented as per WSP 2020/21	Facilitate 100% implementation of 2020/2021 WSP	Achieved  100% implementation of 2020/2021 WSP  (450 employees trained as per WSP Plan)	3.3.4.11	No. of employee's capacitation programme facilitated as per WSP 2022/23	590 employees' capacitation programme facilitated by June 2022	ACHIEVED  643 employees' capacitation programme
3.2.4.8	Submitted Customer Care Policy for Approval	Facilitate approval of Customer Care Policy by June 2021	Achieved  Customer Policy has been workshopped on 17 and 18 <sup>th</sup> June 2021 and approved by Council				
3.2.4.8/1	Developed Draft turnaround plan, Charter and procedure manuals	Development of Draft turnaround plan, Charter and procedure manuals by June 2021	Not Achieved  turnaround plan and procedure manual and Charter have been developed				
3.2.4.9	Reviewed organizational structure.	Facilitate approval of organizational structure by June 2021	Achieved  Reviewed organizational structure has been approved	3.3.4.1	Reviewed Organizational Structure.	Reviewed Organizational Structure Operational by June 2022	NOT ACHIEVED  Design Organisational Structure
3.2.4.10	Developed Job Evaluation Process Plan	Development of process plan	Achieved  Process plan has been developed				
3.2.4.11	No. of Employment Equity Forums meetings	Facilitate 4 Employment equity Forum meetings by June 2021	Not Achieved  3 Employment equity Forum meetings held.				
3.2.4.12	No. of ICT steering committee meetings	Facilitate 5 ICT Steering Committee Meetings by June 2021	Not Achieved  4 Meeting achieved	3.3.4.18	No. of ICT steering committee meetings	4 ICT Committee Meetings held by June 2022	ACHIEVED  4 ICT steering committee meeting held
3.2.4.13	No. of satellite offices connected on VPN	Ensure 15 Sites with VPN Access and Telephone System by June 2021	Achieved  15 Sites Deployment				
		Establish customer solution with ICT Service Desk by June 2021	Not Achieved  Service desk deployment				
		Facilitate establishment of	Achieved				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
		Offsite Disaster Recovery by June 2021	Service provider appointed. Deployment has started.				
3.2.4.14	No. of satellite offices with Wireless Access	Facilitate procurement and Installation of 4 Hour Uptime UPS by June 2021	Not Achieved  Tender notice sent for readvert				
3.2.4.15	No. of sites installed with Surveillance Cameras	Facilitate installation surveillance cameras in 3 sites by June 2021.  (Munitata, stores, and control room)	Achieved  Phase 1 completed. Three sites installed with CCTV cameras	3.3.4.20	No. of sites installed with Surveillance Cameras	4 sites installed with surveillance cameras by June 2022	NOT ACHIEVED  3 sites installed
		Supply and deliver 2 Drones and facilitate training of 2 Drone Technicians by June 2021	Not Achieved  draft By-Law has been approved by Council and 1 drone procured.				
3.2.4.16	Developed Compliant EDMS	Development of Compliant EDMS by June 2021	Achieved  Intranet developed with first policies uploaded.	3.3.4.24	Developed EDMS policy	Development of EDMS policy by June 2022	NOT ACHIEVED
3.2.4.16/2	Developed Intranet	Online Intranet by June 2021	Achieved  Intranet developed with first policies uploaded.	3.3.4.25	Developed cloud-based intranet	Development of cloud-based Intranet for KSD Municipality by June 2022	ACHIEVED  Cloud based intranet developed
		MSCOA Compliant ERP acquired, installed and users trained by June 2021	Not Achieved  draft By-Law presented on the policies workshop and 1 drone procured.				
3.2.4.17	No. Employee Health and Wellness Management Programs. Implemented as per Wellness Strategy	Implement Integrated wellness strategy by June 2021	Achieved  Approved Wellness Strategy 12 December 2019  Women's Day Celebrations: 10 August 2020)  COVID -19 Information sharing sessions with: Parks & Cleansing	3.3.4.28	No. of Employee Health and Wellness Management interventions implemented	4 wellness interventions Implemented by June 2022 (Financial Wellness, HIV AIDS management, Wellness management and productive management)	ACHIEVED  Financial Wellness Event and Women's Month Celebration ( 31 August in Mqanduli)  > Financial Wellness Event and Women's month celebration (on the 18 August 2021 in Mthatha Town Hall  > Health and Wellness Screening



2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			(12- 08 - 20) Parks & Cleansing (13 – 08 – 20) Works (27 – 08 – 20) Roads (28 – 08 – 20) Traffic Services & Access Control (01 -09 -20) Works (08 – 09 - 20) Solid Waste (10 – 09 -20) Corporate Students (16 – 09 -20) Libraries (17 – 09 – 20) Fire Department (18 – 09 – 20)  Mthatha Heritage Parade and Happy Dance Competition (23 – 09 – 20)  COVID -19 Information sharing sessions with: Mqanduli (14 -10 – 20) Finance (26 – 11 – 20) Human Settlements (04 – 12 – 20) Mqanduli Heritage Parade and Happy Dance Competition (02 – 10 – 20)  Inter departmental games (05 – 11 – 21)  Wellness day (Education, and Screening of HIV/AIDS, BP and diabetes) (11 – 12 – 20) Wave 2 COVID - 19 information sharing session: Corporate Services:				Programme (Mthatha Town Hall)on the 02 September 2021) > > Health and Wellness Screening Programme (Mqanduli on the 04 September 2021) > KSD Staff Heritage Parade and Cultural Food Stalls Event  > Financial Literacy Training in partnership with Wage Wise Service Provider from 20th October 2021 to 29th October 2021.  > KSD Interdepartment al games on the 17th of November 2021 at Rotary Stadium.  > Sport Inter municipality Vaccination Drive Wellness Programme held in Buffalo City Municipality in East London from 27th – 28th November 2021. (soccer, netball, ,darts ,tennis, athletics  pool table layers attended)  World Aids Day Commemoration and Awareness presentations and screening programme on HIV/AIDS and TB.

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			<p>(25 – 01 – 21)</p> <p>Wave 2 COVID - 19 information sharing session: MM offices, Human Settlements, Communications and Technical Services: (27 – 01 – 21)</p> <p>Wave 2 COVID - 19 information sharing session: Finance: (08 – 02 – 21)</p> <p>Wave 2 information sharing session: Parks and Gardens: (23 – 02 – 21)</p> <p>Wave 2 information sharing session: Works and Roads: (02 – 03 – 21)</p> <p>Wave 2 information sharing session: Libraries: (16 – 03 – 21)</p> <p>Financial Wellness Event: (17 – 03 – 21)</p> <p>Distribution of thermometers to various workstations</p> <p>Financial awareness campaign with IEMAS on 14 April 2021</p> <p>Pre-vaccination awareness campaign with Department of</p>				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			<p>Health on 28 April 2021</p> <p>Distribution of vaccination link on 30 April 2021</p> <p>Information sharing session- Roads Section On 13 April 2021</p> <p>Report on Employee Wellness Dialogue session in Mqanduli on 4<sup>th</sup> May 2021</p> <p>Request for a list of 60years and above for vaccination on 5 May 2021</p> <p>Pre-vaccination Awareness campaign with DoH in Mqanduli on 6 May 2021</p> <p>Candlelight Memorial Event on 18 May 2021</p> <p>Facilitated return to work of employees working from home.</p> <p>Notice on COVID-19 compliance Regulations on Alert level 3 of 15 June 2021. Information sharing session on substance abuse at Roads Section on 25 June 2021. Notice No 49 on Adjusted Alert level 4 COVID -19 regulations</p> <p>Random COVID -19 Compliance monitoring at</p>				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			Traffic on 29 June 2021				
3.2.4.18	No. of municipal sites with Occupational Health and Safety representative s trained	Training of 45 OHS departmental Representatives by June 2021	Achieved All 45 of OHS departmental Representatives were Training on the 27 -30 July 2020.	3.3.4.29	No. of municipal sites inspected in terms of OHS Regulations	25 municipal sites inspected in terms of OHS regulations by June 2022	ACHIEVED Inspection of all 25 Municipal sites to ensure compliance with OHS Act and its regulations
		Facilitate servicing of fire equipment and installation of first aid boxes on all municipal sites by June 2021	Achieved Facilitated Servicing of Fire Equipment and provision of first aid boxes on all municipal sites.	3.3.4.30	No. of Municipal sites in compliance in terms of Fire equipment and first aid boxes	Servicing of fire equipment and installation of first aid boxes in 26 municipal sites by June 2022	NOT ACHIEVED Servicing of fire equipment and installation of first aid boxes in 26 municipal sites
3.2.4.19	No. of meetings for OHS Committee	Conduct 4 Meetings of the OHS Committee by June 2021	Achieved 5 OHS Committee were conducted on 19 August 2020 23 September 2020 18 November 2020 11 March 2021 24 June 2021	3.3.4.31	No. of meetings for OHS Committee	4 OHS Committee Meetings held by June 2022	ACHIEVED 4 OHS Committee meeting sitting 01/09/2021 14/12/2021 17/02/2022 24/05/2022
3.2.4.20	Labour Relations Strategy developed	Development and submission of Labour Relations Strategy to structures by June 2021	Achieved Development of Labour Relations Strategy, Consultations, workshopped, and adopted by Council	3.3.4.32	Labour Relations Strategy Implementation Plan developed and implemented	Labour Relations Strategy Implementation Plan developed and implemented by June 2022	ACHIEVED 14 Workshops were conducted
3.2.4.21	No of Engagements with Labour	Facilitate 12 LLF meetings by June 2021	Not Achieved 9 LLF meetings facilitated	3.3.4.33	No. of Engagements with labour	12 LLF Sittings by June 2022	NOT ACHIEVED 11 Sitting were conducted
3.2.1.22	Developed plan on Centralised archiving and storage facility	Developed plan on centralizing of institutional record and archives facility by June 2021	Not Achieved Plan on centralizing has been developed	3.3.4.15	Developed plan on centralized archiving and storage facility	Developed plan on centralizing of institutional record and archives facility by June 2022	NOT ACHIEVED Draft Plan on centralized archiving and storage facility developed Collection of Documents from Stores i.e. Supply

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
							Chain and Urban Renewal that are due for disposal.
3.2.1.23	No records management meetings	Facilitate 2 records Committee sittings by June 2021	Achieved  2 Records Committee sitting were facilitated	3.3.4.26	No of Records Forum sittings	4 Records Forum meetings held by June 2022	ACHIEVED  4 Meeting of the Records Management Committee

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.5.3	No. of capacitation programmes for Traditional Leaders	To facilitate 02 virtual capacitation of Traditional Leaders on how to revive initiation forums and moral regeneration by June 2021	<b>Achieved</b> 2 workshops conducted Workshop on advanced digital literacy was conducted for Traditional Leaders on the 11-13 November 2020 and one workshop was conducted for Traditional Leaders Secretaries on the 11-25 May 2021.				
3.2.5.6	Developed Geographic Names Change Policy	Development of Geographic names change policy by June 2021	<b>Achieved</b>  Policy Developed and approved by Council on the 30 October 2020. Name Change forms issued to communities and returned for Council to approve.				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.5.8.	No. of capacitation programmes for ward committees	Facilitate 02 capacitation programmes for Ward Committees by June 2021	<b>Achieved</b>  Civic Education Concept document developed and approved by Council on the 31 March 2021.  02 Capacitation programmes held for ward committees on the 11-25 May 2021 and 25 June 2021 on Civic Education	3.3.5.19	No. of Civic Education Programmes facilitated	4 Civic Education Programmes facilitated by June 2022 (Traditional Leaders, Ward Committees, Organs of Peoples' Power)	<b>ACHIEVED</b> A virtual two days' workshop was conducted for Traditional Leaders on Civic Education on the 19-20 August 2021 and Ward committee workshop was conducted on the 21 September 2021 on Ward Committee Performance Assessment A civic education programme was conducted in ward 19 Tantseka Loc, kwaBhodi, on the 21 October 2021. Civic education was conducted on the 24 <sup>th</sup> March 2022 in ward 35 Tyumbu Location, Civic Education held for ward committees and ward Councillors on the 02 June 2022 and for Futye Traditional Council on the 17 June 2022
3.2.5.9	No. of Reviewed Council Policies and bylaws	Facilitate review of Council policies and by laws by June 2021.	<b>Achieved</b>  Policies were Reviewed and submitted to workshops convened on the 16 April 2021 and 17-18 June 2021. Processed to Council held on the 30 June 2021.	3.3.5.9	No. of facilitated workshops on the Reviewal of policies and by-laws	2 workshops facilitated on policies and by-laws by June 2022	<b>ACHIEVED</b> 2 workshops were conducted on the 18 March 2022 and 15 June 2022
3.2.5.10	No. of Mayor's and Speaker's IDP & Budget Imbizo's	Facilitate 04 virtual Mayor's & Speaker's Imbizo's for the development of IDP & Budget Public process by June 2021	<b>Achieved</b>  05 Outreach programmes held	3.3.5.12	No. of Mayor's and Speaker's IDP, PMS and Budget Imbizos	4 Speaker's imbizos facilitated for the development of IDP, PMS and Budget by June 2022	<b>ACHIEVED</b> 4 Speaker's Outreach programme was conducted on the 26 August 2021, Kwa Mlawu Location, ward 25. Government Departments in attendance for

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
							<p>presentation were Social Development, Dept of Health, SAPS, DRDAR, IEC, NPA, Initiation Forum and Women's Caucus. Speaker's Outreach programme was conducted on the 14 October 2021, Kwa Nkosi Noltaly Traditional Authority, ward 31. Government Departments in attendance for presentation were Social Development, Dept of Health, SAPS, DRDAR, IEC, NPA, Initiation Forum and Women's Caucus</p> <p>Speaker's Imbizo held in ward 23, Darabe on the 09 February 2022, Speaker's Imbizo held in ward 21 on the 22 June 2022. Buildup programmes preceded the workshop- Dialogue at Nzwakazi Location; Civic education and initiation workshop in Fuyte Komkhulu on the 17 June 2022; support to a household under extreme poverty conditions on the morning of 22 June 2022. Sector departments provided services on wheels: SASSA;IEC;DRDA R;Dept of Health;NPA;Soc Dev and Correctional Services.</p>
3.2.5.12	No. of section 80 and 79 Committees	Facilitate 20 sittings of 5 section 79	<b>Not Achieved</b>	3.3.5.17	No. of Section 79 Committees held	20 sittings of 5 Section 79	<b>ACHIEVED</b>

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
	held as per the Council Calendar	committees by June 2021	18 Section 79 committee meetings held		as per Council Calendar	Committees held by June 2022	<p><b>All Section 79 Committees were convened as follows:</b></p> <p><b>WOMENS CAUCUS</b> On the 07 July 2022, Committee sat to discuss the Women Month Celebrations.</p> <p>The Committee 15 February 2022 discussed the ToR 2021/2022 and developed the Committee Activity Plan for the 3<sup>rd</sup> and 4<sup>th</sup> Quarter 2021/2022.</p> <p>The Women's Caucus on the 27 May 2022 was to discuss the 3<sup>rd</sup> Quarter Activities of the Committee as well as the plan for the 4<sup>th</sup> Quarter. To also review the ToR and the Workplan for 2022/2023 FY.</p> <p><b>GEOGRAPHIC NAMES COMM</b> GNC on the 14 July 2021 to discuss submission request on Callaway Street Naming and Applications for name changes, 19 January 2022 capacitate committee members on the LGNC background, LGNC Terms of Reference, LGNC Policy and Callaway report on street naming ,26 May 2022 to discuss minutes of the of the ordinary meeting held on the 19 January 2022, Submission of Annual Plan, Applications and Approved Name Change and 14 June 2022 to discuss LGNC Terms of Reference.</p> <p><b>RULES COMMITTEE</b> Rules Committee on the 13 August 2021 to discuss annual report on sitting of Section 80 and Section 79 Committees 31<sup>st</sup></p>



2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
							<p>March 2022 to discuss Standing Rules of Council and its Committees and Dress Code and 9<sup>th</sup> June 2022 to discuss Compliance with Institutional bylaws Policies.</p> <p><b>PUBLIC PARTICIPATION AND PETITIONS COMM</b>  Public Participation on the 15 July as scheduled to discuss ISANCO Petition, Civic Education Report and Public Participation Week Plan. Special Committee on the 16 September 2021 for the inputs on the Draft Standard Ward Committee Strategy and Guidelines. 01 October 2021 to discuss Civic Education Report, Urgent committee meeting on the 17 December 2021 to discuss Standard Ward Committee Strategy, Activity Plan Ordinary on the 2<sup>nd</sup> for ward Committee Procedure Manual and Procedure Manual. 25<sup>th</sup> May 2022 to discuss amendments community complaints and petitions policy 2028, Amendments on Public Participation and Petitions Policy 2018, Terms of Reference for Public Participation Committee for 2021/2022 FY, Annual Public Participation Plan, and 14<sup>th</sup> June 2022 to discuss report on the status update forward committee.</p> <p><b>ETHICS AND MEMBERS INTEREST</b>  EMI on the 23 July 2021, the Committee discussed the Solidarity Funds and</p>

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
							<p>presentation on Pension Fund.</p> <p>On the 08 October 2021 to discuss asset disposal.</p> <p>30 May 2022 to present Terms of Reference, Draft Annual Activity Plan for 2022/2023 FY and Councilor Attendance 3<sup>rd</sup> Quarter.</p> <p>Ethics and Members interest Committee held on the 24 June 2022 to discuss report on determination of upper limits.</p>
		Facilitate 36 sittings of 9 section 80 committees by June 2021	<p><b>Achieved</b></p> <p>Section 80 Committees</p> <p>- 22 Mayoral Committee meetings held</p> <p>46 Standing Committee meetings held</p>				
3.2.5.13	No. of Ordinary Council Meetings Held as per the Council Calendar	Facilitate 04 ordinary council meetings by June 2021	<p><b>Achieved</b></p> <p>4 Ordinary Council meetings held</p> <p>16 Special Council meetings held</p>	3.3.5.14	No. of Ordinary Council Meetings held as per the Council Calendar	04 ordinary council meetings held by June 2022	<p><b>ACHIEVED</b></p> <p>5 ordinary meetings that were held as follows:</p> <p>21<sup>st</sup> Ordinary meeting that was held on the 21<sup>st</sup> September 2021</p> <p>1<sup>st</sup> Ordinary Meeting on the 22 November 2021, Adjourned 1<sup>ST</sup> Ordinary Council Meeting on the 23 November 2021.</p> <p>2<sup>nd</sup> Ordinary Council Meeting on the 14 December 2021</p> <p>3<sup>rd</sup> Ordinary meeting held on the 30<sup>th</sup> March 2022.</p> <p>4<sup>th</sup> Ordinary meeting held in on the 29 June 2022</p>
		Development of 2021/22 institutional	<b>Achieved</b>	3.3.5.13	Developed Council Calendar	Council Calendar developed by June 2022	<b>ACHIEVED</b> Council Calendar has been developed

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
		calendar by June 2021	Institutional Calendar has been developed				
3.2.5.14	No. of MPAC Sittings	Facilitate 04 sittings of MPAC meetings by June 2021	<b>Achieved</b> 05 ordinary sittings of MPAC Held	3.3.5.18	No. of MPAC sittings	4 sittings of MPAC held by June 2022	<b>ACHIEVED</b> 7 MPAC meeting convened on the 09 July 2021 for Special Meeting and 11 August 2021 for an ordinary meeting.  Special meeting held on the 14 January 2022,  Ordinary meeting held on the 9 <sup>th</sup> February 2022, urgent meeting held on the 18 February 2022, Special meeting held on the 11 March 2022 and Ordinary meeting held on the 3 <sup>rd</sup> June 2022.
3.2.5.50	Number of SLAs reviewed for strategic services	Review 20 SLAs for strategic services by June 2021	<b>Achieved</b> 21 SLA's strategic services were reviewed by June 2021				
3.2.5.51	Developed Litigation Management Strategy	Development of litigation strategy by June 2021	<b>Not Achieved</b> The draft Litigation Strategy is in place				
		Implementation of Litigation Management Strategy by June 2021	<b>Not Achieved</b> Litigation register was developed and monitored				
3.2.5.52	Developed Policy on Development of By-Laws	Development of policy on By-laws development by June 2021	<b>Not Achieved</b> Nil				
				3.3.5.10	Implemented Code of Conduct for Councillors	Induction conducted for New Council on Code of Conduct	<b>ACHIEVED</b> Two Section 79 - Ethics and Members

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
						and Rules of Order by June 2022	<p>Committee sat on 23 July and Rules Committee sat on 13 August Which are both responsible for Conduct of Councilors. Council induction held on the 24 November 2021 and 08 December 2021 Section 79 Committee Workshops were held viz MPAC Training 27 Jan.</p> <p>Ethics and Members Interest 26 January 2022 Women's Caucus 15 February 2022</p> <p>Geographic Names Committee held on the 19 January 2022.</p>
				3.3.5.11	Reviewed Ward Committee Strategy and Guidelines	Ward Committee Strategy and Guidelines reviewed by June 2022	<p><b>ACHIEVED</b></p> <p>Strategy reviewed by Public Participation and Petitions Committee and sent to the 21<sup>st</sup> Ordinary Council Meeting on the 30 Sept 2021 for approval. Workshop Conducted on the strategy on the</p> <p>367 ward committees have been established and are functional in all 37 wards of King Sabata Dalindyebo Municipality.</p> <p>95/96 Appeals resolved. One outstanding as it has a letter of demand.</p>
				3.3.4.7	No of employees below Managers on PMS facilitated (T15-T8)	174 Employees on PMS facilitated (Performance Agreements concluded) by September 2021	<p><b>ACHIEVED</b></p> <p>Facilitation was done through workshops to enable employees to sign</p>

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
							performance agreements.
						18 Employees on PMS (Performance Agreements concluded) by September 2021	<b>ACHIEVED</b> All 18 employees in Corporate Services signed.

### 13. Budget and Treasury

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.3.1	Improved revenue collection by 5%	Ensure improved revenue collection by 5% of prior year figures through prompt billing processes, sending statements notices and blocking by June 2021.	<b>Achieved</b> Improved revenue collection by 6% compared to prior year (753 561 030.00 in 2020 while is 798 772 872.00 in 2021 the difference constitutes the 6% increase)	3.3.3.1	Improved revenue collection by 5%	Ensure improved revenue collection by collecting 93% of annual and monthly billed income by June 2022.	<b>Not Achieved</b> Billed R392 521 000  Collected R338 831 715 and is 86% of the billed income  Billed electricity R392 521 000  Collected R327 606 528 =94% below target
3.2.3.2	Reviewed Financial Recovery Plan/ Strategy	Review and implement Financial Recovery Plan of the municipality by June 2021	<b>Not Achieved</b>	3.3.3.2	Reviewed Financial Recovery Plan/ Strategy	Review Financial Recovery Plan of the municipality by June 2022	Achieved Revenue recovery document was last revised in December 2021
						Implement financial Recovery Plan of the Municipality by June 2022	Achieved Updated the document, Reported to the Mancom. Agenda and Document attached.
3.2.3.3	Finalised General Valuation Roll	Finalise General Valuation Roll by June 2021	<b>Achieved</b> New GV has been implemented on the 1 <sup>st</sup> of July				
3.2.3.4	Balanced debtors sub ledger to general ledger	Ensure Valuation roll agrees to the billing information by June 2021	<b>Achieved</b> The last supplementary valuation (SV) roll received was in May 2021, therefore a reconciliation between this SV and billing system was prepared				

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.3.6	NO. of households earning less than R3800 with access to free basic services	Provide free basic Services to 22 189 qualifying indigent consumers in line with indigent policy and register by June 2021.	<b>Achieved</b>  Provided 22 726 indigent beneficiaries with free basic services after verification.	3.3.3.3	Provide free basic Services to qualifying indigent beneficiaries.	Provide free basic Services to 22 189 qualifying indigent consumers in line with indigent policy and register by June 2022.	<b>Achieved</b> Subsidised beneficiaries with KSDLM electricity 10 900 Amounting to R925 225  Eskom electricity 36 828 Amounting to R2 859 917  Wrote- off rates, rental and refuse removal for 2022
3.2.3.7	Mscoa compliant Budget and IDP aligned	Develop and implement 2021/22 Process Plan Monitor implementation of 2020/21 budget by June 2021	<b>Achieved</b>  Developed and implemented process plan for the 2021/22. Draft Budget was tabled in council for adoption in March 2021, and approved in May with tariffs and budget related policies.	3.3.3.4	Mscoa compliant Budget and IDP aligned	Developed and monitor 2022/2023 Process Plan by June 2022	<b>Achieved</b> Compiled with budget process plan
						Monitor 2021/2022 budget by June 2022	<b>Achieved</b> Budget comparison report sent HODs and signed for.
3.2.3.8	Reviewed budget related policies	Review and implement all budget related policies by June 2021	<b>Achieved</b>  All budget related policies were reviewed and implemented by June 2021				
3.2.3.9	Updated Contract register	Ensure contract register is in place and is updated on regular basis by June 2021.	<b>Achieved</b>  Contract register is in place and has been updated on a monthly basis.	3.3.3.6	Updated Contract register	Ensure contract register is in place and is updated on regular basis by June 2022.	<b>Achieved</b> Contact register has been updated with the eighteen (18) new individual contracts awarded for the quarter.
Develop and monitor implementation of procurement plans by June 2022.	Developed procurement plans	Develop and monitor implementation of procurement plans by June 2021.	<b>Achieved</b>  Procurement plan was developed and implementation thereof was monitored on a monthly basis.	3.3.3.5	Developed procurement plans		<b>Achieved</b> Procurement Plan was monitored during the quarter and report of its implementation has been prepared  Draft Procurement plan for 2022/2023 financial year was prepared
3.2.3.11	Developed and implemented Audit Action Plan	Development and implementation of	<b>Achieved</b>	3.3.3.7	Developed and implemented Audit Action Plan	Development and implementation of	<b>Achieved</b> Implementation of the Audit Action

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
		Audit Action Plan by June 2021.	Audit Action plan was developed and implemented throughout the financial year.			Audit Action Plan by June 2022.	Plan was monitored. The Audit action plan for 2020/21 audit was prepared and reviewed by the internal audit.
3.2.3.12	Developed Annual financial statements	Ensure preparation & submission of credible Financial Statements by 31 <sup>st</sup> October 2020.	<b>Not Achieved</b>  Annual Financial Statement for the year ending 30 June 2020 were prepared and submitted by 31 <sup>st</sup> October 2020. However, there were findings raised on the AFS by the Auditor General.	3.3.3.8	Developed credible Annual financial statements	Ensure preparation & submission of credible GRAP compliance Financial Statements by 31 <sup>st</sup> August 2021.	<b>Not Achieved</b> 2020./21 GRAP AFS were submitted on the 31 August 2021 to Auditor General. The Audit report was issued by the AG on 31 <sup>st</sup> January 2022
3.2.3.13	GRAP compliant AFS	Ensure that reconciliations, preparations and reviewing of AFS is done on monthly basis.	<b>Achieved</b>  All finance related reconciliations were prepared on a monthly basis,				
3.2.3.14	Properly managed Stores	Ensure reconciliation of inventory sub ledger to general ledger is conducted on monthly basis.	<b>Achieved</b>  Reconciliations between inventory subledger and general ledge have been made throughout the financial year				
3.2.3.15	GRAP compliant asset register	Ensure maintenance of GRAP compliant asset register on monthly basis.	<b>Achieved</b> Asset Register has been maintained in line with GRAP, updates have been done on a monthly basis.	3.3.3.9	GRAP compliant asset register	Ensure maintenance of GRAP compliance asset register on Monthly basis	<b>Achieved</b> All monthly quarterly reconciliations have been prepared
						Submit asset register to the insurance and obtain confirmation of cover by June 2022	<b>Not Achieved</b> N/A
3.2.3.17	Fleet controls and systems in place	Monitor full implementation of fleet management policy of the municipality by June 2021	<b>Achieved</b> Municipal fleet has been monitored throughout the year and reports thereto have been submitted to Management.	3.3.3.10	Fleet controls and systems in place	Monitor full implementation of fleet management policy of the municipality by June 2022	<b>Achieved</b> Municipal fleet has been monitored during the quarter and reports thereto have been prepared and submitted to Management .
				3.3.4.6	No of departmental staff with signed performance agreements	3 Managers on PMS (Performance Agreements concluded) by September 2021	<b>Achieved</b> Performance agreements signed with GMS and Managers

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
				3.3.4.7	No of the employees below Managers on PMS (T15-T8)	29 Employees below managers on PMS (Performance Agreements concluded) by September 2021	<b>Not achieved</b> Nil
				3.3.4.8	Reviews of employees on performance agreements conducted	Performance assessment and reviews of employees on performance conducted by June 2022.	<b>Not achieved</b> Nil

## 8. Executive & Council

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
3.2.5.2	No of Mayoral Imbizo's conducted	Conduct 8 Outreach programmes on Mayoral Imbizo's by June 2021	<b>Not Achieved</b> 5 Mayoral imbizo's conducted	3.3.5.12	No. of Mayor's and Speaker's IDP, PMS and Budget Imbizos	5 Mayor's Imbizos facilitated for the development of IDP, PMS and Budget by June 2022	<b>NOT ACHIEVED</b>
3.2.5.2/1	No. of State of Municipal Address & tree lighting conducted	Facilitate 1 SOMA & tree lighting by June 2021	<b>Not achieved</b>	3.3.5.3	State of Municipal Address & tree lighting conducted.	Facilitate SOMA & tree lighting by June 2022	<b>NOT ACHIEVED</b>
3.2.5.7	No. of SDBIP & Performance Reports prepared and submitted.	Prepare and submit SDBIP & Performance Reports by June 2021	<b>Achieved</b> Adjusted SDBIP 2020/2021 and SDBIP 2021/2022 prepared and signed by the Executive Mayor.  All 4 quarterly performance reports consolidated.	3.3.5.7	No. of SDBIP & Performance Reports prepared and submitted.	Prepared and submitted SDBIP by June 2022	<b>ACHIEVED</b> SDBIP prepared and submitted
		Conduct Quarterly reports & reviews by June 2021	<b>Achieved</b> Quarterly reports reviewed.				
		Prepare Annual Performance Report 2019/2020 by 30 September 2020	<b>Achieved</b> Annual performance				



2020/2021					2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021		KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			report consolidated.					
		Prepare Mid-year Performance Report 2020/2021 by 15 January 2021	<b>Achieved</b> Mid-year/half year performance report consolidated.					
		Prepare and develop calendar (Timelines) for 2021/2022 by June 2021.	<b>Achieved</b> Calendar/Timelines developed and approved.					
		Ensure compliance with MFMA on publication of documents for S56 managers in 2020/21 by August 2020	<b>Achieved</b> Publication Done.					
3.2.5.7/1	No. of Signed Performance agreements for s56 Managers	Ensure all S56 Managers Performance Agreement signed by 30 September 2020	<b>Achieved</b> Done, all 8 section 56/57 Managers concluded performance agreements.		3.3.5.8	No. of Signed Performance agreements for s56 Managers	Ensure all S56 Managers Performance Agreement signed by 30 September 2021	<b>ACHIEVED</b> All S56/57 Managers signed Performance Agreements
							Ensure compliance with MFMA with Publication of documents for S56 managers in 2021/22 by August 2021	<b>ACHIEVED</b> Complied with MFMA (Submissions were made to COGTA and advert were done)
3.2.5.13/1	No. of Mayoral Committee Meetings	Facilitate 12 Mayoral Committee meetings by June 2021	Not Achieved 07 Ordinary Mayoral Committee meetings held and 7 SMC held.		3.3.5.15	No. of Mayoral Committee meetings held as per the Council Calendar	12 Mayoral Committee meetings held by June 2022	<b>ACHIEVED</b> 11 Meetings: - 3 Ordinary Mayoral Committee and 8 Special
3.2.5.15	Implemented Risk Management Strategy and Policy by June 2021	Conduct Risk Assessment by June 2021 for 2021/2022	<b>Achieved</b> Risk assessment was conducted in June 2021.		3.3.5.21	Conducted Risk Assessment	Risk Assessment conducted within KSD LM by June 2022	<b>ACHIEVED</b> Risk Assessment conducted
		Facilitate 04 quarterly sittings of Risk Management	<b>Achieved</b> Four Committee seating's were		3.3.5.20	No. of Risk Management Committee sittings	04 Seating of Risk Management Committee by June 2022	<b>NOT ACHIEVED</b>

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
		committee by June 2021	coordinated in 2020 -2021FY				03 three Risk committee meeting set.
		Facilitate 2 Workshops on Risk Management by June 2021	<b>Not Achieved</b> 1 (One) departmental workshop was conducted.				
3.2.5.16	Implemented Anti-Fraud and Corruption Plan, Policy and Whistle Blowing	Implement, Monitor and Report on Whistle Blowing policies and Anti-Fraud Corruption Plan by June 2021	<b>Achieved</b> Fraud monitoring was conducted in four quarters	3.3.5.22	Facilitated reporting of Anti-Fraud and Corruption Plan, Policy and Whistle Blowing	Fraud and Corruption incidents reported by June 2022	<b>ACHIEVED</b> Fraud and Corruption incidents report prepared
3.2.5.17	Annual Audit committee report, No. of Audit Committee meetings and Audit Committee reports submitted to Council.	Facilitate seating of four quarterly Audit Committee meetings and report quarterly to council by June 2021	<b>Achieved</b> 04 APAC meeting seat, target achieved: 1. 31 July 2020 2. 26 Octo 2020 3. 20 Jan 2021 4. 21 Apr 2021	3.3.5.23	No. of Audit Committee meetings	Facilitate 4 quarterly Audit Committee meetings and report to council by June 2022	<b>ACHIEVED</b> 4 APAC meeting were held as follows: On 22/07/2021 On 26/08/2021 On 22/10/2021 On 21/01/2022 On 04/05/2022 On 22/06/2022
3.2.5.18	Implemented 2020/2021 Risk based Internal Audit Plan	Develop, Implement and Report on implementation of risk based Internal Audit Plan by June 2021	<b>Not Achieved</b> <b>QUARTER 1</b> 1. Quarter 4 PMS audit 2. Dashboard quarter 4 3. SCM audit 4. Stock count audit 5. Review of AFS. 6. Annual performance review. 7. Follow up internal audit and AG 8. Review of Internal Audit strategic documents. <b>(all projects were completed)</b> <b>QUARTER 2</b>	3.3.5.25	Implemented 2021/2022 Risk based Internal Audit Plan	Develop, Implement and Report on implementation of risk based Internal Audit Plan by June 2022	<b>ACHIEVED</b> Completed Audits <b>Quarter 1 Completed Projects:</b> 1. Quarterly Performance Management Information review 2. Review of Dashboard 3. Stock Count 4. Review of the Financial statement 5. Follow Up Audits on Internal Audit completed Projects and 6. AG Action Plan 7. Annual performance review 8. Follow up Audit on the review

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
			<p>1. Quarter 1 PMS audit.</p> <p>3. Electricity audit.</p> <p>4. Risk management audit.</p> <p>4. Follow up AG and Internal Audit.</p> <p>5. Follow up Alignment of SDBIP &amp; IDP audit</p> <p><b>(all projects were completed)</b></p> <p><b>QUARTER 3</b></p> <p>1. Mid-term PMS audit.</p> <p>2. Quarter 2 PMS audit.</p> <p>3. Asset Management audit</p> <p>4. Follow up AG and Internal Audit.</p> <p>5. Mid-term stock count</p> <p><b>(all projects were completed)</b></p> <p><b>QUARTER 4 Completed Audits:</b></p> <p>1. Quarter 3 PMS audit.</p> <p>2. Asset management audit.</p> <p>3. Traffic Fines audit.</p> <p>4. Dashboard audit.</p> <p>5. Alignment review of SDBIP, IDP and Budget.</p> <p>6. SCM audit.</p> <p>7. Internal Audit follow up audit.</p> <p>8. AG follow up audit.</p>				<p>project of Draft IDP &amp; SDBIP relating to 2021/22 financial year for the alignment audit conducted during Q4 of the last financial year.</p> <p>9. ICT Audit</p> <p><b>Quarter 2</b></p> <p>- IA follow up Audits</p> <p>- Q1 Performance review</p> <p>- Review Dashboard</p> <p>- AG Follow Up Audit</p> <p>- Labour Relations Audit</p> <p><b>Quarter 3</b></p> <p>1. Risk Management Audit.</p> <p>2. Review of Mid-Term performance Information.</p> <p>3. Quarter 2 Performance Information audit.</p> <p>3. Dashboard review.</p> <p>4. Fleet Management Audit.</p> <p>5. Review of revenue recovery strategy.</p> <p>6. Follow up on AG.</p> <p>7. Follow up on Internal Audit completed projects.</p> <p><u>Ad hock assignment:</u></p> <p>Review of Annual report- this project was completed.</p> <p><b>Quarter 4</b></p> <p>1. PMS review Q3.</p> <p>2. Internal Audit Strategic documents were reviewed:</p> <p>- APAC Charter</p> <p>- IA Charter</p>

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
							- Internal Audit - Internal Audit Methodology -One year operational plan and three year rolling plan. 3. IA Follows Audit. 4. AG Follow up Audit. 5. Alignment of SDBIP with IDP review. 6. SCM Completed. 7. Payroll audit
				3.3.5.16	No. of Section 80 Committees held as per Council Calendar.	36 sittings of 9 Section 80 Committees held by June 2022	<b>ACHIEVED</b> 46 sittings of section 80 committees
				3.3.5.24	Oversight Annual Audit committee report facilitated	Facilitate submission of annual oversight audit committee report for 2021/2022 to PMS by June 2022	<b>ACHIEVED</b> Annual report to Council was prepared and presented to Council
				3.3.5.31	Number of SLAs reviewed for strategic services	Review of 20 SLAs for strategic services by 30/06/22 (CHECK PROCUREMENT PLAN)	<b>NOT ACHIEVED</b> 15 SLA's were reviewed
				3.3.5.32	Litigation Management SOP developed	Development of Litigation Management SOP by date 30 June 2022	<b>NOT ACHIEVED</b>
				3.3.5.33	Litigation Register developed	Review and update litigation register by June 2022	<b>ACHIEVED</b> Litigation register reviewed and updated
				3.3.5.34	Protection of Access to Information Act Manual developed	Development of PAIA Manual by 30/6/22	<b>NOT ACHIEVED</b>
				3.3.5.35	Develop a Policy on Development of By-Laws	Policy on Development of By-laws by 30/6/20 and number of Policies	<b>NOT ACHIEVED</b>

2020/2021				2021/2022			
KPI NO.	KPI	ANNUAL TARGET 2020/2021	ACTUAL PERFORMANCE 2020/2021	KPI NO.	KPI	ANNUAL TARGET 2021/2022	ACTUAL PERFORMANCE 2021/2022
						and By-Laws reviewed per quarter.	
				3.3.4.6	No of Departmental Management staff with signed performance agreements	3 GM's and 1 Manager on PMS (Performance Agreements concluded) by September 2021	<b>NOT ACHIEVED</b> 1GM and 1Manager signed PA
				3.3.4.7	No of employees below Managers on PMS (T15-T8)	6 Employees below managers on PMS (Performance Agreements concluded) by September 2021.	<b>ACHIEVED</b> 7 Employees with Performance Agreements
				3.3.4.8	Reviews of employees on performance agreements conducted	Performance assessment and reviews of employees on performance agreements conducted by June 2022.	<b>NOT ACHIEVED</b> 1 GM, 1 Manager and 7 Employees assessed.

## CHAPTER 4: ORGANISATIONAL DEVELOPMENT OVERVIEW

### 4.1 Municipal Transformation and Organisational Development

The effectiveness of King Sabata Dalindyebo Municipality in achieving its growth and development objectives, providing sustainable quality services, driving an effective developmental local government agenda and meeting its Constitutional mandate depends entirely on the effectiveness of its human capital. Therefore, King Sabata Dalindyebo Municipality, requires sufficient skilled personnel and the effective management of such workforce. In this regard, the King Sabata Dalindyebo Municipality recognises that the employees and the skills they bring to the workplace are a critical input in the service delivery. This requires that in managing the personnel, critical focus is directed on ensuring that people with the required skills and competencies are recruited, appropriately placed, continually reskilled, upskilled, their wellness is being taken good care of and they are retained.

### 4.2 Human Resources Management Functional Area

The staff component of any municipality is the vehicle of service delivery and ultimately responsible for compliance with the listed constitutional mandates, it is incumbent on municipalities to ensure that its human resources capacity is developed to a level where it can perform its responsibilities in an economical, effective, efficient and accountable way. Therefore, municipality needs to have the right number, the right competencies and the most appropriate organisational and functional spread of human resources, as well as well functioning systems and structures that allow it to be effective and efficient. The need for these resources will change over time as priorities and budget limitations change, and hence we need to update our Integrated Human Resource Management Strategic Plan every year to keep it relevant to the needs of the Municipality as outlined in the IDP. The following core functions are critical in the fulfilment of the above-mentioned mandate.

#### a) Organisational Development

The Municipality acknowledge that in order for it to meet the demands of service delivery as well as the objectives set out in the IDP, the Municipality recognised the need to evolve and be responsive to the changing labour market and individual employee needs, as well as developing the necessary skills and competencies.

Against this background, over the financial year under review, the Municipality focussed on:

- Improving effectiveness in recruitment and selection processes.
- Implementing effective employee development in skilling and upskilling of employees with a limited budget;
- Promoting employee well-being in order to create a lasting positive experience;

- Introduction of implementation of an effective performance management system to the level of supervision;
- Promote compliance and implementation of audit action plans;
- Improving relations with organised labour;
- Reviewing HR Policy Manual; and
- Reviewing organisational structure to drive effect job evaluation process.

The Organisational Structure has been reviewed through sourcing of comments from user departments and referencing on placement reports. The above process employs and follow strict organisational design principles and methodologies which would ensure that the necessary due diligence is done, ensuring that the KSD's Organisational Structures support the strategic imperatives as outlined in the IDP and ultimately improve the lives of the KSD Communities.

#### **b) Staff Placement**

To give effect to section 66 and 67 of Municipal Systems, which requires the approval of the Staff Establishment and appointment of person as a staff member, the placement process has been established by the Municipality to ensure that the placement of existing staff by the municipality on existing and newly created posts. The Staff Placement and Deployment Policy has been used to provide guiding principles to regulate the placement of displaced employees.

A total of 976 employees were placed in the existing positions within the approved Staff Establishment. There were 358 employees which could not be placed on 100% close match. An action plan to finalise their placement is in progress which include reviewal of the Staff Establishment, recruitment process, job evaluation and transfers.

The staff placement processes have been reviewed in the SDBIP of the Financial Year 2022/23 to finalise the process.

#### **c) Job Evaluation Process**

The KSD Municipality is currently using the T.A.S.K Job Evaluation System since July 2018. The job description writing has commenced, however, due to the long period the Municipality took to review its JD's, the employees are not familiar with the job evaluation process. Therefore, information sharing workshops have been conducted including invitation of SALGA to workshop the management. The JE Task Team has been established through nominees from departments.

The Job Evaluation Policy has been developed to regulate and standardise the process of job evaluation. A total of 220 job descriptions has been reviewed.

**d) Benefits and Allowances**

Benefits and Allowances are determined through Collective Bargaining and are contained in the Main Collective Agreement as agreed upon on national and divisional level. This Agreement is valid until the 30 June 2023. Some benefits that are not addressed through the above-mentioned bargaining processes and the Municipality has developed and approved various policies to guide allowances and conditions of services. Through the Auditor-General Findings and Internal Auditor, the Municipality has identified Policy gaps and inconsistencies in implementation of benefits and an audit action plans were adopted and actioned for corrections.

**e) Recruitment and Selection**

The Municipality has developed the Annual Recruitment Plan 2021/22 and 100 critical positions were identified. A total of 138 employees have been appointed in consideration of implementation of Employment Equity Plan of the Municipality. The turnaround time is planned be reduced to be kept within three (3) months on appointment of a service provider for vetting.

The KSD Municipality has a total of eight Section 56 employees and MM that are contractually bound for a period not more than five years and employment contract terms regulated in line with Local Government: Municipal Systems Act, which are the following:

- Chief Operations Officer
- Director: Corporate Services
- Director: Technical Services
- Director: Human Settlement
- Director: Rural and Economic Development
- Director: Public Safety
- Director: Community Services
- Chief Financial Officer

There is only one (1) post in the top management which was vacant, Chief Operations Officer. Two (2) positions of Senior Managers are due to become vacant on the 30 June 2022.

**f) Employment Equity**

The municipality has a 5 year Employment Equity Plan which expires in 2024 has adopted by Council.



**g) Human Resources Development.**

The municipality has reviewed its Human Resources Development (HRD) Plan. The main goal of then HRD is to address the human resources demands of the institution Every year a recruitment plan is developed which guides the staffing of the municipality

**Employee Turnover Rate**

The section below provides the statistics of the employees who vacated their positions during the 2021/22 financial year. It also shows the number of vacant positions to be filled in the 2022/23 financial year based on the available budget.

The following table presents statistical information related to the employee turnover rate for the 2021/22 financial year:

**Reasons for Turnover in 2021-22**

<b>2021/ 2022</b>	<b>No. of employees terminated</b>	<b>Percentage of staff leaving</b>
Death	19	0.804%
Resignation	08	0.338%
Dismissal	15	0.635%
Retirement	23	0.973%
Ill-Health	-	-
Expiry of Contract	34	1.439%
Other	43	1.820%
<b>Total</b>	<b>143</b>	<b>6.009%</b>

#### **4.3. Implementation of the Performance Management System (PMS):**

As required by section 38 of Local Government: Municipal Systems Act, the KSD municipality has established PMS in the following manner:

The office of the Municipal Manager, PMS Unit has the mandate to ensure that the Municipality delivers and perform in its key areas. Performance Management function is a critical function within the Municipality. Performance Agreements for Senior 56 Managers are concluded and submitted to the department during the period under review. The Municipality is working on cascading performance management to lower levels General Managers, Managers and levels between TASK GRADE18 and 8 in the financial year. The SDBIP that is aligned with the IDP was approved. Quarterly performance reports were generated and submitted to Council.

#### **COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD**

##### Performance Indicators (PI)

Section 38 (a) of the Systems Act requires Municipalities to set appropriate key performance indicators as a yardstick for measuring performance, including outcomes and impact, with regard to the community development priorities and objectives set out in its Integrated Development Plan.

Section 9 (1) of the Regulations to this Act maintains in this regard, that a Municipality must set performance indicators, including input indicators, output indicators and outcome indicators in respect of each of the development priorities and objectives.

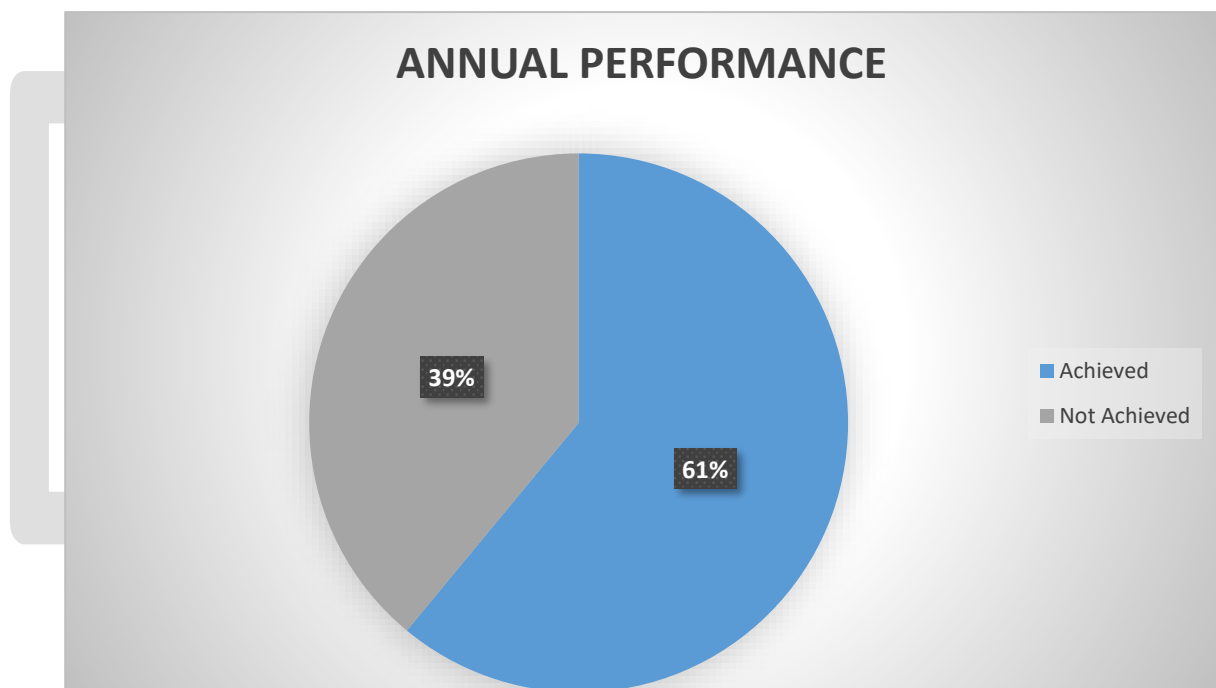
Every year, as required by Section 12 (1) of the Regulations to the Systems Act, the Municipality also set performance targets for each of the key performance indicators. The IDP process and the performance management process are therefore seamlessly integrated.

The municipal scorecard (Top Layer SDBIP) consolidates service delivery targets set by Council / senior management and provides an overall picture of performance for the municipality, reflecting performance on its strategic objectives.

Overall Performance as per the SDBIP 2021/2022

### KPA TARGETS SUMMARY 2021/2022

<b>Achieved</b>	<b>61</b>
<b>Not Achieved</b>	<b>39</b>
<b>Total</b>	<b>100</b>



#### 4.4. Municipal Manager and S56 Manager's employment contract and performance contracts

Position	Employment Contract	Performance Agreement	Submitted to Department ( Y/N)	Minimum Competency level
Municipal Manager	✓	✓	✓	✓
Director: Technical Services	✓	✓	✓	✓
Director: Human Settlements	✓	✓	✓	✓
Director: Public Safety	✓	✓	✓	✓
Director: Rural and Economic Development	✓	✓	✓	✓
Director: Community Services	✓	✓	✓	✓
Director Corporate Services	✓	✓	✓	✓

#### 4.5. Staff development initiatives during the Financial Year

The municipality has, during the financial year ended 30 June 2022 conducted various training sessions. Total number of officials that have benefited from development initiatives is 657 and 58 Council, this number is both Councillors and officials. Below is the table illustrating the breakdown?

Staff development	No of Beneficiaries
Councillors Trained	50 RISK 8 AMPAC
Officials Trained	470
Interns (14 finance, 19 Infrastructure)	14 Finance and 19 Infrastructure
Experiential Learners	44
Abet learners	99
Apprentices (Employed)	16
Apprentices (Unemployed)	4
Bursary holders	0
Total number of beneficiaries	715

#### 4.6. Key HR. statistics per functional area

The HR. statistics per functional area within the municipality are presented below  
MM, Section 56 and line Managers ytd

	Approved positions	Number of approved and budgeted posts per position	Filled posts	Vacant posts
1	Municipal Manager	1	1	0
2	Director: Rural and Economic Development	1	1	0
3	Director: Corporate Services	1	1	0
4	Director: Community Services	1	1	0
5	Director: Public Safety	1	1	0
6	Chief Financial Officer	1	1	0
7	Director: Technical Services	1	1	0
8	Director: Human Settlements	1	1	0
9	Chief Operations Officer	1	0	1
10	Chief Audit Executive	1	1	0
11	General Manager: Environmental Management and Amenities	1	0	1
12	General Manager: Mqanduli Unit	1	0	1
13	General Manager: Civil Engineering	1	0	1
14	General Manager: Electrical Engineering	1	1	0
15	General Manager: Local Economic Development	1	0	1
16	General Manager: Solid Waste Management	1	1	0
17	General Manager: Supply Chain and Expenditure	1	1	0
18	General Manager: Revenue and Budget	1	1	0
19	General Manager: Accounts and Asset Management.	1	1	0

#### 4.7. Full time staff complement per functional area

DEPARTMENTS	STRUCTURE 2020	NO. OF FILLED POSITIONS	TOTAL NUMBER OF VACANCIES	VACANCY RATE (%)
Office of the Municipal Manager	119	100	19	15%
Corporate Services	221	137	84	38%
Budget and Treasury Office	158	113	36	24%
Public Safety	623	429	194	31%
Technical Services	635	272	363	57%
Human Settlements	67	22	45	67%
Rural and Economic Development	63	23	40	63%
Community Services	476	391	85	17%
<b>TOTAL</b>	<b>2362</b>	<b>1487</b>	<b>873</b>	<b>37%</b>

#### 4.8. LABOUR RELATIONS

##### 1. DISCIPLINARY HEARINGS

37

43

Total number	Finalized	Outstanding
--------------	-----------	-------------

##### 2. DISPUTE MANAGEMENT

GRIEVANCES INTERNALLY	Finalized	Outstanding
	7	3
CASES REFERRED TO CCMA AND BARGAINING COUNCIL	7	3

##### 3. LOCAL LABOUR FORUM

Meetings 12 instituted 11 meetings but some not in line with schedule it was special meetings.

#### 4.9. Technical professional bodies

Technical Service (e.g. Water, Electricity etc)	Total number of technical service Managers	Total number registered in the accredited professional body	Total number pending registration confirmation in the accredited professional body	Total number not yet registered in the accredited professional body
Roads	3	2	1	
Electricity	3	2	1	
Human Settlements	2	2		

#### Levels of education and skills

The municipality has a total **1543** permanent employees. Their education level and skills are depicted in the table below: (an appropriate comment will follow based on the information in the table)

Total Number of staff	Number of staff without grade 12	Number of staff with Senior Certificate only	Number of staff with Tertiary / accredited professional training
1543	287	309	947

#### 4.10. TRENDS ON TOTAL PERSONNEL EXPENDITURE

Financial Years	Total Number of Staff	Total Approved Operating Budget	Personnel expenditure (salary and salary related)	Percentage of expenditure
2021-2022	1487	R1 409 744 707	R 529 821 787	34%
2020-2021	1411	R 1 471 412 662	R 499 698 677.00	34%
2019-2020	1376	R 1 317 773 529	R 460 170 866.00	35%
2018-2019	1285	R 1, 125 510 643	R 429 922 269.00	38,19%
2017-2018	1279	R 1, 196 838 738.00	R 442 577 324.00	36,98%

#### 4.11. PENSION AND MEDICAL AIDS TO WHOM EMPLOYEES BELONG

The municipality contributes 60% towards medical aid for each employee as a benefit with a membership to the below listed schemes.

The municipality contributes 18 % of the employee's basic salary towards the employees' pension fund.

NAMES OF PENSION FUND	NUMBER OF MEMBERS	NAMES OF MEDICAL AIDS	NUMBER OF MEMBERS
Consolidated retirement fund (CRF)	89	BONITAS	157
National fund for Municipal Workers (NFMW)	964	KEY HEALTH	34
Municipal Workers Retirement Fund (MWRP)	233	SAMWUMED	212
South African Local Authorities Pension Fund (SALA)	0	LA HEALTH	265
Eastern Cape Group Municipal Pension and Gratuity Fund	0	HOSMED	431
Umtata Provident Fund	66		

#### 4.12. HR POLICIES AND PLANS

HR. Policies and Plans				
	Name of Policy	Completed %	Reviewed %	Date adopted by council or comment on failure to adopt
1	Abet policy	100%	100%	April 2010
2	Attraction and Retention	100%	100%	April 2010
3	Dress code Policy	100%	50%	not yet approved
4	Employee Assistance / Wellness	100%	new	April 2021
5	HIV/Aids	100%	100%	April 2010
6	Human Resource Manual Policy	100%	50%	not yet approved
7	Information Technology	100%	50%	not yet approved
8	Internal bursary	100%	100%	April 2010
9	KSD coaching	100%	100%	April 2010
10	KSD induction	100%	100%	April 2010
11	KSD leadership & management development	100%	100%	April 2010
12	Occupational Health and Safety	100%	New	April 2021
13	Sexual Harassment	100%	New	April 2021
14	Skills Development	100%	100%	April 2010
15	Staff placement	100%	50%	not yet approved
16	Study & examinations	100%	100%	April 2010
17	Succession planning and career pathing	100%	100%	April 2010



#### 4.13 Leave Management

Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled (TG3 – TG4)	2205	30	361	599	0,163	
Skilled (TG5- TG6)	1801	29	156	413	0,086	
Highly skilled production (supervision) (TG7- TG9)	643	18	54	243	0,083	
Highly skilled supervision (TG10 -TG14)	798	15	49	220	0,061	
Management (TG15 -TG19)	344	11	9	46	0,026	
Senior Managers-MM and S56	43	5	8	8	0,186	
<b>Total</b>	<b>5834</b>	<b>38,8</b>	<b>636</b>	<b>1529</b>	<b>0,109</b>	

#### 4.14 UPDATE ON INJURIES ON DUTY-2021/2022

In terms of Section 24 of the Occupational Health and Safety Act and General Administrative Regulation 8 as promulgated under the Occupational Health and Safety Act certain incidents must also be reported to the local office of the Department of Employment and Labour. These are incidents were: 1. The employee died or is likely to die or suffers a permanent physical defect; or 2. The employee became unconscious; or 3. Suffered the loss of a limb or part thereof; or 4. Could not perform his normal duties for 14 days or more; 5. A major incident occurred. Listed below are departments with reported injuries on duty and details:

Department	No of employees	No of days off duty	Comment
Community services	05	>14	These employees were off duty for more than 14 days
Technical Services	01	<14	The employee was books off duty for 9 days
Public Safety	03	>14	These employees were off duty for more than 14 days

**4.15 Skills Development Expenditure  
R'000**

Management level	Gender	Employees as at the beginning of the financial year No.	Original Budget and Actual Expenditure on skills development Year 1							
			Learnerships		Skills programmes & other courses		Other forms of training		Total	
			Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM and S57	Female	1			9000	9000			9000	9000
	Male	4			36000	36000			36000	36000
Legislators, senior officials and managers	Female	33			300000	297000			300000	297000
	Male	48			300000	306000			300000	306000
Professionals	Female	33			350000	247500			350000	247500
	Male	24			200000	180000			200000	180000
Technicians and associate professionals	Female	17			200000	212500			200000	212500
	Male	19			200000	131100			200000	131100
Clerks	Female	96			300000	336000			300000	336000
	Male	57			200000	199500			200000	199500
Service and sales workers	Female	43			200000	193500			200000	193500
	Male	32			145000	144000			145000	144000
Plant and machine operators and assemblers	Female	2			9000	9000			9000	9000
	Male	11			50000	49500			50000	49500
Elementary occupations	Female	109			400000	381500			400000	381500
	Male	43			150000	150500			150000	150500
Sub total	Female				1395000				1395000	
	Male					1395000				1395000
<b>Total</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		

\*% and \*R value of municipal salaries (original budget) allocated for workplace skills plan.

%\*

\*R

## **CHAPTER 5: FINANCIAL PERFORMANCE**

### **5.1. PLANNING AND BUDGETING**

#### **OPERATING REVENUE BUDGET**

Total operating revenue budget excluding capital transfers was increased by one per cent, from the 2020/2021 adjusted budget. The adjusted budget in the current year decreased from R1.608billion to R1.602 billion. For the two outer years, operational revenue was set to increase by six per cent and four per cent respectively, equating to a total revenue growth of R64 million and R76 million over the MTREF when compared to the 2021/2022 financial year representing an annual growth of five per cent increase annually.

#### **OPERATING EXPENDITURE BUDGET**

Total operating expenditure for the 2021/2022 financial year has been appropriated at R1.4 billion and translates into a budgeted surplus of R167.966 million to fund prior year liabilities rolled over to current year. When compared to the 2020/21 Adjustments Budget, operational expenditure decreased by 3 per cent in the 2021/22 budget and grows by 3 per cent and 5 per cent in the two outer years, respectively.

#### **CAPITAL EXPENDITURE BUDGET**

The total capital budget for 2021/22 was set at R143. million and R146. million and R161million for the outer two years respectively.

- The increase in budget for capital expenditure is 11% from the 2020/2021 adjusted budget and decreases in the 2022/2023 by 3% and increase by 10% in 2023/2024.
- This is funded by Grants and a limited a small fraction from own income.

#### **ADJUSTMENT BUDGET**

During the period under review additional funding was received from National Treasury, Provincial Department of Human Settlements.

- Operating expenditure and operating revenue were increased by R 6 million made up of additional funds from human settlement.
- Capital revenue and Capital expenditure increased by a net R5 million being additional grant funding.

## 5.2. REVENUE MANAGEMENT

### 5.2.1. REVENUE BY SOURCE

EC 157 King Sabata Dalindyebo - FINANCIAL PERFORMANCE											
Description	2019/20	2020/21	Variance	% Variance	Current Year 2021/2022					Actual Variance	
	Audited Outcomes	Audited Outcomes			Original Budget	Full Year Forecast	Audited Actual	Budget Variance	% Variance	Actual Variance	% Actual Variance
Revenue By Source	R'000	R'000	R'000		R'000	R'000	R'000	R'000		R'000	
Property rates	218 351	245 824	27 473	11%	276 577	277 606	285 454	(7 848)	-3%	39 630	16%
Service charges - electricity revenue	417 936	439 127	21 191	5%	578 656	562 525	503 570	58 955	10%	64 443	15%
Service charges - refuse revenue	54 623	56 563	1 940	3%	71 288	59 280	58 882	398	1%	2 319	4%
Rental of facilities and equipment	20 135	12 920	(7 215)	-56%	34 325	34 322	18 022	16 300	47%	5 102	39%
Interest earned - external investments	1 608	1 361	(247)	-18%	3 335	3 335	1 063	2 272	68%	(298)	-22%
Interest earned - outstanding debtors	49 498	42 057	(7 441)	-18%	58 424	58 424	37 895	20 529	35%	(4 162)	-10%
Fines, penalties and forfeits	2 125	4 148	2 023	49%	6 299	5 093	2 007	3 086	61%	(2 141)	-52%
Licences and permits	11 583	15 003	3 420	23%	4 092	2 545	13 461	(10 916)	-429%	(1 542)	-10%
Agency services			-	0%	19 418	16 426	-	16 426	100%	-	0%
Transfers and subsidies - operational	358 534	447 624	89 090	20%	384 352	384 656	383 796	860	0%	(63 828)	-14%
Transfers and subsidies- capital	117 080	91 934	(25 146)		128 384	133 384	114 802	18 582	14%	22 868	25%
Other revenue	68 601	46 362	(22 239)	-48%	59 430	38 640	53 024	(14 384)	-37%	6 662	14%
Public contributions and donations		11 970	11 970				68				
Gains on disposal of PPE			-	0%					0%	-	0%
Fair value adjustment	4 457	11 829	7 372	62%	-	-	11 055	(11 055)	0%	10	0%
<b>Total Revenue</b>	<b>1 324 531</b>	<b>1 426 722</b>	<b>102 191</b>	<b>7%</b>	<b>1 624 580</b>	<b>1 576 236</b>	<b>1 483 099</b>	<b>93 205</b>	<b>6%</b>	<b>56 377</b>	<b>4%</b>

The total revenue budget was set at R1 624 billion, the actual result is R1 483 billion and the short fall is R87 million representing 6% of the budget income. The total revenue increase from the prior year is seven per cent amounting to R1 426 Billion due in the main and increase in revenue due to tariff increases.

The following material variances on revenue are noted

- Rates increased R39 million representing sixteen per cent increase and insignificant variance on the budgeted income (R7 million).
- An shortfall of the R58 million on electricity budget which is ten per cent of the adjusted budget and a shortfall of R75 million on the original budget representing 13 per cent.
- Actual revenue on rental of facilities and equipment decreased by R10.5 million (eighty-two per cent) from prior year and a shortfall on budget of R10,8 million (thirty two percent) was noted in the current year.
- Interest on outstanding debtors decreased by R4,1 million (ten per cent) from prior and actual result reflects a shortfall of R20,5 million (thirty-five per cent) on the budgeted revenue.
- Licence and permits decreased by R1.5 million being 10 per cent and when compared to budget a shortfall of R5.5 million (thirty per cent) is noted.
- Operating grants and subsidise decreased by R63 million (fourteen per cent) on actual prior year results. Current year there is an underspending of R0.86 million.
- Capital Grants million from Grants and subsidies increased by twenty-five per from prior and a variance of R18 million on the budgeted income representing 14 per cent underspending.
- Other revenue increased by R6 million (fourteen per cent) from the prior year and shows a shortfall a short fall of R 14 million (thirty-seven per cent) on the budgeted income.

5.2.2. TABLES BELOW SHOW COMPARISON OF PRIOR AND CURRENT YEAR ACTUAL RESULTS AS WELL AS RECEIPTS VERSUS BILLING ON BILLED INCOME.

<b>Consolidated History of Receipts vs Billing</b>						
	<b>202021 Financial Year</b>			<b>202122 Financial Year</b>		
	<b>Billing</b>	<b>Receipts</b>	<b>Cumulative</b>	<b>Billing</b>	<b>Receipts</b>	<b>Cumulative</b>
July	318,739,537	29,760,571	29,760,571	334,598,462	50,346,950	50,346,950
August	27,555,389	30,123,921	59,884,492	38,508,309	42,783,050	93,130,000
September	22,526,729	62,596,567	122,481,059	27,723,129	80,931,005	174,061,005
October	19,126,476	94,313,288	216,794,347	41,036,127	60,268,019	234,329,025
November	14,483,950	45,040,744	261,835,091	27,074,527	42,653,234	276,982,259
December	24,238,137	42,573,833	304,408,924	23,125,218	46,867,371	323,849,629
January	22,252,338	45,544,210	349,953,134	31,142,838	35,546,218	359,395,847
February	23,438,011	36,855,234	386,808,368	46,223,310	55,097,631	414,493,478
March	32,637,860	43,581,868	430,390,236	23,375,581	59,739,787	474,233,265
April	29,013,556	30,916,288	461,306,524	1,316,404	66,066,198	540,299,463
May	31,338,129	39,365,982	500,672,506	48,544,342	52,697,051	592,996,514
June	9,293,965	36,602,047	537,274,553	24,536,164	37,003,295	629,999,809
	<b>574,644,077</b>	<b>537,274,553</b>		<b>667,204,411</b>	<b>629,999,809</b>	<b>-</b>
<b>YTD comparison</b>		93%			94%	

Collection on billed income income has increased over three year from 93% in 2020/2021. to 94% in 2021/2022. Individually the items have fluctuated as follows:

#### **Rates and Services**

Collection on rates and services debtors has improved from 94 % in 2020/21 to 97 % in 2021/22 due to recovery of old debt.

#### **Refuse Removal**

Collection on refuse decreased from 82 % in 2020/21 to 53 % in 2021/22

#### **Electricity revenue**

Collection on electricity sales from 97 % in 2020/21to 103% in 2021/22 as collection arrear debts collection has improved

#### **Rental of facilities**

Collection rate on rental of facilities decreased from 46 % in 2020/21 to 42% in 2021/22.

### **5.3 OVERSIGHT AND OPERATIONAL CONTINUITY**

The Municipality's financial information and reports is regularly being subjected to oversight processes, this is done through the submission of Monthly, quarterly and mid year reports (Section 71, 52 and 72 of the Municipal Finance Management Act) to Council and its committees.

Furthermore to ensure operational continuity an annual budget MTREF budget is always prepared and approved by Council wherein municipal operations are catered for to ensure continuity. Coupled with the budget is budget related policies which are reviewed annually and are approved by Council to ensure that the budget implementation is in line with all Council policies and procedures

## 5.4. EXPENDITURE MANAGEMENT

### 5.4.1. OPERATING EXPENDITURE BY TYPE

EC 157 King Sabata Dalindyebo - FINANCIAL PERFORMANCE											
Description	2019/20	2020/21			Current Year 2021/2022					Actual Variance	
	Audited Outcomes	Audited Outcomes	Variance	% Variance	Original Budget	Full Year Forecast	Audited Actual	Budget Variance	% Variance	Actual Variance	% Actual Variance
Expenditure By Type	R'000	R'000	R'000		R'000	R'000	R'000	R'000		R'000	
Employee related costs	464,852	499,698	34,846	7%	552,880	524,924	535,951	(11,027)	-2%	36,253	7%
Remuneration of councillors	28,300	28,255	(45)	0%	34,225	34,225	28,625	5,600	16%	370	1%
Debt impairment	117,036	4,322	(112,714)	-2608%	50,460	4,000	1,586	2,414	60%	(2,736)	-63%
Depreciation & asset impairment	210,113	164,838	(45,275)	-27%	147,486	158,272	160,799	(2,527)	-2%	(4,039)	-2%
Finance charges	36,296	29,142	(7,154)	-25%	16,300	6,253	18,912	(12,659)	-202%	(10,230)	-35%
Bulk purchases	315,811	322,019	6,208	2%	399,187	413,157	387,729	25,428	6%	65,710	20%
Contracted services	10,730	16,721	5,991	36%	6,444	1,865	21,803	(19,938)	-1069%	5,082	30%
Transfers and subsidies	47,119	62,335	15,217	24%	82,666	80,948	64,923	16,025	20%	2,588	4%
Other expenditure	172,864	203,108	30,244	15%	166,041	184,597	298,565	(113,968)	-62%	95,457	47%
Loss on disposal of PPE	8,417	1,103	(7,314)	-663%	1,815	1,815	1,087	728	0%	(16)	-1%
<b>Total Expenditure</b>	<b>1,411,536</b>	<b>1,331,541</b>	<b>(79,995)</b>	<b>-6%</b>	<b>1,457,504</b>	<b>1,410,056</b>	<b>1,519,980</b>	<b>(109,924)</b>	<b>-8%</b>	<b>188,439</b>	<b>14%</b>
<b>Surplus/(Deficit)</b>	<b>(87,005)</b>	<b>95,181</b>	<b>182,186</b>	<b>191%</b>	<b>167,076</b>	<b>166,180</b>	<b>(31,443)</b>	<b>197,691</b>	<b>119%</b>	<b>(126,624)</b>	<b>-133%</b>



The budget expenditure was set at R1.457 Billion, and the actual expenditure is R1.519 billion being eight percent of the budget. The actual expenditure compared to prior is R188 million more than the prior by fourteen per cent. There is however overspending and underspending on certain line items.

- Employee costs expenditure increased by seven percent from prior year and the current budget was exceeded R11 million by two per cent
- There were savings of R5,6 million on the budgeted expenditure on remuneration of councillors.
- Debt impairment decreased by sixty three percent from prior and the savings were at sixty per cent of the budget.
- Depreciation decreased by R4 million (twenty-two per cent) from prior year and a short fall of R2,5 million (two per cent) on the current year budget.
- Finance charges decreased by R10.2 million (thirty five percent) from prior year but exceeded current year budget by R12,6 million (two hundred and two percent).
- Contracted Services increased by R5 million (thirty percent) and a shortfall of R19,9 million.
- Bulk purchases increased by R65.7 million (twenty percent) from the previous year and the budget for bulk purchased was increased from R399 million to R413 million and savings of R25,4 million (six per cent) on the budgeted expenditure due to reduced demand.
- General expenditure is R113 million more than the budget and R95 million less than the prior year actual expenditure.

#### 5.4.2. REVENUE AND EXPENDITURE BY VOTE

EC 157 King Sabata Dalindyebo - FINANCIAL PERFORMANCE											
Description	2019/20	2020/21			Current Year 2021/22					Actual Variance	
	Audited Outcomes	Audited Outcomes	Variance	Variance %	Original Budget	Full Year Forecast	Audited Actual	Budget Variance	% Variance	Actual Variance	% Actual Variance
Revenue By Vote	R'000	R'000	R'000		R'000	R'000	R'000	R'000		R'000	
Vote 1 - EXECUTIVE & COUNCIL	141	1,745	1,604	92%	2,967	2,250	1,550	700	31%	(195)	-11%
Vote 2 - FINANCE & ASSET MANAGEMENT	575,427	766,589	191,162	25%	636,821	648,040	878,350	(230,310)	-36%	111,762	15%
Vote 3 - CORPORATE SERVICES	-	91	91	100%	440	7,130	1,021	6,109	86%	930	1022%
Vote 4 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT	1,760	2,621	861	33%	2,492	2,386	1,649	737	31%	(972)	-37%
Vote 5 - HUMAN SETTLEMENT	10,179	10,179	-	0%	39,872	40,565	16,789	23,776	59%	6,610	65%
Vote 6 - COMMUNITY SERVICES	61,936	64,000	2,064	3%	75,933	63,025	58,882	4,143	7%	(5,118)	-8%
Vote 7 - PUBLIC SAFETY	11,305	23,948	12,643	53%	37,922	29,086	13,481	15,605	54%	(10,467)	-44%
Vote 8 - INFRASTRUCTURE	663,783	563,783	(100,000)	-18%	812,109	760,187	511,377	248,810	33%	(52,406)	-9%
<b>Total Revenue by vote</b>	<b>1,324,531</b>	<b>1,432,955</b>	<b>108,424</b>	<b>8%</b>	<b>1,608,556</b>	<b>1,552,669</b>	<b>1,483,099</b>	<b>69,570</b>	<b>4%</b>	<b>50,144</b>	<b>3%</b>
<b>Expenditure By Vote</b>											
Vote 1 - EXECUTIVE & COUNCIL	65,329	81,783	16,454	20%	2,967	108,647	92,628	16,019	15%	10,845	13%
Vote 2 - FINANCE & ASSET MANAGEMENT	420,272	324,598	(95,674)	-29%	306,882	199,780	551,437	(351,657)	-176%	226,839	70%
Vote 3 - CORPORATE SERVICES	2,820	59,869	57,049	95%	59,397	63,788	38,170	25,618	40%	(21,699)	-36%
Vote 4 - PLANNING, SOCIAL AND ECONOMIC DEVELOPMENT	33,498	22,756	(10,742)	-47%	51,819	45,758	26,364	19,394	42%	3,608	16%
Vote 5 - HUMAN SETTLEMENT	4,924	24,983	20,059	80%	40,207	35,537	27,574	7,963	22%	2,591	10%
Vote 6 - COMMUNITY SERVICES	75,040	92,230	17,190	19%	108,222	116,001	101,251	14,750	13%	9,021	10%
Vote 7 - PUBLIC SAFETY	38,747	128,970	90,223	70%	146,607	162,505	155,671	6,834	4%	26,701	21%
Vote 8 - INFRASTRUCTURE	450,052	468,385	18,333	4%	715,965	661,455	526,885	134,570	20%	58,500	12%
<b>Totla expenditure by vote</b>	<b>1,090,682</b>	<b>1,203,574</b>	<b>112,892</b>	<b>9%</b>	<b>1,432,066</b>	<b>1,393,471</b>	<b>1,519,980</b>	<b>(126,509)</b>	<b>-9%</b>	<b>316,406</b>	<b>26%</b>
<b>Surplus/(deficit) for the year</b>	<b>233,849</b>	<b>229,381</b>	<b>(4,468)</b>	<b>-2%</b>	<b>176,490</b>	<b>159,198</b>	<b>(36,881)</b>	<b>196,079</b>	<b>123%</b>	<b>(266,262)</b>	<b>-116%</b>

The following significant variances on budgeted per vote were noted:

#### Executive and Council

Shortfall on revenue of R0,195 and expenditure reflect a savings of R10,845 million.

#### Corporate Services

Revenue reflects a shortfall of R0.930 million and expenditure is savings of R21,699 million.

#### Budget and Treasury

Revenue budget exceeded by R111,762 million and expenditure shortfall of R226,839 million.

#### Rural and Economic Development

Expenditure a savings of R3.6 million.

#### Human Settlement

Revenue budget has a shortfall of R 23,7 million and a savings of R7,9 million.

#### Community Services

Budgeted Revenue a short fall R4,1 million and savings of R14,7 million.

#### Public Safety

Revenue shortfall of R15,6 million and a savings of R6.8 million.

#### Infrastructure

Revenue shortfall of R248 million and a savings of R134,5 million.

#### 5.4.3. Conditional Grant Spending Report

<b>CONDITIONAL GRANTS RECEIVED</b>				
	<b>2021/22</b>		<b>2020/21</b>	
<b>DESCRIPTION</b>	<b>Grant Received and Conditions met</b>	<b>Actual Expenditure</b>	<b>Grant Received</b>	<b>Actual Expenditure</b>
Financial Management Grant (FMG)	2 489 400	2 489 400	2 500 000	2 500 000
Library grant	1 750 000	1 750 000	1 750 000	1 750 000
Expanded public works programme (EPWP)	3 764 000	3 764 000		
Infrastructure Skills Development Grant (ISDG)	5 184 907	5 184 907	5 435 000	5 601 622
Municipal Infrastructure Grant (MIG)	77 165 476	77 165 476	84 506 000	74 928 536
Human settlement	14 329 094	14 329 093	22 315 134	8 048 533
SETA	764 715	764 715		
VAT Capital Grants related to grants received (MIG)	14 306 061	14 306 061,00		
VAT Operational Grants related to grants received (FMG and ISDG)	309 070	309 070,00		
<b>TOTAL</b>	<b>120 062 723</b>	<b>120 062 722</b>	<b>116 506 134</b>	<b>92 828 691</b>

## 5.5. ASSET AND LIABILITY MANAGEMENT

### 5.5.1. Property Plant and Equipment

The net book value of Property plant and equipment is R2 195 018 698 (202106: R2 159 234 678).

Additions amounts to R153 134 182 (202106: R134 255 362)

### 5.5.2. Investment property

The fair value of the Investment Property amounts to R336 204 880 (202106 – R333 328 826).

The fair value adjustment is R11 055 093 (202106: R11 828 981).

### 5.5.3. Current Assets

Current assets amounted to R354 million and are broken down as follows:

DESCRIPTION	2021/22	2020/21	VARIANCE	VARIANCE %
Bank balance at year end	16,744,464	50,389,717	- 33,645,253	- 2.01
Receivables from exchange	65,921,409	54,122,799	11,798,610	18%
Receivables from non exchange	74,172,610	54,445,001	19,727,609	27%
Inventory	195,947,745	140,580,982	55,366,763	28%
Insurance prepayment	1,682,813		1,682,813	100%
<b>Total</b>	<b>354,469,041</b>	<b>299,538,499</b>	<b>54,930,542</b>	<b>15%</b>

#### 5.5.3.1. Gross Debtors Balance as at 202206

<b>RECEIVABLES</b>				
DESCRIPTION	2021/2022	2020/2021	VARIANCE	VARIANCE %
Rates	362,018,893	376,819,473	(14,800,580)	-4%
Electricity	94,150,558	76,950,859	17,199,699	22%
Refuse	238,101,616	217,294,122	20,807,494	10%
Rentals	141,359,022	130,202,127	11,156,895	9%
Sundry debtors	5,833,089	9,389,396	(3,556,307)	-38%
Other debtors from non-exchange	1,098,091	589,099	508,992	86%
Debtors old balances	(73,977)	130,437	(204,414)	-157%
Other debtors from exchange	7,983	85,948	(77,965)	-91%
impairment	(290,948,698)	(323,094,008)	32,145,310	-10%
<b>TOTAL</b>	<b>551,546,577</b>	<b>488,367,453</b>	<b>63,179,124</b>	<b>13%</b>

Gross debtors increased by 13% from prior year and collection rate compared to billing is as follows;

#### Rates and Services

Rates and services debtors has decreased by 4 % in 2021/22 due to non payment of old debt.

### Refuse Removal

Collection on refuse increased by 10 % in 2021/22 as arrear debts collection has improved

### Electricity revenue

Collection on electricity sales has increased by 22% in 2021/22.

#### 5.5.3.2. Current liabilities amount to R497 million are made up of the following items:-

- Other Financial Liabilities – Loans R3 million.
- Finance Lease Obligations R25 million
- Consumer Deposits R25 million
- Unspent Conditional Grants R20 million
- Vat payable R14 million
- Provisions R2 Million
- Current payables including Payables from exchange Transactions R405 million broken down as per table below.

#### 5.4.3.3 TRADE CREDITORS

TRADE PAYABLES FROM EXCHANGE TRANSACTIONS				
DESCRIPTION	2021/22	2020/21	VARIANCE	VARIANCE %
Trade payables	250,237,980	225,260,245	24,977,735	0.10
Salary pay-overs	1,744,319	25,091,988	- 23,347,669	-1338%
Accrued Leave Pay and Bonus	50,659,924	51,590,753	- 930,829	-2%
Retentions	24,704,357	20,329,888	4,374,469	18%
Accrued expenses	15,876,964	28,442,304	- 12,565,340	-79%
Other payables	33,988,483	28,816,965	5,171,518	15%
Other payables from exchange	28,449,840	20,854,826	7,595,014	27%
<b>Total</b>	<b>405,661,867</b>	<b>400,386,969</b>	<b>5,274,898</b>	<b>1%</b>

#### 5.6. Cash Flow Management

CASH FLOW MANAGEMENT	2021/22	2020/21
Cash flow from operating Activities	1,293,058,446	1,210,385,187
Net Cash flow from investing Activities	153,115,189	133,930,822
Net Cash flow from financing Activities	24,983,722	23,078,017
Cash and cash equivalents at the beginning of the year	50,389,717	26,182,479
Cash and cash equivalents at the end of the year	16,744,484	50,389,717

Cash and cash equivalents have decreased from prior year

## **5.7. SUPPLY CHAIN MANAGEMENT**

### **5.7.1. IRREGULAR EXPENDITURE**

Irregular expenditure incurred amounts to R6,8 million (R9,2 million in the previous year) This is mainly only contracts procured in the prior periods.

### **5.7.2. PERFORMANCE OF SERVICE PROVIDERS**

Municipalities are required to assess the performance of service providers appointed in each financial year. In this regard, an internal performance assessment was conducted by Section 56 managers on various projects targeted for the 2021/22 financial year. Service Providers and Contractors are rated on the following categories:

#### **Below Standard**

The Contractor/Service Provider did not meet the basic requirements as spelt out in the tender or contract. This may result in the contract being cancelled and/or the retention fee being withheld from the contractor. The Contractor may be asked to rectify the problem, or the contract may be cancelled, and another Contractor/Service Provider may be appointed to complete the contract/ project.

#### **Acceptable performance**

The Contractor/Service Provider completed the project and met the basic requirements of the tender/contract. The standard of work was good enough, passable or adequate in terms of the requirements by the KSD LM.

#### **Excellent performance**

The Contractor/Service Provider completed the work above the standard required. The requirements of the tender were achieved above the expectation of the KSD LM. There is a high quality of work and outstanding results were achieved.

**ANALYSIS OF THE PERFORMANCE OF SUPPLIERS AND CONTRACTORS IN KSD LM**

**Supplier Performance Management**

Item No.	Contract Description	no. & Name of Contractor	Date of Supplier performance assessment	Supplier Performance Report		Supplier performance assessment / performance rating
				Supplier Assessment Compiled	Performance Report	
				Yes	No	
1.	Design & construction of mthatha sidewacks	Bl infrastructure	30/06/2022	✓		88% Excellent
2.	Rehabilitation of Viedges to Sawmill Roads SCM: 077/2020/21	Thalami/Alfred jv Thewo	30/06/2022	✓		27% Poor 70% Acceptable
3.	Rehabilitation & Construction of Norwood Internal Streets SCM:037/2020/21	Batabile Construction	30/06/2022	✓		90% Excellent
4.	Banking Services SCM: 003/2020/21	FNB	30/06/2022	✓		75% Excellent
5.	Advertising Agencies SCM 035/2020/21	Sondlo & Knopp	30/06/2022	✓		100% Excellent
6.	Advertising Agencies SCM 035/2020/21	Media Maestro	30/06/2022	✓		100% Excellent
7.	Aircons	YVBM	30/06/2022	✓		100% Excellent
8.	Hiring of events equipment	ZBSN Kwazikwakhe	30/06/2022	✓		100% Excellent 100% Excellent
9.	Supply install and maintain multifunction copiers SCM 024/2019/20	Itec Wildcoast	30/06/2022	✓		80% Excellent
10.	Provision of IT Disaster recovery and offsite backup SCM 024/2020/21	ICT Choice (Pty) Ltd	30/06/2022	✓		No services rendered
11.	Dispensers SCM 002/2020/21	Bidvest Steiner	30/06/2022	✓		100% Excellent
12.	Fire Equipment and first aid SCM 059/2019/20	Magnum	30/06/2022	✓		No services rendered
13.	Management of the outdoor advertising SCM 032/2019/20	Njilo Technology	30/06/2022	✓		4% Poor

14.	Installation of IVR & ICT management SCM 029/2020/21	Njilo Technology	30/06/2022	✓		75% Excellent
15.	Animal medicine & feed	Tarenzo Bhekiswa	30/06/2022	✓		75% Excellent 75% Excellent
16.	Grocery	RNE Holdings	30/06/2022	✓		75% Excellent
17.	Advertising of digital speed red light camera SCM 044/2020/21	Truvelo	30/06/2022	✓		75% Excellent
18.	Provision of professional engineering services: Rehabilitation & reconstruction of Norwood internal street-Phase 01	MBSA Consultants	30/06/2022	✓		90% Excellent
19.	Maydene farm projects SCM 142/10	Stedone	30/06/2022	✓		55% Acceptable
20.	Building Contractors SCM 068/2020/21	Abenguni engineering Shotha holdings SNZN Temavi Bontinite Vitsha Trading Liyema Alfred jv ntshabeni Twizza Civils willow	30/06/2022	✓		75% Excellent 75% Excellent 50% Acceptable 25% Needs to improve 75% Excellent 70% Acceptable 65% Acceptable 55% Acceptable
21.	Qunu LSDF SCM 013/2020/21	Urban Dynamics	30/06/2022	✓		100% Excellent
22.	LSDF Ncambedlana SCM 012/2020/21	Urban Dynamics	30/06/2022	✓		100% Excellent
23.	Panel of three service providers for co-sourcing information and communication tech audit for ksdm SCM 020/2021/22	Rakoma	30/06/2022	✓		88% Excellent



24.	Supply and Delivery of Computers and Scanners SCM: 030/2021/22	Bubede Multi-ServicesT/A Light Box	30/06/2022	✓	45% Needs to improve
25.	Protective clothing	Heeds SA Kwanda Events N2 Towing Denjavu	30/06/2022	✓	44% Needs to improve 44% Needs to improve 69% Acceptable 88% Excellent
26.	SCM 074/2020/21	Tekoa Engineers Leko Engineering BM Infrastructure SDM Engineering	30/06/2022	✓	100% Excellent 100% Excellent 100% Excellent 100% Excellent

Number of Bids on Contract Register	Number of Awards made current year	Number of completed projects	Number of Bids in Tendering Process	Number of projects still in progress	Cancelled Projects
114	60	18	0	97	0

The purpose of this analysis is to determine the percentage of bids awarded as at the end financial year. This assessment is used to measure the performance of all service providers and contractors implementing KSD LM projects in line with MFMA requirements.

**Results of performance assessment of service providers**

Category	Rating	Comments
Below Standard	0%	There were no suppliers who had a contract that was terminated due to poor performance during the financial year.
Acceptable performance	100 %	114 suppliers who performed satisfactorily in contracts during the financial year
Excellent performance	0%	There are no suppliers who displayed excellent performance during the financial year.

The Contract Register for the 2021/22 financial year is attached hereto as **Annexure “A”**

## 5.8. INDIGENT MANAGEMENT

Processes to have a new indigent register for 2021 could not materialize in March 2020 due to Covid 19 lockdown, i.e getting new application forms and conducting road shows to collect new data for the new register, however municipality verified the existing indigent register. Up to December 2020, municipality subsidized 22 726 indigent debtors by an amount totalling to R8 617 723.89 excluding VAT made up as follows:-

- Rates amounting to R3 671 230. 34
- Refuse removal to R3 759 925.29
- Rental amounting to R855 860.29
- Fire levy amounting to R330 707. 97
- Paraffin amounting to R4 118 410. 80
- Electricity amounting to R900 460. 75

In June 2021, additional 2918 indigent beneficiaries were subsidized by an amount of R10 991 065. In total allocated as follows: -

Rates	R3 639 556.30
Refuse removal	R5 307 682.01
Rental	R691 970,52
Fire levy	R583 122.06
<u>Total incl. VAT</u>	<u>R10 222 330.96</u>

Indigents were also subsidised with free basic energy / alternative energy as follows:-

Paraffin amounting to R1 027 507.80 subsidy.

Eskom Electricity amounting to R1 582 735.11.

KSD electricity R73 193

Financial Implications for the indigent subsidy amount to R26 542 362,31 for 2021.22 financial year.

**CHAPTER 6: AUDITOR GENERAL AUDIT FINDINGS**

	2022-06	2021-06	2020-06
<b>Audit Opinion</b>	<b>Unqualified</b>	<b>Qualification</b>	<b>Qualification</b>
<b>Basis for qualified opinion.</b>		- Irregular expenditure	- Receivables from exchange transactions - Misstatement of repairs and maintenance.

**1. ANNEXIRES**

- **Annexure A** Prior year audit report.
- **Annexure B** Current year audit report.
- **Annexure C** Audited Annual Financial Statements.
- **Annexure D** Audit Action Plan
- **Annexure E** Audit and Performance Audit Committee Report (APAC)
- **Annexure F** Report on Performance of Service Providers (Contract Register)
- **Annexure G** COGTA Indicators



# **KING SABATA DALINDYEBO LOCAL MUNICIPALITY**

Audit Report

*For the year ended 30 June 2022*



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

# Report of the auditor-general to Eastern Cape Provincial Legislature and the council of King Sabata Dalindyebo Local Municipality

## Report on the audit of the financial statements

### Opinion

1. I have audited the financial statements of the King Sabata Dalindyebo Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2022, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the King Sabata Dalindyebo Local Municipality as at 30 June 2022, and financial performance and cash flows for the year then ended in accordance with South African Standard of Generally Recognised Accounting Practice (SA Standard of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 9 of 2021 (Dora).

### Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *International code of ethics for professional accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 55 to the financial statements, which indicates that current liabilities are currently exceeding the current assets, and the municipality is taking more than the required 30 days to pay creditors and more than 60 days to collect its outstanding debtors. These events or conditions disclosed in note 55 together with other matters set forth in the

same note, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue to fund its existing level of operations.

### **Emphasis of matters**

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

### **Material electricity distribution losses**

9. As disclosed in note 49 to the financial statements, material electricity distribution losses of R105 million (2020-21 R87.9 million) was incurred, which represents 15,9% (2020-21: 16,7%) of total electricity purchased. These were due to illegal connections and faulty meters.

### **Contingent Liabilities**

10. As disclosed in note 44 to the financial statements, the municipality is the defendant in a number of lawsuits. The municipality is opposing the claims and the ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

### **Impairment loss**

11. As disclosed in notes 3 and 4 to the financial statements, cumulative debt impairments of R413,5 million (2020-21: R379,8 million) and R290,9 million (2020-21: R323,1 million) were made to receivables from exchange and non-exchange transactions respectively.

### **Irregular expenditure**

12. As disclosed in note 48 to the financial statements, the municipality incurred irregular expenditure of R6.8 million, as it did not follow a proper tender process. The majority of the irregular expenditure was caused by not having a specification committee for procurement processes which relates to a contract that was awarded in a prior year.

### **Restatement of corresponding figures**

13. As disclosed in note 54 to the financial statements, the corresponding figures for 30 June 2021 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2022.

### **Other matter**

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

### **Unaudited disclosure notes**

15. 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**

16. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the SA Standard of GRAP, and the requirements of 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.
17. 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**

18. 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.
19. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## **Report on the audit of the annual performance report**

### **Introduction and scope**

20. 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 the selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
21. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the

current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

22. 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 following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2022:

Development priority	Pages in the annual performance report
<i>KPA 1– Basic services and infrastructure</i>	x – x

23. 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.

24. The material findings on the reliability of the performance information of the selected development priorities are as follows:

### **KPA 1– Basic services and infrastructure**

#### **3.3.1.47 No of refuse removal points cleared in peri urban areas**

25. The achievement of 22 refuse removal points were not cleared once per week was reported against a target of 22 refuse removal points within KSDLM cleared once per week by June 2022 in the annual performance report. However, some supporting evidence was not sufficient to verify the reported achievement, while in other instances I was unable to obtain sufficient appropriate audit evidence. This was due to the lack of accurate and complete records. I was unable to further confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any further adjustments were required to the reported achievement.



## Various indicators

26. The achievements reported in the annual performance report materially differed from the supporting evidence provided for the indicators listed below:

KPI No	Indicator description	Reported achievement
3.3.1.13	No. of electrical faults restored	10464 electrical faults restored
3.3.1.46	No. of streets with refuse removed in a billed household once a week	Refuse removed in 537 streets in billed households for 40 weeks

## Other matters

27. I draw attention to the matters below.

## Achievement of planned targets.

28. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the reliability of the reported performance information in paragraphs 24 to 26 of this report.

## Adjustment of material misstatements

29. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Basic services and infrastructure development priority. As management subsequently corrected only some of the misstatements, I raised material findings on the reliability of the reported performance information. Those that were not corrected are reported above.

## Report on the audit of compliance with legislation

### Introduction and scope

30. 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.

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

## Annual financial statements, annual performance report and annual report

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

## Expenditure management

33. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
34. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R11.9 million, as disclosed in note 47 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by interest and penalties charged on late payments due to cash flow challenges currently experienced by the municipality.
35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R129.6 million, as disclosed in note 46 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure that was caused by overspending on donations, interest and depreciation.

## Strategic planning and performance management

36. The performance management system and related controls were inadequate as it did not describe how the performance monitoring, measurement, review, reporting and improvement processes should be conducted and managed, as required by municipal planning and performance management regulation 7(1).

## Other information

37. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
38. 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.
39. 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.

40. 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. I have nothing to report in this regard.

### Internal control deficiencies

41. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report
42. Leadership did not appropriately monitor the implementation of policies and procedures to support the achievement of credible performance reporting and compliance with legislative requirements.
43. The submitted financial statements and annual performance report contained material misstatements that had to be corrected. The majority of these misstatements were as a result of the incorrect interpretation and application of the applicable reporting GRAP framework. In addition, the portfolios of evidence and supporting schedules used to support the financial statements and actual achievement of indicators in the performance report were not accurate in all instances.
44. The effectiveness of the internal audit and audit committee has been impacted by the inadequate implementation by management of their recommendations.

### Material irregularities

45. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

### Material irregularities in progress

46. I identified material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the responses of the accounting officer were not yet due for some material irregularities and for the remainder, I had not yet completed the process of evaluating the responses from the accounting officer. These material irregularities will be included in the next year's auditor's report.

## Status of previously reported material irregularities

### Interest paid to Eskom due to late payment of invoices

47. The municipality failed to ensure that the payments due to Eskom were made within 30 days of receiving the relevant invoice or statement during the 2019-20 financial year, September 2019 and February 2020, in contravention of section 65(2)(e) of the MFMA. The municipality incurred interest as a result of the late payments of R4,4 million in the 2019-20 financial year and incurred further interest on late payments of R8.8 million for the 2021-22 financial year
48. The non-compliance resulted in a material financial loss of R13,2 million in the form of interest, which is included as fruitless and wasteful expenditure in note 47 to the financial statements.
49. The accounting officer was notified of the material irregularity on 26 January 2021 and was invited to make a written submission on the actions taken and will be taken to address the matter. The accounting officer responded by investigating the material irregularity and concluded the investigation on 31 March 2021. The investigation concluded that there were insufficient funds to make the payment on time and no persons were identified to be responsible. The investigation further found that there was no breakdown in internal control, and that the unavailability of funds was the main root cause.
50. The following actions have been taken to respond to the material irregularity:
- The municipality has entered into a payment arrangement with Eskom for the payment of the arrear balance on 9 March 2021.
  - The municipality ring-fenced electricity income to pay only electricity expenses starting from 1 July 2021.
  - A revenue recovery plan was implemented from August 2021.
  - A cash flow committee was established in August 2021, which is responsible for implementing and monitoring the effectiveness of the cash flow management strategy in pursuit of improving the financial viability of the municipality.
  - A cost containment target was included in the performance agreements of managers and directors for the 2021-22 financial year.
51. I will follow up on the implementation of the planned actions during my next audit.

### Interest and penalties charged by Sars due to late payments.

52. The municipality did not pay employees tax, deducted from employees, over to the South African Revenue Service (Sars) within seven days after the end of the month during which the amount was deducted for the period April 2020 to June 2020. This was in contravention of section 2(1) of the Fourth Schedule of the Income Tax Act 58 of 1962. The municipality incurred interest and penalties as a result of the late payments of R4 million in the 2019-20 financial year incurred further interest of R7.3 million for the 2020-21 and R1.9 for 2021-22 financial year

53. The non-compliance resulted in a material financial loss of R22 million from reporting to date, which is included as fruitless and wasteful expenditure in note 47 to the financial statements.
54. The accounting officer was notified of the material irregularity on 26 March 2021 and was invited to make a written submission on the actions taken and will be taken to address the matter. The accounting officer responded by investigating material irregularity concluded the investigation on 31 March 2021. The investigation concluded that there were insufficient funds to make the payment on time and no persons were identified to be responsible. The investigation further found that there was no breakdown in internal controls, and that the unavailability of funds was the main root cause.
55. The following actions have been taken to resolve the material irregularity:
- The municipality has applied for a remission to have Sars waive the interest and penalties, as confirmed in a letter dated 31 August 2021. This has not yet been granted by Sars.
  - A revenue recovery plan was implemented from August 2021.
  - A cash flow committee was established in August 2021, which is responsible for implementing and monitoring the effectiveness of the cash flow management strategy in pursuit of improving the financial viability of the municipality.
56. A cost containment policy was included in the performance agreements of managers and directors for the 2021-22 financial year. I will follow up on the implementation of the planned actions during my next audit.

## Other reports

57. In addition to the investigations relating to material irregularities, 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.
58. The Special Investigation Unit (SIU) was investigating matters that arose in previous years, including the costs incurred for the funeral of former president Nelson Mandela. This investigation is still in progress.
59. A forensic investigation into grievances raised by staff members, which extends to task grade payments made to staff, by the municipality in the previous financial cycle is still in progress.
60. The South African Police Services (SAPS) was investigating allegations of an employee who submitted a fraudulent claim form to the pension fund. This investigation is still in progress.

61. The Department of Transport is investigating alleged fraud at the motor vehicle licencing centre from the previous financial year. This investigation is still in progress.

Auditor - General -

East London

30 November 2022



**AUDITOR - GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*

## **Annexure – Auditor-general’s responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities 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 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 King Sabata Dalindyebo Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor’s report. However, future events or conditions may cause a municipality to cease operating as a going concern
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation
  - obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

## **Communication with those charged with governance**

- I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
- I also provide the accounting officer with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.



# Report of the auditor-general to the Eastern Cape Provincial Legislature and the council of King Sabata Dalindyebo Local Municipality

## Report on the audit of the financial statements

### Qualified Opinion

1. I have audited the financial statements of the King Sabata Dalindyebo Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2021, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, except for the effects of the matters described in the basis for qualified opinion section of this auditors report, the financial statements present fairly, in all material respects, the financial position of the King Sabata Dalindyebo Local Municipality as at 30 June 2021, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, (Act No.4 of 2020) (Dora).

### Basis for qualified opinion

#### Irregular expenditure

3. The municipality did not properly account for the write-off of irregular expenditure. The write-off schedule included amounts that were not irregular which resulted in irregular expenditure written-off being overstated by R393 million. In addition, the irregular expenditure written off was disclosed at amounts that were lower than the council approved amounts, resulting in the write-off being understated by R120 million. Consequently, irregular expenditure as disclosed in note 50 to the financial statements is overstated by R273 million.
4. Furthermore, I was unable to obtain sufficient appropriate audit evidence for the restatement of the corresponding amounts for irregular expenditure written off by council in the financial statements. The restatement could not be substantiated by supporting audit evidence. I was unable to confirm the restatement by alternative means.
5. Consequently, I was unable to determine whether any further adjustments were necessary to the current and prior year figures of irregular expenditure stated at R152,4 million and R857,6 million respectively, as disclosed on note 50 to the financial statements.

## Context for the opinion

6. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of my report.
7. 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.
8. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Material uncertainty relating to going concern

9. I draw attention to the matter below. My opinion is not modified in respect of this matter.
10. I draw attention to note 57 to the financial statements which indicates that the municipality is experiencing financial difficulties as its current liabilities exceed its current assets. The events or conditions disclosed in note 57 together with other matters set forth in the same note indicate that material uncertainty exists that may cast significant doubt on the municipality's ability to continue to fund its existing level of operations.

## Emphasis of matters

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

## Material electricity distribution losses

12. As disclosed in note 51 to the financial statements, material electricity distribution losses of R87,9 million (2019-20: R93,8 million) was incurred, which represents 16,7% (2019-20: 17%) of total electricity purchased.

## Significant uncertainty

13. As disclosed in note 46 to the financial statements, the municipality is the defendant in a number of lawsuits. The municipality is opposing the claims and the ultimate outcome of the matter could not be determined and no provision for any liability that may result was made in the financial statements.

## Impairment loss

14. As disclosed in notes 4 and 5 to the financial statements, cumulative debt impairments of R379,8 million (2019-20: R380,4 million) and R323,1 million (2019-20: R318,1 million) were made to receivables from exchange and non-exchange transactions respectively.

## Restatement of corresponding figures

15. As disclosed in note 56 to the financial statements, the corresponding figures for 30 June 2020 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2021.

## Other matters

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

## Unaudited disclosure notes

17. 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.

## Unaudited supplementary schedules

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

## Responsibilities of the accounting officer for the financial statements

19. 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.
20. 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

21. 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.
22. 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**

- 23. 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 priorities presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
- 24. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures do not extend to any disclosures or assertions relating to the extent of achievements in the current year or planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
- 25. 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 following selected development priority presented in the municipality's annual performance report for the year ended 30 June 2021:

Development priorities	Pages in the annual performance report
KPA 1 – Basic Service Delivery and Infrastructure Development	x – x

- 26. 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.
- 27. The material findings on the usefulness and reliability of the performance information of the selected development priority are as follows:

**Various indicators**

28. A comparison between the actual performance of the year under review and previous year was not included in the annual performance report.

Performance indicator	Actual achievement	Previous year achievement
<b>Technical Services</b>		Not included
3.2.1.1 - Number of surfaced streets repaired and maintained	135 km	
3.2.1.1/1 - Number of km of gravel roads repaired and maintained	908,7 km	
3.2.1.1/2 - Number of km of roads construction and rehabilitated	87,25 km	
3.2.1.13 - Number of households connected to the grid	486 households	
3.2.1.18 - Number of km of 11kv overhead line constructed	0 km	
<b>Human Settlements</b>		
3.2.1.26.1 - No. of houses constructed at Maydene Farm Ext. 71	27 houses	
3.2.1.26.2 - No. of houses constructed at New Brighton	0,00	
3.2.1.26.3 - No. of houses constructed at Kei Rail	0,00	
3.2.1.26.5 - No. of houses constructed at New Payne 300	0,00	
3.2.1.26.6 - No. of houses constructed at New Payne 200	0,00	
3.2.1.26.7 - No. of houses constructed at Ntshabeni	0,00	
3.2.1.26.8 - No. of houses constructed at Mahlungulu	0,00	
3.2.1.26.9 - No. of houses constructed at Willow	0,00	
3.2.1.26.10 - No. of houses constructed at Zidindi	0,00	
<b>Community Services</b>		
3.2.1.36 - Number of residential and commercial properties with access to refuse collection services	14 669,00	
3.2.1.37 - No. of refuse removal points cleared in peri urban areas	22,00	

**Indicator: Number of km of gravel roads repaired and maintained**

29. I was unable to obtain sufficient appropriate audit evidence for the achievement of 908,7 km of gravel roads repaired and maintained reported against a target of 800 km in the annual performance report, due to the lack of accurate and complete records. I was unable to

confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

## **Other matters**

30. I draw attention to the matters below.

### **Achievement of planned targets**

31. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and management's explanations provided for the under/over achievement of targets. This information should be considered in the context of the material findings on the usefulness and reliability of the reported performance information in paragraphs 28 to 29 of this report.

### **Adjustment of material misstatements**

32. We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Basic Service Delivery and Infrastructure Development. As management subsequently corrected only some of the misstatements, we raised material findings on the usefulness and reliability of the reported performance information.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

33. 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.

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

#### **Expenditure management**

35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R3,6 million, as disclosed in note 48 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending on leave pay and legal fees.

36. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R12.7 million included in note 49 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by late payment to suppliers.

## Strategic planning and performance management

37. The performance management system and related controls were inadequate as review, reporting and improvement processes should be conducted, organised and managed, as required by municipal planning and performance management regulation 7(1).

### Other information

38. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
39. 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.
40. 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 priorities presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we performed, I conclude there is a material misstatement in this other information, I am required to report that fact. I have nothing to report in this regard.

### Internal control deficiencies

41. 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 a qualified opinion, the findings on the annual performance report and the findings on compliance with legislation included in this report.
- Improvements are required by leadership to oversee financial and performance reporting and compliance with legislation.
  - The submitted financial statements and annual performance report contained material misstatements that were not corrected. This has led to material findings relating to the financial statements and performance information due to a lack of coordination and accountability from those responsible for collating and collecting the portfolios of evidence.
  - Internal audit and the audit committee fulfilled their responsibilities however, management needs to ensure that they respond timeously and appropriately to their findings and recommendations in order to maximise their effectiveness.



## **Material irregularities**

42. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit and on the status of the material irregularities reported in the previous year's auditor's report.

### **Material irregularities identified during the audit**

43. Material irregularities identified are as follows:

#### **Interest paid to ESKOM due to late payment of invoices.**

44. The municipality failed to ensure that the payments due to Eskom were made within 30 days of receiving the relevant invoice or statement for the months of August 2019, September 2019 and February 2020, in contravention of section 65(2)(e) of the MFMA. The municipality incurred interest as a result of the late payments of R4,4 million in the 2019-20 financial year .
45. The non-compliance resulted in a material financial loss of R4,4 million in the 2019-20 financial year in the form of interest, as included in the fruitless and wasteful expenditure note 49 to the financial statements.
46. The accounting officer was notified of the material irregularity on 26 January 2021 and was invited to make a written submission on the actions taken and will be taken to address the matter. The accounting officer responded by providing evidence of an investigation concluded on 31 March 2021. The investigation concluded that there were insufficient funds to make the payment on time and no persons were identified to be responsible. The investigation further found that there was no breakdown in control, and that the unavailability of funds was the main root cause.
47. The following actions have been taken to resolve the material irregularity:
- The municipality has entered into a payment arrangement with ESKOM for the payment of the arrear balance as confirmed in a letter dated 9 March 2021.
  - The municipality committed to ring fencing electricity income to pay only electricity expenses starting from 1 July 2021.
  - A revenue recovery plan was implemented from August 2021.
  - A cash flow committee was established in August 2021 which is responsible for implementing and monitoring the effectiveness of the cash flow management strategy in pursuit of improving the financial viability of the municipality.
  - A cost containment target was included in the performance agreements of managers and directors for the 2021-22 financial year.
48. The Accounting officers actions were assessed to be appropriate, I will follow up on the implementation of the planned actions during my next audit.



### Interest and penalties charged by SARS due to late payments.

49. The municipality did not pay employees tax, deducted from employees, over to the South African Revenue Service (SARS) within seven days after the end of the month during which the amount was deducted for the period April 2020 to June 2020. This was in contravention of section 2(1) of the Fourth Schedule of the Income Tax Act. The municipality incurred interest and penalties as a result of the late payments of R4 million in the 2019-20 financial year.
50. The non-compliance resulted in a material financial loss of R10,7 million (2019-20: R4 million) which is included as fruitless and wasteful expenditure in note 49 to the financial statements.
51. The accounting officer was notified of the material irregularity on 26 March 2021 and was invited to make a written submission on the actions taken and will be taken to address the matter. The accounting officer responded by providing evidence of an investigation concluded on 31 March 2021. The investigation concluded that there were insufficient funds to make the payment on time and no persons were identified to be responsible. The investigation further found that there was no breakdown in control, and that the unavailability of funds was the main root cause.
52. The following actions have been taken to resolve the material irregularity:
- The municipality has applied for a remission to have SARS waive the interest and penalties, as confirmed in a letter dated 31 August 2021. This has not yet been granted by SARS.
  - A revenue recovery plan was implemented from August 2021.
  - A cash flow committee was established in August 2021, which is responsible for implementing and monitoring the effectiveness of the cash flow management strategy in pursuit of improving the financial viability of the municipality.
  - A cost containment policy was included in the performance agreements of managers and directors for the 2021-22 financial year.
53. The Accounting officers actions were assessed to be appropriate, I will follow up on the implementation of the planned actions during my next audit.

### Other reports

54. In addition to the investigations relating to material irregularities, 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.

55. The Special Investigation Unit (SIU) was investigating matters that arose in previous years, including the costs incurred for the funeral of former president Nelson Mandela. This investigation is still in progress.
56. A forensic investigation into grievances raised by staff members, which extends to task grade payments made to staff, by the municipality in the previous financial cycle is still in progress.
57. The South African Police Services (SAPS) was investigating allegations of an employee who submitted a fraudulent claim form to the pension fund. This investigation is still in progress.
58. The Department of Transport is investigating alleged fraud at the motor vehicle licencing centre. This investigation is still in progress.

*Auditor-General*

East London

1 February 2022



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*

## **Annexure – Auditor-general's responsibility for the audit**

1. As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected development priorities 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 King Sabata Dalindyebo Local Municipality to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause a municipality to cease operating as a going concern.
  - evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

### **Communication with those charged with governance**

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

relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.





**King Sabata Dalindyebo Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2022**

**AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2022**

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

---

### Nature of business and principal activities

King Sabata Dalindyebo Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no. 117 of 1998).

### Mayoral committee

Executive Mayor

Speaker

Chief Whip

Members of the Mayoral Committee

Cllr. GN Nelani  
Cllr. N Siyo- Sokutu  
Cllr. B Mlanjeni  
Cllr. MS Dudumayo  
Cllr. M Bango  
Cllr. Z Nokayi  
Cllr. YR Gwadiso  
Cllr. Z Madyibi  
Cllr. N Sibeko  
Cllr. S Nyengane  
Cllr. M Marasha  
Cllr. Z Gana

### Councillors

Cllr. N Matubatuba  
Cllr. N Gwebani  
Cllr. R Roeber  
Cllr. U Daniso  
Cllr. A Msuthu  
Cllr. SE Mngeni  
Cllr. NG Sidlova  
Cllr. M Majeka  
Cllr. N Matyeba  
Cllr. N Jubeni  
Cllr. SN Majikja  
Cllr. N Nkathu  
Cllr. NG Tshaya  
Cllr. B Silinga  
Cllr. A Ketse  
Cllr. CS Tokwana  
Cllr. S Ratshalala  
Cllr. SC Mshunqane  
Cllr. ZL Siziba  
Cllr. B Vuma  
Cllr. MJ Msakeni  
Cllr. S Dalasie  
Cllr. S Mdunyelwa  
Cllr. S Mhlaba  
Cllr. TT Mtshakazana  
Cllr. T Badli  
Cllr. L Makhenke  
Cllr. LC Molakalaka  
Cllr. DM Teti  
Cllr. B Nxeve  
Cllr. TM Gqiba  
Cllr V N S Roji  
Cllr A Mgquba  
Cllr L M Luvaca  
Cllr R Knock

**AUDITOR GENERAL  
SOUTH AFRICA**

**30 NOV 2022**

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

**Councillors who are no longer part of the new council after elections**

Cllr T G Maqoko  
Cllr M Nyoka  
Cllr N R Gcingca  
Cllr L N Nfonze  
Cllr M T Mfirara  
Cllr T Machaea  
Cllr T E Mapekula  
Cllr J Voko  
Cllr Z D Kutu  
Cllr M Mabaso  
Cllr S Jadiso  
Cllr M Menzelwa  
Cllr M Qotyana  
Cllr Z Luvantyu  
Cllr N Mkontwana  
Cllr Z M Gusana  
Cllr T Mclmbi  
Cllr N Diblokwe  
Cllr O Khotso  
Cllr M Mrwebi  
  
Cllr E M Fijeyo  
Cllr Z Ntiziyombi  
Cllr A Ndzendze  
Cllr B Bikani  
Cllr X M Mbongwana  
Cllr M Mkhotheli  
Cllr L Mkonto  
Cllr S Sikrenya  
Cllr L D Liwani  
Cllr B D Bara  
Cllr N Gcinindawo  
Cllr B Ndlobongela  
Cllr B Babile  
Cllr T Mngoma  
Cllr T Bhova  
Cllr M Bunzana  
Cllr G N Lusu  
Cllr N F Mzimane  
Cllr M W Malotana  
Cllr B B Gqwetha  
Cllr N Ngqongwa  
Cllr N Pall  
Cllr N Nyangani  
Cllr M Mpangele  
Cllr M Fukula  
Cllr U N V Malghas  
Cllr N M Nqwazi  
Cllr DM Zozo  
Cllr N Mtwa  
Cllr N A Sobahle  
Cllr L P Zuma  
Cllr M A Manzolwandle  
Cllr B Malghas  
Cllr L A Tshiseka  
Cllr N P Ngalo

**Grading of local authority**

Grade 4

**Chief Finance Officer**

Mr E Jiholo

**Accounting Officer**

Mr N Pakade

**Registered office**

Munitata Building  
Sutherland Street  
Mthatha

**Postal address**

Private Bag X5083  
Mthatha  
5099  
5099





**King Sabata Dalindyebo Local Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**General Information**

---

**Bankers**

ABSA  
FNB

**Auditors**

Auditor General South Africa  
Registered Auditors

AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2022

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Index

---

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

	<b>Page</b>
Accounting officer's Responsibilities and Approval	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 11
Appropriation Statement	11
Accounting Policies	12 - 34
Notes to the Annual Financial Statements	35 - 84

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
VAT	Value Added Tax
SARS	South African Revenue Services
PAYE	Pay As You Earn

**AUDITOR GENERAL  
SOUTH AFRICA**  
30 NOV 2022

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting officer's Responsibilities and Approval

---

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the 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 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 6 to 84, which have been prepared on the going concern basis, were approved by council on 31 August 2022 and were signed on behalf of the municipality by:

  
Accounting Officer  
Mr N Pakade

AUDITOR GENERAL  
SOUTH AFRICA

30 NOV 2022

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

Figures In Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	195 947 745	140 580 982
Receivables from exchange transactions	3	65 921 409	54 122 799
Receivables from non-exchange transactions	4	74 172 610	54 445 001
Insurance prepayment		1 682 813	-
Cash and cash equivalents	6	16 744 464	50 389 717
		<b>354 468 041</b>	<b>299 538 499</b>
<b>Non-Current Assets</b>			
Investment property	7	336 204 880	333 328 626
Property, plant and equipment	8	2 195 018 698	2 159 234 678
Intangible assets	9	1 177 351	1 788 028
Heritage assets	10	3 201 000	3 201 000
		<b>2 535 601 929</b>	<b>2 497 530 530</b>
<b>Total Assets</b>		<b>2 890 070 970</b>	<b>2 797 069 029</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	11	3 577 177	3 718 197
Finance lease obligation	12	25 954 244	22 700 750
Payables from exchange transactions	13	405 661 887	400 386 969
VAT payable	5	14 493 649	6 200 286
Consumer deposits	14	25 671 028	24 215 909
Unspent conditional grants and receipts	15	20 044 848	24 354 683
Provisions	16	2 372 000	2 459 000
		<b>497 774 813</b>	<b>484 035 794</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	11	6 363 968	8 418 165
Finance lease obligation	12	6 523 168	32 565 167
Provisions	16	53 687 655	48 241 095
		<b>66 574 791</b>	<b>90 224 427</b>
<b>Total Liabilities</b>		<b>564 349 604</b>	<b>574 260 221</b>
<b>Net Assets</b>		<b>2 325 721 366</b>	<b>2 222 808 808</b>
<b>Reserves</b>			
Revaluation reserve	17	527 261 431	383 988 031
Self-insurance reserve	18	3 881 786	3 834 223
Accumulated surplus		1 794 578 149	1 834 986 554
<b>Total Net Assets</b>		<b>2 325 721 366</b>	<b>2 222 808 808</b>

**AUDITOR GENERAL**  
**SOUTH AFRICA**  
**30 NOV 2022**

\* See Note 54

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

Figures In Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	562 452 446	495 689 905
Rental of facilities and equipment	20	18 022 332	12 920 166
Licences and permits	21	13 460 587	15 002 969
Other income	22	53 023 913	46 361 505
Interest revenue	23	23 428 823	22 809 170
Fair value adjustments	24	11 055 093	11 828 981
<b>Total revenue from exchange transactions</b>		<b>681 443 194</b>	<b>604 612 696</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	285 453 763	245 824 497
Interest revenue	23	15 528 926	20 608 558
<b>Transfer revenue</b>			
Government grants and subsidies	26	498 598 147	539 558 046
Public contributions and donations	28	67 970	11 969 770
Fines, penalties and forfeits	27	2 007 221	4 148 473
<b>Total revenue from non-exchange transactions</b>		<b>801 656 027</b>	<b>822 109 344</b>
<b>Total revenue</b>	30	<b>1 483 099 221</b>	<b>1 426 722 040</b>
<b>Expenditure</b>			
Employee related costs	31	(535 950 547)	(499 698 677)
Remuneration of councillors	32	(28 625 984)	(28 255 080)
Depreciation and amortisation	33	(160 799 224)	(164 836 406)
Finance costs	34	(18 912 342)	(29 142 064)
Lease rentals on operating lease	29	(15 423 207)	(7 907 846)
Debt Impairment	35	(1 586 096)	(4 321 658)
Bulk purchases	36	(387 728 872)	(322 019 740)
Contracted services	37	(21 802 686)	(16 720 778)
Grants and Subsidies paid	38	(64 922 662)	(62 335 156)
Inventories write-downs		(19 489 068)	-
Loss on disposal of assets	8	(1 086 572)	(1 102 715)
General Expenses	39	(263 652 925)	(195 201 009)
<b>Total expenditure</b>		<b>(1 519 980 185)</b>	<b>(1 331 541 129)</b>
<b>(Deficit) surplus for the year</b>		<b>(36 880 964)</b>	<b>95 180 911</b>

**AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2022**

\* See Note 54

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Insurance reserve	Total reserves	Accumulated surplus	Total net assets
<b>Balance at 01 July 2021 restated</b>	<b>383 988 031</b>	<b>3 801 185</b>	<b>387 789 216</b>	<b>1 771 892 663</b>	<b>2 159 681 879</b>
Changes in net assets					
Surplus for the year				95 180 911	95 180 911
Movement in self insurance reserve		33 038	33 038		33 038
Prior year adjustments (Note 54)				(35 614 461)	(35 614 461)
<b>Total changes</b>		<b>33 038</b>	<b>33 038</b>	<b>59 566 450</b>	<b>59 599 488</b>
<b>Balance at 01 July 2021 restated</b>	<b>383 988 031</b>	<b>3 834 223</b>	<b>387 822 254</b>	<b>1 831 459 113</b>	<b>2 219 281 367</b>
Changes in net assets					
Surplus for the year				(36 880 964)	(36 880 964)
Movement in self insurance reserve		47 563	47 563		47 563
Revaluation of land and buildings	143 273 400		143 273 400		143 273 400
<b>Total changes</b>	<b>143 273 400</b>	<b>47 563</b>	<b>143 320 963</b>	<b>(36 880 964)</b>	<b>106 439 999</b>
<b>Balance at 30 June 2022</b>	<b>527 261 431</b>	<b>3 881 786</b>	<b>531 143 217</b>	<b>1 794 578 149</b>	<b>2 325 721 366</b>
Note(s)	17	18			

AUDITOR GENERAL  
SOUTH AFRICA

30 NOV 2022

\* See Note 54

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		299 949 764	210 675 432
Receipts from Customers		606 531 305	588 429 553
Grants		492 073 286	548 945 223
Interest income		38 957 749	43 551 056
		<u>1 437 512 104</u>	<u>1 391 601 264</u>
<b>Payments</b>			
Employee costs		(583 837 787)	(528 042 113)
Suppliers		(692 007 877)	(653 201 010)
Finance costs		(17 212 782)	(29 142 064)
		<u>(1 293 058 446)</u>	<u>(1 210 385 187)</u>
<b>Net cash flows from operating activities</b>	41	<u><b>144 453 658</b></u>	<u><b>181 216 077</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(153 134 182)	(134 638 210)
Proceeds from sale of property, plant and equipment	8	18 993	1 090 236
Purchase of other intangible assets	9	-	(382 848)
		<u>(153 115 189)</u>	<u>(133 930 822)</u>
<b>Net cash flows from investing activities</b>			
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(2 185 217)	(2 517 766)
Movement in finance lease		(22 788 505)	(20 560 251)
		<u>(24 983 722)</u>	<u>(23 078 017)</u>
<b>Net cash flows from financing activities</b>			
<b>Net decrease in cash and cash equivalents</b>		<u><b>(33 645 253)</b></u>	<u><b>24 207 238</b></u>
Cash and cash equivalents at the beginning of the year		50 389 717	26 182 479
<b>Cash and cash equivalents at the end of the year</b>	6	<u><b>16 744 464</b></u>	<u><b>50 389 717</b></u>

**AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2022**

\* See Note 54

**3-0 NOV 2022**

**King Sabata Dalindyebo Local Municipality**

Annual Financial Statements for the year ended 30 June 2022

**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						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	655 967 953	(24 386 474)	631 601 479	562 452 446	(69 149 033)	Refer to note 42
Rendering of services	185 018	(185 018)	-	-	-	
Rental of facilities and equipment	34 321 790	(10 862 130)	23 459 660	18 022 332	(5 437 328)	Refer to note 42
Licences and permits	23 156 572	(4 501 409)	18 655 163	13 460 587	(5 194 576)	Refer to note 42
Other income	59 429 577	(20 789 881)	38 639 696	53 023 913	14 384 217	Refer to note 42
Interest received	61 758 238	-	61 758 238	23 428 823	(38 329 415)	Refer to note 42
<b>Total revenue from exchange transactions</b>	<b>834 819 148</b>	<b>(60 704 912)</b>	<b>774 114 236</b>	<b>670 388 101</b>	<b>(103 726 135)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	276 577 483	1 028 631	277 606 114	285 453 763	7 847 649	Refer to note 42
Investment Revenue	-	-	-	15 528 926	15 528 926	Refer to note 42
<b>Transfer revenue</b>						
Government grants & subsidies	512 735 879	5 303 824	518 039 703	498 598 147	(19 441 556)	Refer to note 42
Public contributions and donations	-	-	-	67 970	67 970	Refer to note 42
Fines, Penalties and Forfeits	6 299 368	(1 206 663)	5 092 705	2 007 221	(3 085 484)	Refer to note 42
<b>Total revenue from non-exchange transactions</b>	<b>795 612 730</b>	<b>5 125 792</b>	<b>800 738 522</b>	<b>801 656 027</b>	<b>917 505</b>	
<b>Total revenue</b>	<b>1 630 431 878</b>	<b>(55 579 120)</b>	<b>1 574 852 758</b>	<b>1 472 044 128</b>	<b>(102 808 630)</b>	
<b>Expenditure</b>						
Personnel	(552 880 260)	27 955 855	(524 924 405)	(535 950 547)	(11 026 142)	Refer to note 42
Remuneration of councillors	(34 225 062)	-	(34 225 062)	(28 825 984)	5 399 078	Refer to note 42
Depreciation and amortisation	(147 486 190)	(10 786 248)	(158 272 438)	(160 799 224)	(2 526 786)	Refer to note 42
Finance costs	(16 300 464)	10 047 542	(6 252 922)	(18 912 342)	(12 659 420)	Refer to note 42
Lease rentals on operating lease	(15 478 855)	1 219 542	(14 259 313)	(15 423 207)	(1 163 894)	Refer to note 42
Debt Impairment	(50 460 002)	46 460 002	(4 000 000)	(1 586 096)	2 413 904	Refer to note 42
Bulk purchases	(399 186 943)	(13 969 803)	(413 156 746)	(387 728 872)	25 427 874	Refer to note 42
Contracted services	(6 444 494)	(11 821 033)	(18 265 527)	(21 802 686)	(3 537 159)	Refer to note 42
Grants and Subsidies Paid	(82 666 370)	1 718 188	(80 948 182)	(64 922 662)	16 025 520	Refer to note 42
General Expenses	(150 562 451)	17 883 190	(132 679 261)	(263 652 925)	(130 973 664)	Refer to note 42
<b>Total expenditure</b>	<b>(1 455 691 091)</b>	<b>68 707 235</b>	<b>(1 386 983 856)</b>	<b>(1 499 404 545)</b>	<b>(112 420 689)</b>	
<b>Operating deficit</b>	<b>174 740 787</b>	<b>13 128 115</b>	<b>187 868 902</b>	<b>(27 360 417)</b>	<b>(215 229 319)</b>	
Fair value adjustments	-	-	-	11 055 093	11 055 093	Refer to note 42
Inventories losses/write-downs	-	-	-	(19 489 068)	(19 489 068)	
Gains/Loss on disposal of non-current assets	1 814 736	-	1 814 736	(1 086 572)	(2 901 308)	Refer to note 42
	<b>1 814 736</b>	<b>-</b>	<b>1 814 736</b>	<b>(9 520 547)</b>	<b>(11 335 283)</b>	
<b>Deficit before taxation</b>	<b>176 555 523</b>	<b>13 128 115</b>	<b>189 683 638</b>	<b>(36 880 964)</b>	<b>(226 564 602)</b>	



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## 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
<b>Figures in Rand</b>						
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>176 555 523</b>	<b>13 128 115</b>	<b>189 683 638</b>	<b>(36 880 964)</b>	<b>(226 564 602)</b>	

The accounting policies on pages 12 to 34 and the notes on pages 35 to 64 form an integral part of the annual financial statements.

**AUDITOR GENERAL  
SOUTH AFRICA**

**30 NOV 2022**

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

Figures in Rand	Note(s)	2022	2021
-----------------	---------	------	------

### 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.

#### 1.1 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 the foreseeable future.

#### 1.2 Materiality

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

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

#### 1.3 Significant judgements and sources of estimation uncertainty

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

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

##### Trade receivables and other 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 judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on individual debtor basis, based on historical loss ratios, debtor type and other indicators present at the reporting date that correlate with defaults.

##### Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including municipality specific variables and economic factors.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Employee benefit obligation

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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

#### Effective interest rate

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

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

Additional information is disclosed in Note 56.

#### Useful lives of Property, plant and equipment, Intangible assets and Investment property

The municipality depreciates/amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets are based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

### 1.4 Investment property

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised. The cost of self-constructed investment property is the cost at the date of completion.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.5 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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 except for land and buildings where is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

### 1.5 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

Item		Average useful life
Land		Infinite
Buildings	Straight line	5 - 50 years
Plant and machinery	Straight line	5 - 10 years
Furniture and fixtures	Straight line	3 - 5 years
Office equipment	Straight line	5 - 7 years
IT equipment	Straight line	5 - 7 years
Computer software	Straight line	3 - 5 years
- Roads and paving	Straight line	30 years
- Access roads	Straight line	3-10 years
- Pedestrian malls	Straight line	30 years
- Electricity	Straight line	10 - 50 years
- Sewerage	Straight line	15 - 20 years
Community		
- Buildings	Straight line	30 - 50 years
- Recreational equipment	Straight line	20 - 30 years
- Security	Straight line	5 years
- Halls	Straight line	30 years
- Libraries	Straight line	30 - 50 years
- Parks and gardens	Straight line	20 - 30 years
- Sport fields	Straight line	20 - 30 years
Other property, plant and equipment		
- Other vehicles	Straight line	5 years
- Other items of plant and equipment	Straight line	7 - 10 years
- Landfill sites	Straight line	4-30 years
- Fire engines	Straight line	10 - 20 years
Bins and containers	Straight line	5 years
Other leased assets		
- Motor vehicles	Straight line	5-20 years
Laboratory equipment	Straight line	5 - 7 years
Specialised vehicles	Straight line	10 years
Heritage assets		Infinite
Cemetery	Straight line	25 - 30 years
Stadium	Straight line	25 - 30 years

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.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.5 Property, plant and equipment (continued)

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 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

### 1.6 Intangible assets

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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, other	Straight-line	3 - 5 years

---

Intangible assets are derecognised:

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

### 1.7 Heritage assets

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

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.7 Heritage assets (continued)

#### Recognition

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

#### Initial measurement

Heritage assets are measured at cost.

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

#### Subsequent measurement

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

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

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

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

#### Impairment

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

#### Transfers

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

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

#### Derecognition

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

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

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.8 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.

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.

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.

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.8 Financial instruments (continued)

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

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	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
Other financial liabilities - Long term	Financial liability measured at amortised cost
Other financial liabilities - short term	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

### 1.9 Statutory receivables

#### Identification

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

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

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.9 Statutory receivables (continued)

#### Subsequent measurement

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

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

### 1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases - lessee

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

### 1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.12 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

### 1.13 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.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.13 Impairment of cash-generating assets (continued)

#### Identification of a potential impairment

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

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

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

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.13 Impairment of cash-generating assets (continued)

#### Recognition and measurement of cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

#### Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.13 Impairment of cash-generating assets (continued)

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.14 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.

#### Identification

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

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

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

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.14 Impairment of non-cash-generating assets (continued)

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP 21 - Impairment of non - cash generating assets.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.15 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### 1.16 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

#### Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

### 1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

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

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.19 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.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 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.

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

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.19 Revenue from exchange transactions (continued)

#### Interest, royalties and dividends

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

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

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.20 Revenue from non-exchange transactions (continued)

#### 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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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.

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

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

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.20 Revenue from non-exchange transactions (continued)

#### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

### 1.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.22 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.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.22 Accounting by principals and agents (continued)

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.23 Comparative figures

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

### 1.24 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.

### 1.25 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.

### 1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.27 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.27 Segment information (continued)

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### 1.28 Budget Information

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

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

### 1.29 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

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

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

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.30 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.

### 1.31 Value added tax (VAT)

The municipality accounts for VAT on an accrual basis and is registered with the South African Revenue Services (SARS) for VAT on the payments (cash) basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

### 1.32 Consumer deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

### 1.33 Unspent conditional grants

This is represented funds unspent at the end of the financial year on grants received from national and provincial government or any other external party that can only be spent for the condition for which it was received. The amount is recognised as a current liability until the conditions of the grant are met or the money is transferred back to the funder.



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### 2. Inventories

Land - Held for transfers	194 318 595	123 196 296
Consumables Stores	3 036 814	2 052 070
Electrical Equipment	18 081 404	15 332 616
	<u>215 436 813</u>	<u>140 580 982</u>
Inventories (write-downs)	(19 489 068)	-
	<u>195 947 745</u>	<u>140 580 982</u>

Inventories (material and stores) recognised as an expense during the year 6 201 087 -

In the current year Inventories that related to land held for transfers were written down to net realisable value, due to the valuation roll changes of the values of the properties. The amount of the write down expensed was R19 489 068.

### Properties transferred to beneficiaries

Carrying value of properties transferred to beneficiaries (Donations/Transfer of assets) 24 133 240 -

### 3. Receivables from exchange transactions

Consumer debtors Other	7 983	85 948
Consumables Sundry Debtors	5 833 089	9 389 396
Consumer debtors - Electricity	94 150 558	76 950 659
Consumer debtors - Refuse	238 101 616	217 294 122
Consumer debtors - Rentals	141 359 022	130 202 127
Provision for Impairment	(413 530 859)	(379 799 453)
	<u>65 921 409</u>	<u>54 122 799</u>

### Trade and other receivables pledged as security

The municipality does not have any receivables from exchange transactions that have been pledged as security.

### Fair value of trade and other receivables

Trade and other receivables 65 921 409 54 229 633

The fair value of trade and other receivables from exchange transactions approximates their carrying amount.

### Trade and other receivables past due but not impaired

The normal credit term for the municipality is 30 days. At 30 June 2022, receivables of R 28 200 379 (2021: R 14 024 296) were past due but not impaired.

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

2 months past due	4 066 920	2 514 549
3 months past due	2 705 667	2 345 349
Over 3 months past due	21 427 572	9 164 398

### Trade and other receivables impaired

As of 30 June 2022, trade and other receivables of R 413 530 859 (2021: R 379 799 453) were impaired and provided for.

The ageing of these amounts is as follows:

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>3. Receivables from exchange transactions (continued)</b>		
1 to 3 months	62 725 029	13 789 018
3 to 6 months	19 077 092	9 400 660
Over 6 months	224 441 979	242 883 994
Penalties and Interest	107 286 759	113 725 781
Included in the above are receivables from exchange transactions as follows;		
<b>Electricity -Ageing</b>		
Current	34 280 802	23 132 500
31-60 days	14 417 309	11 088 347
61-90 days	5 975 002	8 311 609
91-120 days	4 631 326	5 451 613
>120 days	25 155 150	18 262 755
Penalties and Interest	6 652 807	5 249 523
Add: Debtors with credit balances	3 038 162	3 110 449
	<b>94 150 558</b>	<b>74 606 796</b>
<b>Refuse - Ageing</b>		
Current	4 135 253	734 048
31-60 days	3 347 605	2 541 979
61-90 days	2 468 841	2 341 249
91-120 days	2 247 728	2 097 624
>120 days	164 975 593	156 592 884
Penalties and Interest	61 199 923	53 490 985
Add: Debtors with credit balances	(234 333)	639 562
	<b>238 140 610</b>	<b>218 438 351</b>
<b>Rentals</b>		
Current	1 382 270	9 504 670
31-60 days	2 070 743	1 320 604
61-90 days	1 265 253	1 016 889
91-120 days	1 076 073	1 195 931
>120 days	93 425 125	79 729 333
Penalties and Interest	55 942 893	54 895 274
Add: Debtors with credit balances	842 958	697 663
	<b>156 005 315</b>	<b>148 360 364</b>
<b>Sundry debtors- Ageing</b>		
Current	-	(3 617 842)
>120 days	822 090	4 553 174
Add: Debtors with credit balances	(1 037)	-
	<b>821 053</b>	<b>935 332</b>
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Opening balance	379 799 453	380 447 351
Provision for impairment	33 731 406	(647 898)
	<b>413 530 859</b>	<b>379 799 453</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 3. Receivables from exchange transactions (continued)

Summary of debtors by customer classification	Consumers	Industrial/ Commercial	Government	Total
<b>as at 30 June 2022</b>				
Current	4 386 345	20 512 579	5 056 802	29 955 726
31 - 60 days	4 289 921	11 945 923	3 599 814	19 835 658
61 - 90 days	2 977 129	6 044 434	687 530	9 709 093
91 - 120 days	2 753 115	4 710 285	491 726	7 955 126
>120 days	226 792 983	50 882 811	6 879 078	284 554 872
Penalties and interest	100 596 966	21 277 894	1 920 762	123 795 622
	341 796 459	115 373 926	18 635 712	475 806 097
Less provision for impairment	(331 449 134)	(82 081 725)	-	(413 530 859)
Debtor with Credit balances	758 304	2 841 105	46 782	3 646 171
	<b>11 105 629</b>	<b>36 133 306</b>	<b>18 882 474</b>	<b>65 921 409</b>

Summary of debtors by customer classification	Consumers	Industrial/ Commercial	Government	Total
<b>as at 30 June 2021</b>				
Current	7 773 029	16 224 991	4 151 848	28 149 868
31 - 60 days	2 899 536	11 237 111	814 282	14 950 929
61 - 90 days	2 559 211	8 590 000	520 535	11 669 746
91 - 120 days	2 651 914	5 729 565	383 690	8 745 169
>120 days	200 328 325	41 935 669	6 580 784	248 844 778
Penalties and interest	93 013 619	18 968 446	1 653 713	113 635 778
	309 225 634	102 685 782	14 084 852	425 996 268
Less provision for impairment	(310 479 343)	(69 320 109)	-	(379 799 452)
Debtors with credit balances	4 192 509	3 029 550	703 924	7 925 983
	<b>2 938 800</b>	<b>36 395 223</b>	<b>14 788 776</b>	<b>54 122 799</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>4. Receivables from non-exchange transactions</b>		
Impairment	(290 948 698)	(323 094 008)
Government grants and subsidies reclassified from unspent	2 078 301	-
Consumer debtors old balances	(73 977)	130 437
Other receivables from non-exchange revenue	1 098 091	589 099
Consumer debtors - Rates	362 018 893	376 819 473
	<b>74 172 610</b>	<b>54 445 001</b>
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Taxes	362 018 893	376 819 473
Consumer debtors- old balances	(73 977)	130 437
Grants	2 078 301	-
Impairment	(290 948 698)	(323 094 008)
	<b>73 074 519</b>	<b>53 855 902</b>
<b>Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:</b>		
Other receivables from non-exchange	1 098 091	589 099
	<b>74 172 610</b>	<b>54 445 001</b>
<b>Total receivables from non-exchange transactions</b>		
	<b>74 172 610</b>	<b>54 445 001</b>
<b>Statutory receivables general information</b>		
<b>Transaction(s) arising from statute</b>		
Included in Receivables from non-exchange transactions are statutory receivables of 2022: R74 172 610 (2021: R54 445 001)		
Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Property Rates arise from the MUNICIPAL PROPERTY RATES ACT NO. 6 OF 2004 as amended by Municipal Property Rates Amendment Act, No. 29 of 2014. This should be read together with Government Gazette 32081, updated by Government Gazette 38259 dated 28 November 2014. Statutory receivables transaction amounts is determined via the municipalities approved rates policy.		
Impairment of Statutory receivables are assessed based on indicators that exist at each reporting date. These include but not limited to payment history and the customers overall profile.		
Government grants and subsidies relates to the spending on the Small Town Revitalisation grant. The Small Town Revitalisation relates to the Office of The Premier (OTP) grant and the municipality firstly has to submit an invoice for the work done to Office of The Premier before money can be transferred to the municipality. As at 30 June 2022 the work had been done and the money was only transferred after year end by Office of The Premier and hence the receivables is being raised as at year end for the work done.		
<b>Fair value of receivables from non-exchange transactions</b>		
Receivables from non-exchange transactions	74 172 610	54 445 001

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>4. Receivables from non-exchange transactions (continued)</b>		
<b>Receivables from non-exchange transactions past due but not impaired</b>		
Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2022, R 64 948 979 (2021: R 46 083 874) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
61-90 days past due	4 083 141	1 109 062
91-120 days past due	1 111 700	639 968
Over 121 days past due	47 603 015	36 777 561
Penalties and interest	12 151 123	7 557 283
<b>Receivables from non-exchange transactions impaired</b>		
As of 30 June 2022, other receivables from non-exchange transactions of R 290 948 698 (2021: R323 094 007) were impaired and provided for.		
The amount of the provision was R 290 948 698 as of 30 June 2022 (2021: R (323 094 007)).		
The ageing of these receivables is as follows:		
1 to 3 months	28 850 395	17 999 843
3 to 6 months	10 348 633	11 022 531
Over 6 months	173 582 123	210 537 208
Penalties and interest	78 167 547	83 534 425
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	323 094 007	318 124 451
Provision for impairment	(32 145 309)	4 969 556
	<b>290 948 698</b>	<b>323 094 007</b>
<b>5. VAT Payable</b>		
VAT	14 493 649	6 200 285

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1 050	1 050
Bank balances	7 739 091	25 310 834
Own investments- Short term	4 490 033	4 487 484
Other cash and cash equivalents	4 514 280	20 590 339
	<b>16 744 464</b>	<b>50 389 717</b>

### Pledged as security

The municipality has ceded an investment equivalent to the principal loan amount plus interest calculated up to September 2003 in favour of the DBSA loan 10875/102.

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

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

### Cash and cash equivalents pledged as collateral

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB Call Account 62090323638	2 062 677	818 252	1 735 119	2 062 677	818 252	2 714 957
Electricity						
ABSA Call Account 4061496604	1 135 287	1 843 694	10 919 767	1 135 287	1 843 694	10 271 210
Electricity						
ABSA Cheques Account	684 092	419 239	958 448	684 092	419 239	958 448
4048218780 General						
Self Insurance Reserve (Hollard Insurance Company Account- Experience )	3 881 761	3 834 198	3 801 159	3 881 761	3 834 198	3 801 159
ABSA Call Account MTAB 9061832550	49 714	48 447	47 182	49 714	48 447	47 182
Unclaimed Group Life Insurance	2 279	2 847	6 600	2 279	2 847	6 637
ABSA 9057846202						
ABSA Target Save - Various Accounts	231 308	224 364	217 583	231 308	224 364	217 583
Investic Bank Invest 1100456924	295 546	284 732	275 321	295 546	284 732	275 321
ABSA Call Account KSD Election 9260118862	133 627	130 075	126 596	133 627	130 075	126 596
ABSA Call Account Mqanduli Milling 9118441412	-	-	3 276	-	-	3 173
ABSA Call Account Rural Planning 9260110101	154 835	150 719	146 688	154 835	150 719	146 688
ABSA Call Account Organogram Dev 9260110397	9 609	9 523	9 580	9 609	9 523	9 580
ABSA Call Account Mqanduli Middle Income 9095799392	60 382	58 843	57 306	60 382	58 843	57 306
FNB Cheque 62471836513 Main	3 412 408	22 228 069	683 111	3 844 288	22 602 611	25 834
FNB Call 62480366345 DOE	64 879	62 735	60 871	64 879	62 735	60 871
Electrification						
FNB Call 62480370031 FMG	423 086	1 120 198	1 351 704	423 086	1 120 198	1 351 704
FNB Call Account 62480368838	130 395	27 567	76 897	130 395	27 567	76 897
MIG Account UCCMIP						
FNB Call Account 62480372863 Library	10 666	10 313	54 849	10 666	10 313	54 849

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand					2022	2021
<b>6. Cash and cash equivalents (continued)</b>						
FNB Call Account 62486520151	54 843	2 835 936	30 799	54 843	2 835 936	30 799
Infrastructure Skill Dev						
FNB Call Account 62504444639	17 586	17 487	17 443	17 586	17 487	17 443
DOT Taxi Rank						
FNB Call Account 62523941070	80 919	78 231	75 909	80 919	78 231	75 909
New Brighton						
FNB Call Account 62523942408 Kei Rail	3 245 564	15 820 071	12 500	3 245 564	15 820 071	12 500
FNB Call Account 62559404092	79 138	141 001	93 499	79 138	141 001	93 499
Asset Financing						
FNB Call Account 62709676582 (DOT Payover Account)	(19 096)	28 948	2 163 934	(19 096)	28 948	2 163 475
FNB Cheque Account 62810898487 Micros	31 842	600 994	314 056	31 842	600 994	304 806
FNB Cheque Account 62856124161 Covid Account	22 678	168 886	3 277 000	22 678	168 886	3 277 000
FNB - Money on call Account 62857329364 Demand Side Management	55 552	54 353	-	55 552	54 353	-
<b>Total</b>	<b>16 311 577</b>	<b>51 019 722</b>	<b>26 517 197</b>	<b>16 743 457</b>	<b>51 394 264</b>	<b>26 181 426</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 7. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	336 204 880	-	336 204 880	333 328 826	-	333 328 826

#### Reconciliation of investment property - 2022

	Opening balance	Reclassification to Inventory	Fair value adjustments	Total
Investment property	333 328 826	(8 179 039)	11 055 093	336 204 880

#### Reconciliation of investment property - 2021

	Opening balance	Fair value adjustments	Fair value adjustments	Total
Investment property	321 499 845	.	11 828 981	333 328 826

#### Pledged as security

The municipality does not have any investment property that is pledged as security:

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.

#### Details of valuation

The effective date of the revaluations was Thursday, 30 June 2022. Revaluations were performed by an independent valuer, Mr Zack van der Merwe, and registered as a professional valuer in terms of the Valuers Act (Registration No 4973/1).

The valuation was based on open market value for existing use.



## King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Property, plant and equipment

	2022		2021	
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation
Land	286 558 281	-	286 558 281	335 472 987
Buildings	390 754 890	(109 895 389)	280 859 501	287 807 774
Infrastructure	3 192 486 703	(2 075 945 003)	1 116 541 700	3 122 473 641
Community	392 789 223	(136 019 156)	256 780 067	396 324 488
Other property, plant and equipment	54 835 442	(27 403 286)	27 432 156	50 319 648
Work in Progress	166 960 686	-	166 960 686	129 683 912
Specialised vehicles	177 446 676	(117 560 369)	59 886 307	152 315 365
<b>Total</b>	<b>4 661 841 901</b>	<b>(2 466 823 203)</b>	<b>2 195 018 698</b>	<b>4 474 197 825</b>
				<b>(2 314 963 147)</b>
				<b>2 159 234 678</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 8. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers out to	Reclassification	Revaluations	Transfers	Depreciation	Total
Land	335 472 997	-	-	-	(87 076 500)	38 161 784	-	-	286 558 281
Buildings	189 696 232	-	(1 007 843)	-	-	105 111 616	-	(12 940 504)	280 859 501
Infrastructure	1 153 521 239	2 608 971	-	-	-	-	67 404 091	(108 982 601)	1 116 541 700
Community	268 559 341	-	-	-	-	-	3 826 039	(16 605 313)	256 780 067
Other property, plant and equipment	26 037 499	4 656 364	(97 722)	-	-	-	-	(3 163 985)	27 432 156
Work In Progress	128 683 912	120 737 536	-	(12 230 632)	-	-	(71 230 130)	-	166 960 686
Specialised vehicles	55 263 458	25 131 311	-	-	-	-	-	(20 508 462)	59 886 307
	<b>2 159 234 678</b>	<b>153 134 182</b>	<b>(1 105 565)</b>	<b>(12 230 632)</b>	<b>(87 076 500)</b>	<b>143 273 400</b>	<b>-</b>	<b>(160 210 865)</b>	<b>2 195 018 698</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	336 036 497	-	(563 500)	-	-	335 472 997
Buildings	194 875 256	8 692 558	(868 998)	-	(13 004 584)	189 696 232
Infrastructure	1 095 036 592	5 047 479	(279 068)	159 769 626	(106 043 290)	1 153 521 239
Community	277 821 098	35 826	-	8 083 789	(16 381 372)	269 559 341
Other property, plant and equipment	7 283 084	5 570 755	(56 756)	16 816 807	(3 576 371)	28 037 499
Work In Progress	199 455 215	114 888 819	-	(184 660 122)	-	129 683 912
Specialised vehicles	81 855 742	19 925	(990 130)	-	(25 622 079)	55 263 458
	<b>2 192 363 484</b>	<b>134 266 362</b>	<b>(2 756 452)</b>	<b>-</b>	<b>(164 627 696)</b>	<b>2 159 234 678</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 8. Property, plant and equipment (continued)

#### Pledged as security

The municipality has ceded to DBSA all rights, title and interest to residential properties owned by it valued at approximately R12 million in relation to the DBSA loan 13335/201.

#### Details of Work In Progress

Community Assets	-	2 725 629
Infrastructure Assets	-	126 958 283
	-	<b>129 683 912</b>

#### WIP Slow moving / Halted projects during the year

Project Name	Project: Start Date	Project: End Date	Reasons for delays	Expenditure to date
The Construction of Mincakathini to Phepheya ko Lwalwa Access Roads	17/06/2020	17/06/2021	Contractor was on hold due to borrow pit issues, and when the contractor went to site performed	2 237 682
Mxambule to Jijweni Access Road	28/10/2019	28/09/2020	The project was delayed by the poor performance of the contractor, the project is currently under penalties.	5 003 927
				<b>7 241 609</b>

#### Compensation received for losses on property, plant and equipment – Included in operating profit.

#### Assets subject to finance lease

Included under specialised motor vehicles are 87 vehicles which are under finance lease from Wesbank/FNB with a total carrying amount of R32 477 412 (2021: R55 265 917). Refer to Note 13 "Finance Lease Obligation" for additional information.

#### Revaluations

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 8. Property, plant and equipment (continued)

Land, buildings are re-valued independently after 3 - 5 years. The last revaluation of assets was June 2022. These assumptions used were based on current market conditions.

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..

#### Property, plant and equipment in the process of being constructed or developed

#### Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance  
General expenses (Note 39)

78 540 172	-
------------	---

---

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.

~

## King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Intangible assets

	2022		2021			
Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and impairment	Carrying value	
Computer software, other	4 011 825	(2 834 474)	1 177 351	4 011 825	(2 245 799)	1 766 026

#### Reconciliation of intangible assets - 2022

Computer software, other	Opening balance	1 766 026	Depreciation	(588 675)	Total	1 177 351
--------------------------	-----------------	-----------	--------------	-----------	-------	-----------

#### Reconciliation of intangible assets - 2021

Computer software, other	Opening balance	1 589 760	Additions	362 848	Depreciation	(206 582)	Total	1 766 026
--------------------------	-----------------	-----------	-----------	---------	--------------	-----------	-------	-----------

#### Pledged as security

The municipality does not have any intangible assets that are pledged as security.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Heritage assets

	2022		2021			
	Cost / Valuation	Accumulated Impairment losses	Carrying value	Cost / Valuation	Accumulated Impairment losses	Carrying value
Recreational parks	3 201 000	-	3 201 000	3 201 000	-	3 201 000

### Reconciliation of heritage assets 2022

Recreational parks	Opening balance	Total
	3 201 000	3 201 000

### Reconciliation of heritage assets 2021

Recreational parks	Opening balance	Total
	3 201 000	3 201 000

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>11. Other financial liabilities</b>		
<b>At amortised cost</b>		
Annuity Loan DBSA	9 941 145	12 136 362
<p>DBSA loan 61001245 was redeemable in March 2018 and borrowing rate is 15%. DBSA loan 61003135 is redeemable in December 2020 and borrowing rate is based on the 6 month JIBAR + Margin rate. DBSA loan 61001048 is redeemable in 2026 and a borrowing rate is 6.75 %.</p>		
<b>At amortised cost</b>		
Annuity Loan PIC	-	-
<b>Non-current liabilities</b>		
Designated at amortised cost	6 363 968	8 418 165
<b>Current liabilities</b>		
Designated at amortised cost	3 577 177	3 718 197

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	28 014 357	27 345 008
- in second to fifth year inclusive	6 689 120	34 838 445
	<b>34 703 477</b>	<b>62 183 453</b>
less: future finance charges	(2 226 065)	(6 917 536)
<b>Present value of minimum lease payments</b>	<b>32 477 412</b>	<b>55 265 917</b>
<b>Present value of minimum lease payments due</b>		
- within one year	25 954 244	22 700 750
- in second to fifth year inclusive	6 523 168	32 565 167
	<b>32 477 412</b>	<b>55 265 917</b>
Non-current liabilities	6 523 168	32 565 167
Current liabilities	25 954 244	22 700 750
	<b>32 477 412</b>	<b>55 265 917</b>

The Wesbank/FNB motor vehicle finance lease contract was entered into during 2018 financial year. The finance lease period is for 5 years and each vehicle's period of lease begins on the delivery date and expires after 5 years. The finance lease balance is R32 477 412 (2021: R55 265 917) and attracts an average interest rate of 10.850% (2020: 10.850%) per annum.

The above was a facility of R120 million.

### 13. Payables from exchange transactions

Trade payables	250 237 980	225 260 045
Whirlprops Creditors	7 526 292	7 519 298
Operating lease smoothing	21 578	21 571
Deferred interest	20 615	20 615
Salaries - Staff Allowances	6 297 259	3 464 668
Income Received in Advance	3 171 071	3 028 852
Salary payovers	1 744 319	25 091 988
Staff Prepaid Houses	1 075 999	1 075 999
Study Loans	23 868	23 866
Retentions	24 704 357	20 329 888
Staff Debtors	-	332 274
Unknown Deposits	6 510 526	2 012 827
Insurance Claims	2 500	2 500
Other payables	33 988 483	28 816 965
Deposits received	1 785 894	1 340 154
Accrued expense	15 876 964	28 442 304
Accrued Leave Pay and Bonus	50 659 924	51 590 753
Unclaimed Group Life	2 014 240	2 014 592
	<b>405 661 887</b>	<b>400 386 969</b>

The fair value of Trade and other payables approximates the carrying amount.

### 14. Consumer deposits

Electricity	25 671 028	24 215 909
-------------	------------	------------



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>16. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	-	(1 739 527)
Provincial: Department of Housing	333 652	333 652
Provincial: Rural Planning and Survey	126 943	126 943
Provincial: KSD Elections- Road Maintenance	109 543	109 543
Infrastructure Skills Development	-	(166 822)
Human Settlements Projects	11 429 691	17 645 675
Provincial : Organogram Development	294 477	294 477
Provincial: MTAB Grant	514 265	514 265
Provincial : Department of Transport- Taxi Rank	7 236 277	7 236 277
	<b>20 044 848</b>	<b>24 354 683</b>

### Movement during the year

Balance at the beginning of the year	24 354 683	14 967 506
Additions during the year	126 870 296	119 141 134
Income recognition during the year	(132 258 432)	(106 265 033)
Roll-over disallowed	-	(3 488 924)
Grants reclassified to receivables from non-exchange transactions	2 078 301	-
	<b>20 044 848</b>	<b>24 354 683</b>

Grants reclassified to receivables from non-exchange transactions relates to the spending on the Small Town Revitalisation grant. The Small Town Revitalisation relates to the Office of The Premier (OTP) grant and the municipality firstly has to submit an invoice for the work done to Office of The Premier before money can be transferred to the municipality. As at 30 June 2022 the work had been done and the money was only transferred after year end by Office of The Premier and hence the receivables is being raised as at year end.

### 16. Provisions

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Provision for long service awards - Current Portion	2 459 000	(87 000)	2 372 000
Provision for long service awards - Non Current Portion	18 340 000	2 747 000	21 087 000
Environmental rehabilitation	30 901 095	1 699 560	32 600 655
	<b>51 700 095</b>	<b>4 359 560</b>	<b>56 059 655</b>

#### Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Provision for long service awards - Current Portion	4 030 000	(1 571 000)	2 459 000
Provision for long service awards - Non Current Portion	17 255 000	1 085 000	18 340 000
Environmental Rehabilitation	29 290 138	1 610 957	30 901 095
	<b>50 575 138</b>	<b>1 124 957</b>	<b>51 700 095</b>

Non-current liabilities	53 687 655	49 241 095
Current liabilities	2 372 000	2 459 000
	<b>56 059 655</b>	<b>51 700 095</b>

#### Environmental rehabilitation provision

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 16. Provisions (continued)

The provision relates to the rehabilitation of landfill sites. The operation of a landfill results in an obligation to rehabilitate the landfill and prevent any further pollution after closure thereof in terms of section 28 of the National Environmental Management Act, Act 107 of 1998, sections 3(14) – (16) and 4 (10) of Government Notice 718 of 3 July 2009, and the landfill permits issued under section 20 of the Environment Conservation Act, Act 73 of 1989, or the waste management licenses issued under section 50 of the National Environmental Management: Waste Act, Act 59 of 2008.

The municipality has two landfill sites (Mthatha and Mqanduli landfill site). At the current valuation date, 30 June 2022, the expected life of the Mthatha and Mqanduli landfill sites is projected to be +/-3 and +/- 3 years respectively .

The Landfill Rehabilitation Provision was calculated by external valuer Enzokuhle Enterprises.

#### Provision for long service awards

Service cost increased the liability by R2 583 000. Interest cost over the valuation period resulted in an increase in liability by R2 860 000. Some of the employees attained milestones during the valuation period and this resulted in bonus payments of R2 459 000 which reduced the accrued liability by the same margin.

The average liability has increased by 8% since the last valuation due to:

- a increase in the average earnings,
- This impact was partially offset by an increase in the net discount rate and a decrease in average past service.

The total liability has increased by 13% (or R 2,660,000) due to the above, combined with the fact that there are 53 more eligible employees than at the last valuation.

	2022	2021
<b>Provision for long service award</b>		
Opening net liability	20 799 000	21 285 000
Service cost	2 583 000	2 517 000
Interest cost	1 775 000	1 344 000
Actuarial gain/ (loss)	761 000	(317 000)
Bonus Paid	(2 459 000)	(4 030 000)
	<b>23 459 000</b>	<b>20 799 000</b>

### 17. Revaluation reserve

Opening balance	383 988 031	383 988 031
Change during the year	143 273 400	-
	<b>527 261 431</b>	<b>383 988 031</b>

The revaluation reserve arises out of revaluation of land and buildings.

### 18. Self insurance reserve

The self-insurance reserve is established to cater for declined or disputed insurance claims.

Opening balance	3 834 223	3 801 186
Movement in self insurance reserve	47 563	33 036
	<b>3 881 786</b>	<b>3 834 223</b>

### 19. Service charges

Sale of electricity	503 570 181	439 127 277
Refuse removal	58 882 265	56 562 628
	<b>562 452 446</b>	<b>495 689 905</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>19. Service charges (continued)</b>		
<b>20. Rental of facilities and equipment</b>		
<b>Premises</b>		
Rental of facilities	213 442	79 171
Rental of Equipment	1 862 044	1 658 870
Premises	15 946 846	11 184 125
	<b>18 022 332</b>	<b>12 920 166</b>
<b>21. Licences and permits</b>		
Permits - Vending and Hawking	44 883	96 108
Motor vehicle registration fees	9 156 582	9 872 187
Licence fees - Drivers Licence	3 632 586	4 258 047
Licence fees - Business	474 081	776 627
Vehicle Examinatn R/Worthy Fee	152 476	-
	<b>13 460 587</b>	<b>15 002 969</b>
<b>22. Other Income</b>		
Building plan approvals	1 632 283	1 520 540
Call out revenue	280 615	212 673
Disconnection fees	3 059 594	4 278 122
Library fees	18 510	10 104
Department of Transport SLA - Roads	11 362 908	10 072 597
Insurance Claims	481 846	337 674
Meter testing	2 721 011	2 144 294
Sundry income	820 528	522 922
SARS Recoveries	22 810 120	-
Fire levy and other fees earned	9 856 499	9 689 906
Printing and stationery recoveries	-	13 454
Amatola Water Board	-	17 559 219
	<b>53 023 913</b>	<b>46 361 505</b>
<b>23. Interest revenue</b>		
<b>Interest revenue</b>		
Interest from investments and bank	1 062 816	1 361 235
Interest charged on receivables from exchange transactions	22 366 007	21 447 935
Interest charged on receivables from non exchange transactions	15 528 926	20 608 558
	<b>38 957 749</b>	<b>43 417 728</b>
<b>24. Fair value adjustments</b>		
Investment property (Fair value model)	11 055 093	11 828 981
<b>25. Property rates</b>		
<b>Rates received</b>		
State	100 064 372	83 022 102

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>25. Property rates (continued)</b>		
Residential	74 146 072	56 448 658
Commercial	110 997 987	106 175 079
Municipal - parking	245 332	178 658
	<b>285 453 763</b>	<b>245 824 497</b>

### Valuations

Residential	8 600 625 000	7 099 007 000
Commercial	8 710 320 000	6 244 511 600
State	3 703 110 000	2 781 171 000
Municipal	1 982 130 000	1 231 096 000
Small holdings, farms and agriculture	9 160 000	5 033 000
Places of public worship	173 380 000	216 305 000
Vacant Land	291 740 000	1 076 652 500
Public Benefit organisation	223 830 000	178 146 000
	<b>21 694 295 000</b>	<b>18 831 922 100</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2021. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The next general valuation will come into effect in July 2023 due to the previous extension that were granted.

### 26. Government grants and subsidies

#### Operating grants

Equitable share	365 575 000	427 510 644
VAT Operational	309 070	264 832
Library Grant	1 750 000	1 750 000
Expanded Public Program Grant	3 784 000	3 810 176
SETA Grant	784 715	-
Various grants	-	2 173 913
MIG	3 958 942	4 479 717
FMG	2 489 400	2 429 509
Infrastructure Skills Development	5 184 807	5 405 559
	<b>383 796 034</b>	<b>447 624 350</b>

#### Capital grants

MIG	73 206 534	72 499 027
VAT Capital	14 306 061	9 901 209
Small Town Revitalisation	12 960 424	-
Human Settlement	14 329 094	8 048 533
DOE Grant	-	1 484 927
	<b>114 802 113</b>	<b>91 933 696</b>
	<b>498 598 147</b>	<b>539 558 046</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	-	-
Various conditional grants received	105 447 592	101 881 361
VAT Operational	309 070	264 832

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Government grants and subsidies (continued)</b>		
VAT Capital	14 306 061	9 901 209
<b>Unconditional grants received</b>		
Equitable share	365 575 000	427 510 644
Small town revitalisation	12 960 424	-
	<b>498 598 147</b>	<b>539 558 046</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy of R 10 222 330 - (2021: R10 222 330 -), which is funded from the grant.		
<b>Human Settlements ISUP</b>		
Balance unspent at beginning of year	17 645 675	3 379 074
Current-year receipts	8 113 109	22 315 134
Conditions met - transferred to revenue	(14 329 093)	(8 048 533)
	<b>11 429 691</b>	<b>17 645 675</b>
Conditions still to be met - remain liabilities (see note15).		
<b>Electricity Demand Site Management</b>		
Balance unspent at beginning of year	-	32 394
Current-year receipts	-	-
Other	-	(32 394)
	-	-
Conditions still to be met - remain liabilities (see note15).		
<b>Provincial: MTAB Grant</b>		
Balance unspent at beginning of year	514 265	514 265
Current-year receipts	-	-
	<b>514 265</b>	<b>514 265</b>
Conditions still to be met - remain liabilities (see note15).		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	(1 739 527)	(384 831)
Current-year receipts	91 267 000	84 641 000
Conditions met - transferred to revenue	(89 527 473)	(85 995 896)
	-	(1 739 527)
Conditions still to be met - remain liabilities (see note15).		
<b>National: Financial Management Grant</b>		
Balance unspent at beginning of year	-	1 351 704
Current-year receipts	2 650 000	2 500 000

# King Sabata DalIndyabo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue	(2 650 000)	(2 500 000)
Roll over not approved	-	(1 351 704)
	-	-
Conditions still to be met - remain liabilities (see note15).		
<b>Provincial: Rural planning &amp; survey</b>		
Balance unspent at beginning of year	126 943	128 943
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>126 943</b>	<b>126 943</b>
Conditions still to be met - remain liabilities (see note15).		
<b>Provincial: KSD Elections- Road Maintenance</b>		
Balance unspent at beginning of year	109 543	109 543
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>109 543</b>	<b>109 543</b>
Conditions still to be met - remain liabilities (see note15).		
<b>Department of Housing and Local Government</b>		
Balance unspent at beginning of year	333 652	333 652
Current-year receipts	-	-
	<b>333 652</b>	<b>333 652</b>
Conditions still to be met - remain liabilities (see note16).		
<b>Library Grant</b>		
Current-year receipts	1 750 000	1 750 000
Conditions met - transferred to revenue	(1 750 000)	(1 750 000)
	-	-
Conditions still to be met - remain liabilities (see note15).		
<b>Infrastructure Skills Development</b>		
Balance unspent at beginning of year	(166 622)	2 104 825
Current-year receipts	5 500 000	5 435 000
Conditions met - transferred to revenue	(5 333 378)	(5 801 622)
Roll over not approved	-	(2 104 825)
	-	<b>(166 622)</b>
Conditions still to be met - remain liabilities (see note15).		

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Government grants and subsidies (continued)</b>		
<b>Organogram Development Grant</b>		
Balance unspent at beginning of year	294 477	294 477
Conditions still to be met - remain liabilities (see note15).		
<b>Department of Transport</b>		
Balance unspent at beginning of year	7 236 277	7 236 277
Conditions still to be met - remain liabilities (see note15).		
<b>Small Town Revitalisation</b>		
Current-year receipts	12 826 186	-
Conditions met - transferred to revenue	(14 904 487)	-
Reclassification to receivable from non-exchange transaction	2 078 301	-
	-	-
Conditions still to be met - remain liabilities (see note15).		
<b>National: Department of Energy - Electrification Projects</b>		
Balance unspent at beginning of year	-	(131 017)
Current-year receipts	-	2 500 000
Conditions met - transferred to revenue	-	(6 777 766)
Prior year grant exceeded	-	4 408 783
	-	-
There was no budget allocated to the municipality in the 2021/22 financial year as per DORA.		
<b>Expanded Public Works Programme</b>		
Current-year receipts	3 764 000	-
Conditions met - transferred to revenue	(3 764 000)	-
	-	-
Conditions still to be met - remain liabilities (see note 15).		
Provide explanations of conditions still to be met and other relevant information.		
<b>Changes in level of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>27. Fines, Penalties and Forfeits</b>		
Service Provider Traffic Fines	35 128	58 604
Municipal Traffic Fines	1 565 000	4 079 869
Tender Withdrawal Penalties	85 200	10 000

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>27. Fines, Penalties and Forfeits (continued)</b>		
Fines, Penalties and Forfeits 1	321 893	-
	<b>2 007 221</b>	<b>4 148 473</b>

All outstanding traffic fines have been impaired due to uncertainty of recovery, these debts by their nature can be contested in the courts or through application of fine relief.

### 28. Public contributions and donations

Public contributions and donations	67 970	11 969 770
------------------------------------	--------	------------

The 2022 donations received were assets donated by SALGA and Department of Forestry, Fisheries and the Environment to the Municipality.

### 29. Lease rentals on operating lease

<b>Premises</b>		
Contractual amounts	2 156 854	557 997
<b>Motor vehicles</b>		
Contractual amounts	10 621 901	4 485 238
<b>Equipment and other</b>		
Contractual amounts	2 644 452	2 864 613
	<b>15 423 207</b>	<b>7 907 848</b>

The 2021 figures were reclassified between premises, motor vehicles and equipment to ensure correct allocation. The total balance of the leases was not changed.



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>30. Revenue</b>		
Service charges	562 452 446	495 689 905
Rental of facilities and equipment	18 022 332	12 920 166
Licences and permits	13 460 587	15 002 969
Other income	53 023 913	46 361 505
Interest revenue - exchange transactions	23 428 823	22 809 170
Property rates	285 453 763	245 824 497
Interest revenue - non-exchange transactions	15 528 926	20 608 558
Government grants & subsidies	498 598 147	539 558 046
Public contributions and donations	67 970	11 969 770
Fines, Penalties and Forfeits	2 007 221	4 148 473
Fair value adjustment	11 055 093	11 828 981
	<b>1 483 099 221</b>	<b>1 426 722 040</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	562 452 446	495 689 905
Rental of facilities and equipment	18 022 332	12 920 166
Licences and permits	13 460 587	15 002 969
Other income	53 023 913	46 361 505
Interest received	23 428 823	22 809 170
Fair value adjustment	11 055 093	11 828 981
	<b>681 443 194</b>	<b>604 612 696</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	285 453 763	245 824 497
Interest, Dividends and Rent on Land	15 528 926	20 608 558
<b>Transfer revenue</b>		
Financial Assistance	498 598 147	539 558 046
Public contributions and donations	67 970	11 969 770
Other transfer revenue	2 007 221	4 148 473
	<b>801 656 027</b>	<b>822 109 344</b>
<b>31. Employee related costs</b>		
Basic	323 929 258	302 289 797
Acting allowances	2 457 683	3 424 347
Overtime payments	25 634 974	29 352 514
Bonus- Annual Leave	24 049 029	22 207 160
Medical aid - company contributions	27 467 670	25 737 769
Pension and Provident Fund Contribution	50 070 982	46 159 593
UIF	2 916 133	2 707 539
WCA	3 920 501	190 300
SDL	559 572	418 297
Leave pay provision charge	4 328 976	4 084 233
Travel, motor car, accommodation, subsistence and other allowances	25 042 925	21 832 239
Long-service awards	9 508 539	5 985 167
Housing benefits and allowances	25 757 769	26 756 664
Termination benefits	10 306 536	8 553 058
	<b>535 950 547</b>	<b>499 698 677</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>31. Employee related costs (continued)</b>		
<b>Remuneration of municipal manager - Mr N Pakade</b>		
Annual Remuneration	907 082	1 108 655
Contributions to UIF, Medical and Pension Funds	122 125	81 813
Other	522 625	385 917
	<b>1 551 832</b>	<b>1 576 385</b>
<b>Remuneration of chief finance officer - Mr EF Jiholo</b>		
Annual Remuneration	856 476	856 476
Contributions to UIF, Medical and Pension Funds	2 125	1 813
Other	591 708	585 082
	<b>1 450 309</b>	<b>1 443 371</b>
<b>Remuneration of Director: Community Services - Mr LP Maka</b>		
Annual Remuneration	1 427 459	1 427 459
Contributions to UIF, Medical and Pension Funds	2 125	1 813
Other	22 592	26 502
	<b>1 452 176</b>	<b>1 455 774</b>
<b>Remuneration of Director: Corporate services - Mr S Nodo</b>		
Annual Remuneration	758 664	758 664
Performance Bonuses	-	17 273
Contributions to UIF, Medical and Pension Funds	234 967	234 655
Other	288 689	279 395
	<b>1 282 320</b>	<b>1 289 987</b>
<b>Remuneration of Director: Local Economic Development - Mr AO Pantshwa</b>		
Annual Remuneration	918 553	918 553
Contributions to UIF, Medical and Pension Funds	80 125	79 813
Other	605 228	597 276
	<b>1 603 906</b>	<b>1 595 642</b>
<b>Remuneration of Director : Human Settlements- Miss GR Tobia</b>		
Annual Remuneration	1 207 460	603 730
Contributions to UIF, Medical and Pension Funds	2 125	921
Other	16 509	6 037
	<b>1 226 094</b>	<b>610 688</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

---

	2022	2021
--	------	------

---

### 31. Employee related costs (continued)

#### Remuneration of Director : Infrastructure : Mr Mngokoyi

Annual Remuneration	758 664	758 664
Performance Bonuses	-	8 074
Contributions to UIF, Medical and Pension Funds	315 156	314 843
Other	218 870	212 413
	<b>1 292 690</b>	<b>1 293 994</b>

---

#### Remuneration of Director: Public Safety - Mr D Kettledas

Annual Remuneration	1 241 269	1 206 856
Contributions to UIF, Medical and Pension Funds	2 125	1 813
Other	11 394	9 309
	<b>1 254 788</b>	<b>1 217 978</b>

---

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>32. Remuneration of councillors</b>		
Mayor - GN Nelani	938 730	941 115
Speaker - Siyo- Sokutu (New)	484 870	-
Speaker - TG Maqoko (Out-going)	276 384	762 187
Chief Whip : Mr B Mlanjeni (New)	455 160	-
Chief Whip : Mr M Nyoka (Out-going)	260 127	719 304
Executive committees	6 216 766	6 961 688
Other Councillors	19 993 947	18 870 786
	<b>28 626 984</b>	<b>28 255 080</b>
<b>Executive Mayor- Mr Nelani</b>		
Basic	856 512	893 850
Backpay paid and also due at year end	37 818	-
Cellphone	40 800	40 800
Data card	3 600	3 600
Solidarity Refund	-	2 865
	<b>938 730</b>	<b>941 115</b>
<b>Speaker : Mrs N Siyo-Sokutu</b>		
Basic	434 415	-
Backpay paid and also due at year end	21 842	-
Cellphone	26 293	-
Data Cards	2 320	-
	<b>484 870</b>	<b>-</b>
<b>Speaker : Miss TG Maqoko</b>		
Basic	254 250	715 078
Backpay paid and also due at year end	6 347	-
Cellphone	14 507	40 800
Subsistence Allowance	-	417
Data Cards	1 280	3 600
Solidarity Refund	-	2 292
	<b>276 384</b>	<b>762 187</b>
<b>Chief Whip : Mr B Mlanjeni</b>		
Basic	408 345	-
Backpay paid and also due at year end	18 202	-
Cellphone	26 293	-
Data Cards	2 320	-
	<b>455 160</b>	<b>-</b>
<b>Chief Whip : Mr M Nyoka</b>		
Basic	238 360	670 387
Backpay paid and also due at year end	5 980	-
Cellphone	14 507	40 800
Subsistence Allowance	-	2 368
Data Cards	1 280	3 600
Solidarity Refund	-	2 149

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>32. Remuneration of councillors (continued)</b>		
	<b>260 127</b>	<b>719 304</b>
<b>Executive Committees</b>		
Basic	5 411 731	6 160 596
Backpay paid and also due at year end	188 083	-
Cellphone	398 214	448 800
Solidarity refund	-	7 892
Data Card	34 960	39 600
Travelling	183 989	304 800
Subsistence allowance	1 789	-
	<b>6 216 766</b>	<b>6 961 688</b>
<b>Other Councillors</b>		
Basic	16 329 075	15 626 084
Backpay paid and also due at year end	297 384	-
Cellphone	2 394 449	2 310 684
Data card	214 623	203 884
Solidarity refund	-	27 149
Travelling and subsistence	764 202	702 986
	<b>19 999 733</b>	<b>18 870 787</b>
<b>In-kind benefits</b>		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor and the Speaker of the Council have the use of separate Council owned vehicles for official duties.		
The current Executive Mayor, Speaker and Chief Whip were appointed from November 2021.		
<b>33. Depreciation and amortisation</b>		
Property, plant and equipment	160 210 549	164 629 624
Intangible assets	588 675	206 582
	<b>160 799 224</b>	<b>164 836 406</b>
<b>34. Finance costs</b>		
Interest on overdue accounts trade and other payables	11 924 271	19 665 326
Borrowings	5 288 511	7 865 780
Interest on provision landfill site	1 699 560	1 610 958
	<b>18 912 342</b>	<b>29 142 064</b>
<b>35. Debt impairment</b>		
Impairment of debtors	1 586 096	4 321 658
<b>36. Bulk purchases</b>		
Electricity - Eskom	387 728 872	322 019 740

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>37. Contracted services</b>		
<b>Presented previously</b>		
Information Technology Services	6 941 376	6 013 200
Specialist Services	4 410 670	3 259 229
Other Contractors	10 450 640	7 448 349
	<b>21 802 686</b>	<b>16 720 778</b>
<b>38. Grants and Subsidies paid</b>		
<b>Other subsidies</b>		
Other grants	441 655	245 790
Municipal systems improvement grant	-	600 231
Council ward committees	10 067 091	10 620 600
SETA	-	29 204
Bursaries	330 800	764 621
Community participation	5 125 959	3 871 520
Public expense	1 981 028	1 800 515
Expanded Public works program	7 439 661	7 136 694
Department of Local Government	12 600	1 135 639
Infrastructure skills development grant	44 230	41 344
Finance Management Grant	2 405 477	2 536 010
Ward based budgeting	3 684 423	5 156 534
Ward based budgeting	568 852	137 001
Indigent Subsidy	32 820 886	28 259 453
	<b>64 922 662</b>	<b>62 335 166</b>
<b>39. General expenses</b>		
Advertising	381 508	475 093
Audit committee expenses	380 940	361 987
Auditors remuneration	10 343 718	9 358 174
Bank Charges	1 451 634	1 851 518
Capital expenditure	1 624	691 138
Cleaning materials	4 340 000	5 350 513
Commission paid	2 871 989	3 084 624
Community cleaning project	1 634 103	1 146 100
Community development and training	2 224 839	2 432 393
Conferences and seminars	556 974	547 378
Consulting and professional fees	12 223 361	4 878 529
Debt Incentive and debts adjustments	18 302 369	13 626 656
Donations/Transfer of assets	36 431 882	563 500
Entertainment	640 208	69 633
Erven Cleaning Fees	312 333	96 572
Fuel and oil	13 139 221	9 724 943
Incentive - Prompt Payment	2 244 425	1 428 254
Informal Trading Assistance	994 000	262 500
Insurance	4 159 635	5 531 941
LA Equipment & Tools - Vulindlela	-	122 479
Legal Fees	8 269 694	17 988 478
Levies	10 249 965	10 112 218
Magazines, books and periodicals	17 497	-
Strategic planning	607 478	-
Subscriptions and Membership Fees	5 931	27 129
Material & Stores	6 201 087	2 989 695
Motor vehicle expenses	1 362 098	1 849 576
Municipal Service Charges	12 237 861	14 169 222
Other expenses	3 427 070	2 411 825
Printing and stationery	1 569 483	1 173 431
Promotions and sponsorships	28 073	18 689
Recruitment Expenses	86 064	328 213
Rehabilitation of Tip Sites	1 240 780	213 822

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>39. General expenses (continued)</b>		
Repairs and maintenance	78 540 172	52 522 975
Royalties and license fees	2 926 435	10 579 595
Seed, Bulbs & Plants	-	191 890
Staff welfare	56 201	16 651
Subsistence & Travelling	4 596 966	2 029 698
Telephone and fax	10 955 720	8 238 214
Tourism Development	-	62 150
Training	3 183 082	1 789 109
Uniforms	4 709 087	4 908 175
Valuation expenses	749 418	2 167 329
	<b>263 652 925</b>	<b>195 201 099</b>
<b>40. Auditors' remuneration</b>		
Fees	10 343 718	9 358 174
<b>41. Cash generated from operations</b>		
(Deficit) surplus	(36 880 964)	95 180 911
<b>Adjustments for:</b>		
Depreciation and amortisation	160 799 224	164 836 406
Loss on sale of assets and liabilities	1 086 572	1 102 715
Fair value adjustments	(11 055 093)	(11 828 981)
Grants and subsidies received non-cash item	(2 078 301)	-
Finance costs - interest on landfill site (non cash item)	1 699 580	-
Debt impairment	1 586 096	4 321 658
Movement in Whirlprops included in Finance costs	6 994	-
Sundry debtors movement affecting employee costs	-	88 356
Other non cash item	(2 060)	-
Public Contributions	(67 970)	(11 969 770)
Movement in accrued leave and bonus provision	(930 829)	-
Inventory write down	19 489 068	-
Inventories	(3 733 532)	(3 468 961)
Receivables from exchange transactions	(11 798 610)	(5 809 596)
Movement in provision for debt impairment - Receivables from Exchange Transactions	(33 731 406)	847 898
Receivables from non-exchange transactions	(19 727 609)	(16 419 525)
Movement in provision for debt impairment - Receivables from Non-Exchange Transactions	32 145 309	(4 969 556)
Insurance prepayment	(1 682 813)	-
Debt Incentive	-	(13 626 656)
Grants Included in receivables from non-exchange transactions	(2 078 301)	-
Movement in income received in advance	(144 219)	-
Payables from exchange transactions	5 274 891	(31 068 144)
VAT Receivable	-	7 498 463
VAT Payable	8 293 362	(6 793 812)
Unspent conditional grants and receipts	(4 309 835)	9 387 177
Consumer deposits	1 455 119	2 982 537
Provision and Obligations	4 359 580	1 124 957
Donations/Transfers of properties	36 431 882	-
Movement in self insurance reserves	47 563	-
	<b>144 453 658</b>	<b>181 216 077</b>
<b>42. Budget differences</b>		
<b>Material differences between budget and actual amounts</b>		

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 42. Budget differences (continued)

Only variances exceeding 10% are considered material and have been explained below.

#### Property rates

The difference is due to supplementary valuation roll that was implemented in January 2022.

#### Service charges:

Electricity shortfall might be due to: Possible theft and illegal connections. Unmetered usage of own electricity where Eskom meters are used by communities. Loadshedding also impacts on electricity losses.

#### Rental of facilities and equipment:

- Reason for the deviation from the planned collection is the resistance on the lessees to sign leases and pay monthly rental - Nkululekweni, Basil Read, Ngangelizwe and Owen Dam.  
- Unoccupied Munitata shop spaces. The spaces will be allocated and utilised for offices due to shortage of offices. .

#### Licence and permits:

- The Post Office are also offering renewal of motor vehicle licenses after a long period of closure. Regular loadshedding is a contributing factor, whilst the generator of the section became redundant. A new generator was requested.  
- DLTC- Less candidates are accommodated per session. We used to test eighteen candidates per session. We now allow 7 candidates per session.

#### Other income:

The difference is due to SARS refund on interest that were previously incurred and paid by the municipality. The municipality applied for SARS remission.

#### Interest received:

This is due overbudgeting on interest revenue and also to improved debt collection of arrear debts in the period under review.

#### Government Grants and Subsidies:

This is due to the Human Settlement grant that is still not yet fully spent.

#### Fines, Penalties and Forfeits:

Shortfall is due to the municipality terminated the contract of Mikros which was a traffic management system and as a result there was no bus with cameras and cameras for speed which used to assist the municipality to receive for revenue.

#### Employee related costs:

Appointments on posts that were not budgeted for. Expenditure on overtime and acting allowances that were not budgeted for.

#### Remuneration of councillors:

Changes in the determination of upper limits that resulted in less payments to councillors.

#### Depreciation:

This is due to additions that were capitalised in the current year resulting in an increase in depreciation.

#### Debt impairment:

The budget was based on the prior year AFS amount and the recoverability of debtors increased in the current which means less provision of debtors in the current year.

#### Finance Cost:

Due to under provision or under-budgeting for bank charges. The interest charged on overdue accounts is not budgeted for by the municipality as it relates to fruitless and wasteful expenditure and thus interest was charged by service providers which was not budgeted for.

#### Lease rentals on operating lease:

Under budgeting for the lease rentals.

#### Government Grants and Subsidies Paid:

Due to budgeted expenditure of revenue foregone not utilised.

#### Bulk Purchases:

Due to loadshedding that resulted in less demand for electricity.

#### Contracted Services:

Due to increase in demand for services such as repairs and maintenance that are outsourced.

#### General expenses:

This is due to overspending mainly on transfers of land to beneficiaries and repairs and maintenance.



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures In Rand	2022	2021
<b>42. Budget differences (continued)</b>		
<b>Fair Value adjustment:</b>		
Not budgeted for.		
<b>Loss on disposal of PPE:</b>		
Under budgeting		
<b>43. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	120 567 478	84 331 259
<b>Total capital commitments</b>		
Already contracted for but not provided for	120 567 478	84 331 259

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

### 44. Contingencies

At year end the municipality had the following contingent assets and contingent liabilities.

#### Pending litigations and claims

Disclose:

- any contingent liabilities that the venturer has incurred in relation to its interest in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other ventures.
- its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable, and
- those contingent liabilities that arise because the venturers is contingently liable for the liabilities of the other venturers of a joint venture.

Cases	2022	2021
Claims for damages related to motor vehicles	2 980 510	2 540 000
claims for damages arising out of the electrocution, claims for damages for emotional shock and trauma, funeral expenses, claims for assault, and other claims for damages	49 378 551	52 928 078
Claims related to unlawful arrest and detentions.	2 770 000	5 820 000
Consolidated container/caravan matters that were impounded when the municipality embarked on a clean up campaign.	13 630 000	10 339 511
Labour matters, claims for acting allowances, claims for overtime, labour matters emanating from termination of contracts, alleged unfair dismissal.	37 880 000	17 435 500
Land matters: Land claims, Eviction proceedings, Demolishing of structures.	19 185 500	6 988 500
Tender claims: Contractual: Damages for alleged breach of a contract. Claim for Commission due, owing and payable allegedly breach of contract flowing from an agreement to reconcile VAT and claim what is due to KSD.	680 000	1 280 000
	<b>126 604 561</b>	<b>97 329 589</b>

### 45. Related parties

#### Relationships

Executive Mayor

Speaker

Chief Whip

Members of the Mayoral Committee

Cllr. GN Nelani

Cllr. N Siyo- Sukutu

Cllr. B Mlanjeni

Cllr. MS Dudumayo

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 45. Related parties (continued)

#### Councillors

Cllr. M Bango  
Cllr. Z Nokayi  
Cllr. YR Gwadiso  
Cllr. N Mayi  
Cllr. Z Madyibi  
Cllr. N Sibeko  
Cllr. S Nyengane  
Cllr. M Marasha  
Cllr. Z Gana  
Cllr. N. Matubatuba  
Cllr. N Gwebani  
Cllr. R Roeber  
Cllr. U Daniso  
Cllr. A Msuthu  
Cllr. SE Mngeni  
Cllr. NG Sidlova  
Cllr. MS Ngudle  
Cllr. M Majeke  
Cllr. N Matyeba  
Cllr. N Jubeni  
Cllr. SN Majikija

Cllr. N Nkathu  
Cllr. NG Tshaya  
Cllr. B. Sillinga  
Cllr. A Ketse  
Cllr. M Makaba  
Cllr. CS Tokwana  
Cllr. S Ratshalala  
Cllr. SC Mahunqane  
Cllr. ZL Siziba  
Cllr. B Vuma  
Cllr. MJ Msakeni  
Cllr. S Dalasile  
Cllr. S Mdunyelwa  
Cllr. S Mhlabi  
Cllr. TT Mtshakazana  
Cllr. T Badli  
Cllr. L Makhenke  
Cllr. LC Molakelaka  
Cllr. DM Teti  
Cllr. B Nxave  
Cllr. TM Gqiba  
Cllr R Knock  
Cllr A Mgquba  
Cllr L M Luwaca  
Cllr T G Maqoko  
Cllr M Nyoka  
Cllr N R Gcingca  
Cllr L N Ntlonze  
Cllr M T Mtirara  
Cllr T Machaea  
Cllr T E Mapekula  
Cllr J Voko  
Cllr Z D Kutu  
Cllr M Mabaso  
Cllr S Jadiso  
Cllr V N S Roji  
Cllr M Menzelwa  
Cllr M Qotyana  
Cllr Z Luvantyu  
Cllr N Mkontwana  
Cllr Z M Gusana  
Cllr T Mcimbi  
Cllr N Dibiokwe  
Cllr O Khotso  
Cllr M Mrwebi

#### Councillors who are no longer part of the new council after elections:

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 46. Related parties (continued)

Cllr E M Fileyo  
 Cllr Z Ntiziombi  
 Cllr A Ndzendze  
 Cllr B Bikani  
 Cllr X M Mbongwana  
 Cllr M Mkhotheli  
 Cllr L Mkonto  
 Cllr S Sikrenya  
 Cllr L D Lwani  
 Cllr B D Bara  
 Cllr N Gcinindawo  
 Cllr B Ndlobongela  
 Cllr B Babile  
 Cllr T Mngoma  
 Cllr T Bhova  
 Cllr M Bunzana  
 Cllr G N Lusu  
 Cllr N F Mzimane  
 Cllr M W Malotana  
 Cllr B B Gqwetha  
 Cllr N Ngqongwa  
 Cllr N Pali  
 Cllr N Nyangani  
 Cllr M Mpangele  
 Cllr M Fukula  
 Cllr U N V Malghas  
 Cllr N M Nqwazi  
 Cllr DM Zozo  
 Cllr N Mwa  
 Cllr N A Sobahle  
 Cllr L P Zuma  
 Cllr M A Manzolwandle  
 Cllr B Malghas  
 Cllr L A Tshiseka  
 Cllr N P Ngalo  
 N Pakade (Municipal Manager)  
 EF Jijojo ( Chief Financial Officer)  
 LP Maka ( Director Community Services)  
 D Kettledas ( Director Public Safety)  
 GR Tobia ( Director Human Settlements)  
 AO Pantshwa ( Director LED)  
 U Mngokoyi ( Director: Technical Services)  
 SM Nodo (Director Corporate Services)

#### Members of key management

#### Awards to close family members of persons in the service of the state:

In terms of section 45 of the Municipal SCM Regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

Eight awards were made during the financial year to close family members of persons in the service of the state. Four of them are rate based and the other four totals to R64 792.00. These were declared by the bidders in their bid documents.

### 46. Unauthorised expenditure

Unauthorised expenditure	107 608 375	677 561 807
Add: Unauthorised operating expenditure - current year	119 032 989	3 646 060
Add: Unauthorised capital expenditure - current year	10 536 169	-
Less: Unauthorised expenditure - Write off during the year	(71 656 375)	(573 599 492)
	<b>165 521 158</b>	<b>107 608 375</b>

#### Operating expenditure

Reason

Amount

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>46. Unauthorised expenditure (continued)</b>		
Corporate Services	Post and Telecommunications and Consultants & Professional Fees under provided.	5 032 784
Budget and Treasury	Interest on overdue accounts not budgeted for. Under budgeting for depreciation, audit fees, provision for impairment, VAT and insurance.	56 223 800
Community Services	Interest on landfill sites not budgeted for.	1 071 452
Public Safety	Overtime pay under budgeted	9 598 327
Technical Services	Donations that were not budgeted for.	45 435 168
RED	Unplanned maintenance by consultants	1 671 458
		<b>119 032 989</b>
<b>Capital expenditure</b>	<b>Reasons</b>	
Corporate Services	Computer Equipment not budgeted for	1 311 109
Budget and Treasury Office	Fuel Tanker not budgeted for	1 510 000
RED	Small Town Revitalisation grant overspent due to escalated spending and funds were received subsequent to the year end.	2 960 424
Technical Services	MIG grant overspent due to escalated spending	4 754 636
		<b>10 536 169</b>
Unauthorised expenditure has been referred to MPAC for investigation.		
Unauthorised expenditure: Budget overspending per municipal department.		
<b>47. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	20 774 625	54 021 610
<b>Opening balance</b>	<b>20 774 625</b>	<b>54 021 610</b>
Add: Expenditure identified - current	11 924 271	19 562 870
Less: Amount written off - current (OCM 211/07/22)	(7 323 020)	(52 809 865)
Less: Amount written off - prior period (OCM 210/07/22)	(19 562 889)	-
Less: Amount written off - prior period (SCM 227/08/22)	(1 211 754)	-
<b>Closing balance</b>	<b>4 601 253</b>	<b>20 774 625</b>
Fruitless and wasteful expenditure was incurred as a result of interest and penalties charged on late payments, the delays in payment is due to cashflow challenges currently being experienced by the municipality.		
The Fruitless and wasteful expenditure has been referred to the Municipal Council to be written off in accordance with Section 32(2)(b) of the MFMA.		
<b>48. Irregular expenditure</b>		
Opening restated balance	1 455 427 899	1 446 143 227
Add: Irregular Expenditure - current year	6 844 697	9 284 672
Less: Amount written off - prior period (SCM 225/08/22)	(1 116 013 254)	-
Less: Amount written off - current (OCM 212/07/22)	(411 954)	-
Less: Amount written off - prior period (OCM 209/07/22)	(108 399)	-
	<b>345 738 989</b>	<b>1 455 427 899</b>
<b>Details of Irregular expenditure – current year</b>		
No Specification committee		6 276 845
SCM process not followed		155 898
No variation order initiated		411 954
		<b>6 844 697</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 48. Irregular expenditure (continued)

Irregular expenditure has been restated by reversing all prior year write-offs that were disclosed in the financial statements as they had errors. The new write-off has been done with the correct amounts as per the irregular expenditure register.

The adjustment made relates to the reversal of all previously disclosed irregular expenditure write-offs as per the council resolution VUCM 189/07/22. A new write-off of amounts was referred to MPAC with the expenditure being amounts as per the previously audited irregular expenditure register. The council rescinded the previous resolution due to the errors that were identified. The new write-off when done in the current year and have been taken-out in the current year.

There was no irregular expenditure incurred from awards made in the current year and the irregular expenditure incurred in the current year is as a result of historic contracts which are as follows:

- No Specification committee in place (This is recurring and is as a result of the Stedone contract which was awarded in 2010) - R6 276 844.98
- No SCM Process followed (This is historic and is as a result of the Tyeks services which were sourced in 2018, these services have since been stopped) - R155 897.64
- No variation order initiated (This historic and is as a result of the Bluetech contract which was awarded in May 2018, this contract has since expired) - R411 954.16

### 49. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Opening balance	5 461 334	2 322 615
Current year subscription / fee	5 423 084	5 423 085
Amount paid - current year	(5 423 084)	(2 284 366)
	<b>5 461 334</b>	<b>5 461 334</b>

#### Distribution losses

During the 2022 financial year the Municipality incurred distribution losses relating to electricity of 15.87% (2021:16.68%).

#### Electricity distribution losses in units

Purchases	275 281 159	276 025 135
Own use	(3 425 800)	(3 459 799)
Pre-paid consumer electricity sold	(94 637 618)	(95 387 672)
Conventional consumer billed	(133 527 837)	(131 146 994)
	<b>43 689 804</b>	<b>46 030 670</b>

#### Units purchased during the year

#### Units sold during the year

Units purchased during the year	275 281 159	276 025 135
Units sold during the year	(231 591 355)	(229 994 464)
	<b>43 689 804</b>	<b>46 030 671</b>
Rand per unit	2,40	1,91
Cost in rands	105 017 371	87 886 128

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>49. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
Losses are due to the followings:		
<b>Own Consumption</b>		
This is the unbilled energy consumed by the municipality in day-to-day operations (areas like offices, depots, workshops) without which the municipality cannot function.		
<b>Public Lighting</b>		
KSDM provides its citizens public lighting through streetlights and High mast lights as part of the constitutional mandate of a safe environment.		
<b>Traffic Signals</b>		
The traffic signals are vital for traffic management and pedestrian safety and these dedicated servants need to operate 24/7 and to operate the consume energy.		
<b>Defective meters and administrative errors</b>		
Some of the meters were installed a long time ago and are thus providing erratic readings. Meter readings and capturing are done manually wherein the possibility of human error is inevitable. Efforts are being made to audit the work and to monitor customer complaints.		
<b>Electricity Theft and illegal connections</b>		
There is a growing pattern of electricity theft through illegal connections and unauthorised re-connections. This often poses an unsafe environment and increases the load on the network causing power failures.		
<b>Meter tampering</b>		
Some residents have tampered with their electricity meters resulting to free consumption and or reduced electricity consumption. Others opted to remove the KSDM prescribed meter and install a foreign meter (in the KSDM network supply area) which allows the consumer to buy electricity at the reduced rate.		
<b>Audit fees</b>		
Opening balance	4 105 922	94 156
Current year subscription / fee	11 976 667	10 858 236
Amount paid - current year	(15 705 745)	(6 846 469)
	<b>376 844</b>	<b>4 105 922</b>
<b>PAYE, UIF and SDL</b>		
Opening balance	44 440 401	75 313 428
Current year subscription / fee	248 772 869	89 316 177
Amount paid - current year	(255 775 684)	(120 189 204)
	<b>37 437 586</b>	<b>44 440 401</b>
<b>Pension, Provident and Medical Aid Deductions</b>		
Opening balance	48 617 809	36 384 634
Current year subscription / fee	343 709 815	114 525 188
Amount paid - current year	(337 171 271)	(102 292 013)
	<b>55 147 153</b>	<b>48 617 809</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 49. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022 and MFMA s124(1)(b) requires them to be disclosed:

30 June 2022	Outstanding more than 90 days R	Total R
Khutala/ Mawande Nokwali	-	40 849
Nombulelo Sibeko	-	2 148
Rapiya Shadrack	-	57 205
	<b>-</b>	<b>100 302</b>

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Malotana MW	2 951	5 487	8 438
Mabaso MM	654	-	654
	<b>3 605</b>	<b>5 487</b>	<b>9 092</b>

#### Supply Chain Management Deviations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/ dispensed by the Accounting Officer and noted by Council.

### 50. Supply Chain Management Regulations

The expenses incurred listed below are instances of Supply Chain Management deviations reported to the council.

Incident	2022	2021
Impractical to follow SCM Processes/Three quotations not obtained	1 096 075	-
Sole supplier	1 095 907	17 163
Emergency procurement	-	9 607 274
Advertising in local newspaper and radio stations	-	278 722
Pauper burials-body already at parlour	18 470	16 800
Covid - 19	-	173 228
	<b>2 210 452</b>	<b>10 093 187</b>

### 51. Risk management

#### Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out under policies approved by the accounting officer and council. The municipality identifies, evaluates and hedges financial risks in close co-operation with the municipality's various departments. The accounting officer and council provides written principles for overall risk management, as well as written policies covering specific areas.

#### Liquidity risk

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 51. Risk management (continued)

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances equal their carrying balances as the effect of discounting is not significant.

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	-	405 661 867	-	-
Other financial liabilities	-	3 577 177	6 363 968	-
Consumer deposits	-	25 671 028	-	-
Financial lease obligation	-	25 954 244	6 523 168	-

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	-	400 386 969	-	-
Other financial liabilities	-	3 718 197	8 418 165	-
Consumer deposits	-	24 215 909	-	-
Financial lease obligation	-	22 700 750	32 565 167	-

Liquidity risk is mainly concentrated on the Trade and other payables balance.

The municipality does not have any collateral and /or credit enhancements that aid in the mitigation of the liquidity risks.

### Credit risk

Credit risk is the risk of financial loss to the municipality if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the municipality's investments, loans, receivables, and cash and cash equivalents.

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and limits exposure to any one counter-party in accordance with Council's approved investment policy.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis and assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. Sales to retail customers are settled in cash or using major credit cards.

The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Cash and cash equivalents	16 744 464	50 389 717
Receivables from exchange transactions	65 821 409	54 122 799
Receivables from non-exchange transactions	74 172 610	54 445 001

The municipality does not hold any collateral in relation to the financial assets above.



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022                      2021

---

### 51. Risk management (continued)

#### Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates, affecting the municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

#### Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

### 52. Financial instruments disclosure

#### Categories of financial instruments

#### 2022

#### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	65 921 409	65 921 409
Receivables from non-exchange transactions	74 172 610	74 172 610
Cash and cash equivalents	16 744 464	16 744 464
	<u>156 838 483</u>	<u>156 838 483</u>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>Financial instruments disclosure (continued)</b>		
<b>Financial liabilities</b>		
	At amortised cost	Total
Other financial liabilities	9 941 145	9 941 145
Trade and other payables from exchange transactions	405 861 867	405 861 867
Finance lease obligation	32 477 412	32 477 412
	<b>448 080 424</b>	<b>448 080 424</b>

**2021**

### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	54 122 799	54 122 799
Receivables from non-exchange transactions	54 445 001	54 445 001
Cash and cash equivalents	50 389 717	50 389 717
	<b>158 957 517</b>	<b>158 957 517</b>

### Financial liabilities

	At amortised cost	Total
Other financial liabilities	12 136 362	12 136 362
Trade and other payables from exchange transactions	400 386 969	400 386 969
Finance lease obligation	55 265 917	55 265 917
	<b>467 789 248</b>	<b>467 789 248</b>

### 53. Events after the reporting date

The municipality is not aware of any events after 30 June 2022 that may have an impact on the financial statements or require disclosure.

### 54. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

**2021**

Note	As previously reported	Correction of error	Restated
Receivables from exchange transactions	69 136 426	(15 013 627)	54 122 799
Receivables from non exchange transactions	61 462 835	(7 017 834)	54 445 001
Unspent conditional grants and receipts	(19 945 900)	(4 408 783)	(24 354 683)
VAT	(6 793 812)	593 526	(6 200 286)
Payables from exchange transactions	(390 619 226)	(9 767 743)	(400 386 969)
	<b>(286 759 677)</b>	<b>(35 614 461)</b>	<b>(322 374 138)</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 54. Prior-year adjustments (continued)

#### Statement of financial performance

2021

	Note	As previously reported	Correction of error	Restated
Rental of facilities and equipment		14 611 854	(1 691 688)	12 920 166
Interest revenue		22 942 498	(133 328)	22 809 170
Government grants & subsidies		543 986 829	(4 408 783)	539 578 046
General expenditure		(186 540 956)	(8 660 053)	(195 201 009)
<b>Surplus for the year</b>		<b>394 980 225</b>	<b>(14 893 852)</b>	<b>380 086 373</b>

#### Errors

The following prior period errors adjustments occurred:

#### STATEMENT OF FINANCIAL POSITION

##### Receivables from exchange transactions

The changes or adjustments made are due to rentals that were previously charged that had no valid lease agreement.

##### Receivables from non-exchange transactions

The changes or adjustments made are due to property rates that were billed which were not registered and also fire levy property that was billed incorrectly using incorrect tariff.

##### VAT

The changes or adjustments made are due to rentals that were previously charged that had no valid lease agreement.

##### Unspent conditional grants and receipts

The changes or adjustments made are due to the DOE grant that was overspent in the prior year and no grant was received in the current year.

##### Payables from exchange transactions

The changes on the payables from exchange transactions is due to restatement of legal fees which invoices were received in the 2022 financial year however the services related to the previous financial years.

#### STATEMENT OF FINANCIAL PERFORMANCE:

##### Rental of facilities and equipment

The changes or adjustments made are due to rentals that were previously charged that had no valid lease agreement.

##### Interest revenue

The changes or adjustments made are due to rentals that were previously charged that had no valid lease agreement and interest was billed on the outstanding balance.

##### Government grants & subsidies

The changes or adjustments made are due to the DOE grant that was overspent in the prior year and no grant was received in the current year.

##### General expenditure

The changes on the general expenditure is due to restatement of legal fees which invoices were received in the 2022 financial year however the services related to the previous financial years.

#### Irregular expenditure

Closing balance disclosed as per 2021 AFS	-	152 401 287
Adjustments made	-	1 303 026 612
<b>Restated closing balance 2021</b>	-	<b>1 455 427 899</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 54. Prior-year adjustments (continued)

The adjustment made relates to the reversal of all previously disclosed irregular expenditure write-offs as per the council resolution VUCM 189/07/22. A new write-off of amounts was referred to MPAC with the expenditure being amounts as per the previously audited irregular expenditure register. The council rescinded the previous resolution due to the errors that were identified. The new write-off when done in the current year and have been taken-out in the current year.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 55. Going concern

Total assets amounting to R2 890 070 970 exceed total liabilities balance amounting to R564 349 604 by R2 325 721 366. Accumulated surplus amounts to R1 834 986 554.

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.

#### Description of the events, conditions, circumstances that indicate going concern uncertainty:

- The current liabilities are currently exceeding the current assets and the current ratio is less than 1 which is less than the required norm.
- The municipality is taking more than the required 30 days to pay creditors and more than 60 days to collect its outstanding debtors.
- Also, the repairs and maintenance of assets is below the norm of 8% and the electricity distribution losses are sitting at 15.87% which is above the norm.

The above are an indication of going concern uncertainty. Based on the above thus, there is a material uncertainty related to events or conditions that may cast significant doubt on the municipalities' ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

#### Description of the measures taken to warrant going concern

Below are the plans and measures undertaken or the municipality is undertaking to deal with the impact of the events/circumstances and uncertainties described above:

- The gross debtors for receivables from non-exchange transactions are sitting at R365 million while gross debtors for receivables from exchange transactions are sitting at R479 million and in total combined are sitting at R844 million which is almost two times the total current liabilities. The municipality has appointed a debt collector towards the end of the financial year of 2022 to assist in collecting these debtors and as such this will assist the municipality in future to reduce the current liabilities and improve the current ratio.

- The total assets exceed the total liabilities by R1.8 billion, and thus the municipality is in a net asset situation.
- In addition, the current liabilities that require settlement amounts to R497 million. The municipality will receive equitable share amounting to R 404 million and R118.5 million for capital grants in terms of the DORA allocation as gazetted in the 2022/23 financial year Division of Revenue Act.
- Municipality has collected more than 97% on billed income and 98% on billed electricity.
- Eskom amount payable amounts to R387 728 872 million. The municipality, in the preparation of the 2022/23 budget, has taken onto account balances owed to ESKOM in relation to the arrear arrangement.
- The municipality will increase efforts to recover the substantial arrears via the tools provided within the municipality's credit policy. The municipality has other potential revenue collection strategies such as allocation of current receipting against historical debt, limited amnesty, collections of other service debts via the prepaid system, door to door campaign and debt collection agents. Debt collector has been appointed to collect revenue on difficult to collect debtors.
- Implementation of cost containment policy.
- The municipality has a financial recovery plan in place.

In addition to the above, the municipality plans to finance this shortfall through the following measures:

- Cut backs on discretionary spending.
- Municipality has appointed service providers for resource mobilization and that has led to the municipality getting refunds from SARS amounting to R27m for penalties and interest incurred.

### 56. Accounting by principals and agents

The entity is a party to a principal-agent arrangements.

#### Details of the arrangement(s) is/are as follows:

The Municipality acts as an agent for the Department of Transport whereby it administers the provisioning of motor vehicle licences and registrations as well as driver's licences. It receives compensation for these services based on binding arrangement with the department.

The Municipality is the principal OR agent. Refer to note 1.21 for significant judgements applied in making this assessment.

#### Entity as agent

#### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R9 156 582 (2021: R9 872 187).

#### Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>56. Accounting by principals and agents (continued)</b>		
<b>Category 1 - Motor Vehicle Licences and Registrations</b>		
Opening balance	2 525 842	4 421 578
Amounts received on behalf of the principal	45 959 742	47 562 978
Amounts transferred to the principal	(46 290 623)	(49 458 714)
	<b>2 194 961</b>	<b>2 525 842</b>
<b>All categories</b>		
Opening balance	2 525 842	4 421 578
Amounts received on behalf of the principal	45 959 742	47 562 978
Amounts transferred to the principal	(46 290 623)	(49 458 714)
	<b>2 194 961</b>	<b>2 525 842</b>

## 57. Segment Information

### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of five major service areas: electricity, refuse services, fines and penalties, licence services and rentals of facilities and equipment. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were separated for reporting purposes and not aggregated. Other functions are non segment as they are sport services.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

Segments identified above have not been aggregated.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Segment 1	Electrical Services
Segment 2	Refuse (Solid Waste)
Segment 3	Fines and penalties
Segment 4	Licence services
Segment 5	Rentals of facilities and equipments

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 57. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2022

	Electrical Services	Refuse (Solid Waste)	Non-Segment	Rental of facilities and equipment	Fines and penalties	Community services - Licence and permits services	Total
Revenue							
Revenue from non-exchange transactions	-	-	799 734 006	-	1 922 021	-	801 656 027
Revenue from exchange transactions	511 376 952	58 882 266	79 701 057	18 022 332	-	13 460 587	681 443 194
<b>Total segment revenue</b>	<b>511 376 952</b>	<b>58 882 266</b>	<b>879 435 063</b>	<b>18 022 332</b>	<b>1 922 021</b>	<b>13 460 587</b>	<b>1 483 099 221</b>
<b>Entity's revenue</b>							<b>1 483 099 221</b>
<b>Expenditure</b>							
Employee Related Cost	34 734 210	26 511 981	430 343 036	11 175 481	18 806 896	14 378 963	535 950 547
Councillors remuneration	-	-	28 625 984	-	-	-	28 625 984
Bulk Purchases	387 728 872	-	-	-	-	-	387 728 872
Contracted Services	19 621 821	145 000	21 657 686	-	-	-	21 802 686
Depreciation and Amortisation	-	16 605 313	124 572 090	-	-	-	160 799 224
Finance costs	-	1 699 560	17 212 782	-	-	-	18 912 342
Inventories write-downs	-	-	19 489 068	-	-	-	19 489 068
Lease rentals on operating lease	645 932	125 915	13 424 091	-	91 644	1 135 625	15 423 207
General expenditure	84 153 813	9 350 869	184 810 723	4 371 563	507 591	458 346	263 652 925
Grants and Subsidies paid	-	-	64 922 662	-	-	-	64 922 662
Loss on disposal	-	-	1 086 572	-	-	-	1 086 572
Debt Impairment	-	-	1 586 096	-	-	-	1 586 096
<b>Total segment expenditure</b>	<b>526 864 648</b>	<b>54 438 638</b>	<b>887 730 790</b>	<b>15 547 044</b>	<b>19 406 131</b>	<b>15 972 934</b>	<b>1 519 980 185</b>
<b>Total segmental surplus/(deficit)</b>							<b>(36 880 964)</b>
<b>Assets</b>							

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

	Electrical Services	Refuse (Solid Waste)	Non-Segment	Rental of facilities and equipment	Fines and penalties	Community services - Licence and permits services	Total
<b>57. Segment Information (continued)</b>							
Current Assets	-	-	354 489 041	-	-	-	354 489 041
Non-current assets	465 148 362	-	2 070 453 567	-	-	-	2 535 601 929
<b>Total segment assets</b>	<b>465 148 362</b>	<b>-</b>	<b>2 424 922 608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 890 070 970</b>
<b>Total assets as per Statement of financial Position</b>							<b>2 890 070 970</b>
<b>Liabilities</b>							
Current Liabilities	-	-	(497 774 813)	-	-	-	(497 774 813)
Non-current liabilities	-	-	(66 574 791)	-	-	-	(66 574 791)
<b>Total segment liabilities</b>	<b>-</b>	<b>-</b>	<b>(564 349 604)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(564 349 604)</b>
<b>Total liabilities as per Statement of financial Position</b>							<b>(564 349 604)</b>

### Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (wards) in and around the Mithatha and Mqandull area, the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 57. Segment Information (continued)

#### Measurement of Specific segment Information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies and therefore the basis of measurement between the segments reporting and the annual financial statements are consistent.

The municipality has no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

#### Measurement of Specific segment Information

The non-segment included above is the reconciling between the totals of segment revenues, reported segment surplus or deficit, segment assets, segment liabilities to the corresponding municipality amounts as per the statement of financial performance and statement of financial position.

2021

	Electrical Services	Refuse (Solid Waste)	Non-Segment	Total
Revenue				
Revenue from non-exchange transactions	5 893 710	2 173 913	814 041 721	822 109 344
Revenue from exchange transactions	465 439 413	56 582 628	70 781 674	592 783 715
Fair Value Adjustment	-	-	11 828 981	11 828 981
<b>Total segment revenue</b>	<b>471 333 123</b>	<b>58 736 541</b>	<b>896 652 376</b>	<b>1 426 722 040</b>
<b>Entity's revenue</b>				<b>1 426 722 040</b>
<b>Expenditure</b>				
Employee Related Cost	34 133 992	31 697 174	433 867 511	499 698 677
Councillors remuneration	-	-	28 255 080	28 255 080
Bulk Purchases	322 019 740	-	-	322 019 740
Contracted Services	-	-	16 720 778	16 720 778
Depreciation and Amortisation	7 193 787	8 220 815	149 421 794	164 836 406
Finance costs	-	1 610 958	27 531 106	29 142 064
Operating Leases	407 997	202 100	7 287 749	7 907 846
General expenditure	33 607 926	10 757 020	150 836 063	195 201 009
Grants and Subsidies paid	-	-	62 335 156	62 335 156
Loss on disposal	-	-	1 102 715	1 102 715
Debt Impairment	-	-	4 321 658	4 321 658

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 57. Segment Information (continued)

Total segment expenditure

387 353 452	52 488 067	881 689 610	1 331 541 129
			95 180 911

Total segmental surplus/(deficit)

### Assets

Current Assets

Non-current assets

-	-	299 538 499	299 538 499
476 354 505	-	2 021 176 025	2 497 530 530

Total segment assets

476 354 505	-	2 320 714 524	2 797 069 029
-------------	---	---------------	---------------

Total assets as per Statement of financial Position

			2 797 069 029
--	--	--	---------------

### Liabilities

Current Liabilities

Non-current liabilities

-	-	(484 035 794)	(484 035 794)
-	-	(90 224 427)	(90 224 427)

Total segment liabilities

-	-	(574 260 221)	(574 260 221)
---	---	---------------	---------------

Total liabilities as per Statement of financial Position

			(574 260 221)
--	--	--	---------------

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.





**King Sabata Dalindyebo Local Municipality  
Annual Financial Statements  
for the year ended 30 June 2022**

**AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2022**

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

---

### Nature of business and principal activities

King Sabata Dalindyebo Municipality is a South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act (Act no. 117 of 1998).

### Mayoral committee

Executive Mayor

Speaker

Chief Whip

Members of the Mayoral Committee

Cllr. GN Nelani  
Cllr. N Siyo- Sokutu  
Cllr. B Mlanjeni  
Cllr. MS Dudumayo  
Cllr. M Bango  
Cllr. Z Nokayi  
Cllr. YR Gwadiso  
Cllr. Z Madyibi  
Cllr. N Sibeko  
Cllr. S Nyengane  
Cllr. M Marasha  
Cllr. Z Gana

### Councillors

Cllr. N Matubatuba  
Cllr. N Gwebani  
Cllr. R Roeber  
Cllr. U Daniso  
Cllr. A Msuthu  
Cllr. SE Mngeni  
Cllr. NG Sidlova  
Cllr. M Majeke  
Cllr. N Matyeba  
Cllr. N Jubeni  
Cllr. SN Majikja  
Cllr. N Nkathu  
Cllr. NG Tshaya  
Cllr. B Silinga  
Cllr. A Ketse  
Cllr. CS Tokwana  
Cllr. S Ratshalala  
Cllr. SC Mshunqane  
Cllr. ZL Siziba  
Cllr. B Vuma  
Cllr. MJ Msakeni  
Cllr. S Dalasile  
Cllr. S Mdunyelwa  
Cllr. S Mhlaba  
Cllr. TT Mtshakazana  
Cllr. T Badli  
Cllr. L Makhenke  
Cllr. LC Molakalaka  
Cllr. DM Teti  
Cllr. B Nxeve  
Cllr. TM Gqiba  
Cllr V N S Roji  
Cllr A Mgquba  
Cllr L M Luvaca  
Cllr R Knock

**AUDITOR GENERAL  
SOUTH AFRICA**

**30 NOV 2022**

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## General Information

**Councillors who are no longer part of the new council after elections**

Cllr T G Maqoko  
Cllr M Nyoka  
Cllr N R Gcingca  
Cllr L N Nfonze  
Cllr M T Mfirara  
Cllr T Machaea  
Cllr T E Mapekula  
Cllr J Voko  
Cllr Z D Kutu  
Cllr M Mabaso  
Cllr S Jadiso  
Cllr M Menzelwa  
Cllr M Qotyana  
Cllr Z Luvantyu  
Cllr N Mkontwana  
Cllr Z M Gusana  
Cllr T Mclmbi  
Cllr N Diblokwe  
Cllr O Khotso  
Cllr M Mrwebi  
  
Cllr E M Filayo  
Cllr Z Ntiziomyi  
Cllr A Ndzendze  
Cllr B Bikani  
Cllr X M Mbongwana  
Cllr M Mkhotheli  
Cllr L Mkonto  
Cllr S Sikrenya  
Cllr L D Liwani  
Cllr B D Bara  
Cllr N Gcinindawo  
Cllr B Ndlobongela  
Cllr B Babile  
Cllr T Mngoma  
Cllr T Bhova  
Cllr M Bunzana  
Cllr G N Lusu  
Cllr N F Mzimane  
Cllr M W Malotana  
Cllr B B Gqwetha  
Cllr N Ngqongwa  
Cllr N Pall  
Cllr N Nyangani  
Cllr M Mpangele  
Cllr M Fukula  
Cllr U N V Malghas  
Cllr N M Nqwazi  
Cllr DM Zozo  
Cllr N Mtwa  
Cllr N A Sobahle  
Cllr L P Zuma  
Cllr M A Manzowandle  
Cllr B Malghas  
Cllr L A Tshiseka  
Cllr N P Ngalo

**Grading of local authority**

Grade 4

**Chief Finance Officer**

Mr E Jiholo

**Accounting Officer**

Mr N Pakade

**Registered office**

Munitata Building  
Sutherland Street  
Mthatha

**Postal address**

Private Bag X5083  
Mthatha  
5099  
5099

**AUDITOR GENERAL  
SOUTH AFRICA**

**30 NOV 2022**

**King Sabata Dalindyebo Local Municipality**  
Annual Financial Statements for the year ended 30 June 2022

**General Information**

---

**Bankers**

ABSA  
FNB

**Auditors**

Auditor General South Africa  
Registered Auditors

AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2022

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Index

---

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

	<b>Page</b>
Accounting officer's Responsibilities and Approval	5
Statement of Financial Position	6
Statement of Financial Performance	7
Statement of Changes in Net Assets	8
Cash Flow Statement	9
Statement of Comparison of Budget and Actual Amounts	10 - 11
Appropriation Statement	11
Accounting Policies	12 - 34
Notes to the Annual Financial Statements	35 - 84

COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
VAT	Value Added Tax
SARS	South African Revenue Services
PAYE	Pay As You Earn

**AUDITOR GENERAL  
SOUTH AFRICA**  
30 NOV 2022



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting officer's Responsibilities and Approval

---

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The accounting officer acknowledges that he is ultimately responsible for the system of internal financial control established by the municipality and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the 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 2023 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report is presented on page 6.

The annual financial statements set out on pages 6 to 84, which have been prepared on the going concern basis, were approved by council on 31 August 2022 and were signed on behalf of the municipality by:

  
Accounting Officer  
Mr N Pakade

AUDITOR GENERAL  
SOUTH AFRICA

30 NOV 2022

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Position as at 30 June 2022

Figures In Rand	Note(s)	2022	2021 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	2	195 947 745	140 580 982
Receivables from exchange transactions	3	65 921 409	54 122 799
Receivables from non-exchange transactions	4	74 172 610	54 445 001
Insurance prepayment		1 682 813	-
Cash and cash equivalents	6	16 744 464	50 389 717
		<b>354 468 041</b>	<b>299 538 499</b>
<b>Non-Current Assets</b>			
Investment property	7	336 204 880	333 328 626
Property, plant and equipment	8	2 195 018 698	2 159 234 678
Intangible assets	9	1 177 351	1 788 028
Heritage assets	10	3 201 000	3 201 000
		<b>2 535 601 929</b>	<b>2 497 530 530</b>
<b>Total Assets</b>		<b>2 890 070 970</b>	<b>2 797 069 029</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Other financial liabilities	11	3 577 177	3 718 197
Finance lease obligation	12	25 954 244	22 700 750
Payables from exchange transactions	13	405 661 887	400 386 969
VAT payable	5	14 493 649	6 200 286
Consumer deposits	14	25 671 028	24 215 909
Unspent conditional grants and receipts	15	20 044 848	24 354 683
Provisions	16	2 372 000	2 459 000
		<b>497 774 813</b>	<b>484 035 794</b>
<b>Non-Current Liabilities</b>			
Other financial liabilities	11	6 363 968	8 418 165
Finance lease obligation	12	6 523 168	32 565 167
Provisions	16	53 687 655	48 241 095
		<b>66 574 791</b>	<b>90 224 427</b>
<b>Total Liabilities</b>		<b>564 349 604</b>	<b>574 260 221</b>
<b>Net Assets</b>		<b>2 325 721 366</b>	<b>2 222 808 808</b>
<b>Reserves</b>			
Revaluation reserve	17	527 261 431	383 988 031
Self-insurance reserve	18	3 881 786	3 834 223
Accumulated surplus		1 794 578 149	1 834 986 554
<b>Total Net Assets</b>		<b>2 325 721 366</b>	<b>2 222 808 808</b>

**AUDITOR GENERAL**  
**SOUTH AFRICA**  
**30 NOV 2022**

\* See Note 54

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Financial Performance

Figures In Rand	Note(s)	2022	2021 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	19	562 452 446	495 689 905
Rental of facilities and equipment	20	18 022 332	12 920 166
Licences and permits	21	13 460 587	15 002 969
Other income	22	53 023 913	46 361 505
Interest revenue	23	23 428 823	22 809 170
Fair value adjustments	24	11 055 093	11 828 981
<b>Total revenue from exchange transactions</b>		<b>681 443 194</b>	<b>604 612 696</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	25	285 453 763	245 824 497
Interest revenue	23	15 528 926	20 608 558
<b>Transfer revenue</b>			
Government grants and subsidies	26	498 598 147	539 558 046
Public contributions and donations	28	67 970	11 969 770
Fines, penalties and forfeits	27	2 007 221	4 148 473
<b>Total revenue from non-exchange transactions</b>		<b>801 656 027</b>	<b>822 109 344</b>
<b>Total revenue</b>	30	<b>1 483 099 221</b>	<b>1 426 722 040</b>
<b>Expenditure</b>			
Employee related costs	31	(535 950 547)	(499 698 677)
Remuneration of councillors	32	(28 625 984)	(28 255 080)
Depreciation and amortisation	33	(160 799 224)	(164 836 406)
Finance costs	34	(18 912 342)	(29 142 064)
Lease rentals on operating lease	29	(15 423 207)	(7 907 846)
Debt Impairment	35	(1 586 096)	(4 321 658)
Bulk purchases	36	(387 728 872)	(322 019 740)
Contracted services	37	(21 802 686)	(16 720 778)
Grants and Subsidies paid	38	(64 922 662)	(62 335 156)
Inventories write-downs		(19 489 068)	-
Loss on disposal of assets	8	(1 086 572)	(1 102 715)
General Expenses	39	(263 652 925)	(195 201 009)
<b>Total expenditure</b>		<b>(1 519 980 185)</b>	<b>(1 331 541 129)</b>
<b>(Deficit) surplus for the year</b>		<b>(36 880 964)</b>	<b>95 180 911</b>

**AUDITOR GENERAL  
SOUTH AFRICA**

**30 NOV 2022**

\* See Note 54

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Insurance reserve	Total reserves	Accumulated surplus	Total net assets
<b>Balance at 01 July 2021 restated</b>	<b>383 988 031</b>	<b>3 801 185</b>	<b>387 789 216</b>	<b>1 771 892 663</b>	<b>2 159 681 879</b>
Changes in net assets					
Surplus for the year				95 180 911	95 180 911
Movement in self insurance reserve		33 038	33 038		33 038
Prior year adjustments (Note 54)				(35 614 461)	(35 614 461)
<b>Total changes</b>		<b>33 038</b>	<b>33 038</b>	<b>59 566 450</b>	<b>59 599 488</b>
<b>Balance at 01 July 2021 restated</b>	<b>383 988 031</b>	<b>3 834 223</b>	<b>387 822 254</b>	<b>1 831 459 113</b>	<b>2 219 281 367</b>
Changes in net assets					
Surplus for the year				(36 880 964)	(36 880 964)
Movement in self insurance reserve		47 563	47 563		47 563
Revaluation of land and buildings	143 273 400		143 273 400		143 273 400
<b>Total changes</b>	<b>143 273 400</b>	<b>47 563</b>	<b>143 320 963</b>	<b>(36 880 964)</b>	<b>106 439 999</b>
<b>Balance at 30 June 2022</b>	<b>527 261 431</b>	<b>3 881 786</b>	<b>531 143 217</b>	<b>1 794 578 149</b>	<b>2 325 721 366</b>
Note(s)	17	18			

AUDITOR GENERAL  
SOUTH AFRICA

30 NOV 2022

\* See Note 54

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Cash Flow Statement

Figures in Rand	Note(s)	2022	2021 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Property rates		299 949 764	210 675 432
Receipts from Customers		606 531 305	588 429 553
Grants		492 073 286	548 945 223
Interest income		38 957 749	43 551 056
		<u>1 437 512 104</u>	<u>1 391 601 264</u>
<b>Payments</b>			
Employee costs		(583 837 787)	(528 042 113)
Suppliers		(692 007 877)	(653 201 010)
Finance costs		(17 212 782)	(29 142 064)
		<u>(1 293 058 446)</u>	<u>(1 210 385 187)</u>
<b>Net cash flows from operating activities</b>	41	<u><b>144 453 658</b></u>	<u><b>181 216 077</b></u>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	8	(153 134 182)	(134 638 210)
Proceeds from sale of property, plant and equipment	8	18 993	1 090 236
Purchase of other intangible assets	9	-	(382 848)
		<u>(153 115 189)</u>	<u>(133 930 822)</u>
<b>Net cash flows from investing activities</b>			
<b>Cash flows from financing activities</b>			
Repayment of other financial liabilities		(2 185 217)	(2 517 766)
Movement in finance lease		(22 788 505)	(20 560 251)
		<u>(24 983 722)</u>	<u>(23 078 017)</u>
<b>Net cash flows from financing activities</b>			
<b>Net decrease in cash and cash equivalents</b>		<u><b>(33 645 253)</b></u>	<u><b>24 207 238</b></u>
Cash and cash equivalents at the beginning of the year		50 389 717	26 182 479
<b>Cash and cash equivalents at the end of the year</b>	6	<u><b>16 744 464</b></u>	<u><b>50 389 717</b></u>

**AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2022**

\* See Note 54

**3-0 NOV 2022**

**King Sabata Dalindyebo Local Municipality**

Annual Financial Statements for the year ended 30 June 2022

**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						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	655 967 953	(24 386 474)	631 601 479	562 452 446	(69 149 033)	Refer to note 42
Rendering of services	185 018	(185 018)	-	-	-	
Rental of facilities and equipment	34 321 790	(10 862 130)	23 459 660	18 022 332	(5 437 328)	Refer to note 42
Licences and permits	23 156 572	(4 501 409)	18 655 163	13 460 587	(5 194 576)	Refer to note 42
Other income	59 429 577	(20 789 881)	38 639 696	53 023 913	14 384 217	Refer to note 42
Interest received	61 758 238	-	61 758 238	23 428 823	(38 329 415)	Refer to note 42
<b>Total revenue from exchange transactions</b>	<b>834 819 148</b>	<b>(60 704 912)</b>	<b>774 114 236</b>	<b>670 388 101</b>	<b>(103 726 135)</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	276 577 483	1 028 631	277 606 114	285 453 763	7 847 649	Refer to note 42
Investment Revenue	-	-	-	15 528 926	15 528 926	Refer to note 42
<b>Transfer revenue</b>						
Government grants & subsidies	512 735 879	5 303 824	518 039 703	498 598 147	(19 441 556)	Refer to note 42
Public contributions and donations	-	-	-	67 970	67 970	Refer to note 42
Fines, Penalties and Forfeits	6 299 368	(1 206 663)	5 092 705	2 007 221	(3 085 484)	Refer to note 42
<b>Total revenue from non-exchange transactions</b>	<b>795 612 730</b>	<b>5 125 792</b>	<b>800 738 522</b>	<b>801 656 027</b>	<b>917 505</b>	
<b>Total revenue</b>	<b>1 630 431 878</b>	<b>(55 579 120)</b>	<b>1 574 852 758</b>	<b>1 472 044 128</b>	<b>(102 808 630)</b>	
<b>Expenditure</b>						
Personnel	(552 880 260)	27 955 855	(524 924 405)	(535 950 547)	(11 026 142)	Refer to note 42
Remuneration of councillors	(34 225 062)	-	(34 225 062)	(28 825 984)	5 399 078	Refer to note 42
Depreciation and amortisation	(147 486 190)	(10 786 248)	(158 272 438)	(160 799 224)	(2 526 786)	Refer to note 42
Finance costs	(16 300 464)	10 047 542	(6 252 922)	(18 912 342)	(12 659 420)	Refer to note 42
Lease rentals on operating lease	(15 478 855)	1 219 542	(14 259 313)	(15 423 207)	(1 163 894)	Refer to note 42
Debt Impairment	(50 460 002)	46 460 002	(4 000 000)	(1 586 096)	2 413 904	Refer to note 42
Bulk purchases	(399 186 943)	(13 969 803)	(413 156 746)	(387 728 872)	25 427 874	Refer to note 42
Contracted services	(6 444 494)	(11 821 033)	(18 265 527)	(21 802 686)	(3 537 159)	Refer to note 42
Grants and Subsidies Paid	(82 666 370)	1 718 188	(80 948 182)	(64 922 662)	16 025 520	Refer to note 42
General Expenses	(150 562 451)	17 883 190	(132 679 261)	(263 652 925)	(130 973 664)	Refer to note 42
<b>Total expenditure</b>	<b>(1 455 691 091)</b>	<b>68 707 235</b>	<b>(1 386 983 856)</b>	<b>(1 499 404 545)</b>	<b>(112 420 689)</b>	
<b>Operating deficit</b>	<b>174 740 787</b>	<b>13 128 115</b>	<b>187 868 902</b>	<b>(27 360 417)</b>	<b>(215 229 319)</b>	
Fair value adjustments	-	-	-	11 055 093	11 055 093	Refer to note 42
Inventories losses/write-downs	-	-	-	(19 489 068)	(19 489 068)	
Gains/Loss on disposal of non-current assets	1 814 736	-	1 814 736	(1 086 572)	(2 901 308)	Refer to note 42
	<b>1 814 736</b>	<b>-</b>	<b>1 814 736</b>	<b>(9 520 547)</b>	<b>(11 335 283)</b>	
<b>Deficit before taxation</b>	<b>176 555 523</b>	<b>13 128 115</b>	<b>189 683 638</b>	<b>(36 880 964)</b>	<b>(226 564 602)</b>	

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## 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						
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>176 555 523</b>	<b>13 128 115</b>	<b>189 683 638</b>	<b>(36 880 964)</b>	<b>(226 564 602)</b>	

The accounting policies on pages 12 to 34 and the notes on pages 35 to 64 form an integral part of the annual financial statements.

**AUDITOR GENERAL  
SOUTH AFRICA**

**30 NOV 2022**

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

Figures in Rand	Note(s)	2022	2021
-----------------	---------	------	------

### 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.

#### 1.1 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 the foreseeable future.

#### 1.2 Materiality

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

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

#### 1.3 Significant judgements and sources of estimation uncertainty

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

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

##### Trade receivables and other 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 judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on individual debtor basis, based on historical loss ratios, debtor type and other indicators present at the reporting date that correlate with defaults.

##### Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including municipality specific variables and economic factors.

##### Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 16 - Provisions.



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.3 Significant judgements and sources of estimation uncertainty (continued)

#### Employee benefit obligation

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

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

#### Effective interest rate

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

#### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships.

Additional information is disclosed in Note 56.

#### Useful lives of Property, plant and equipment, Intangible assets and Investment property

The municipality depreciates/amortises its property, plant and equipment, investment property and intangible assets over the estimated useful lives of the assets, taking into account the residual values of the assets at the end of their useful lives, which is determined when the assets are available for use.

The useful lives of assets are based on management's estimation. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets in order to determine the optimum useful life expectation, where appropriate.

The estimation of residual values of assets are based on management's judgement as to whether the assets will be sold or used to the end of their useful lives, and in what condition they will be at that time.

### 1.4 Investment property

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

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

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised. The cost of self-constructed investment property is the cost at the date of completion.

#### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the municipality determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the municipality becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.5 Property, plant and equipment

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

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

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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 except for land and buildings where is carried at revalued amount being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is restated proportionately with the change in the gross carrying amount of the asset so that the carrying amount of the asset after revaluation equals its revalued amount.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

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

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

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

### 1.5 Property, plant and equipment (continued)

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

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

Property, plant and equipment is carried at revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are made with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

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

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

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

Item		Average useful life
Land		Infinite
Buildings	Straight line	5 - 50 years
Plant and machinery	Straight line	5 - 10 years
Furniture and fixtures	Straight line	3 - 5 years
Office equipment	Straight line	5 - 7 years
IT equipment	Straight line	5 - 7 years
Computer software	Straight line	3 - 5 years
- Roads and paving	Straight line	30 years
- Access roads	Straight line	3-10 years
- Pedestrian malls	Straight line	30 years
- Electricity	Straight line	10 - 50 years
- Sewerage	Straight line	15 - 20 years
Community		
- Buildings	Straight line	30 - 50 years
- Recreational equipment	Straight line	20 - 30 years
- Security	Straight line	5 years
- Halls	Straight line	30 years
- Libraries	Straight line	30 - 50 years
- Parks and gardens	Straight line	20 - 30 years
- Sport fields	Straight line	20 - 30 years
Other property, plant and equipment		
- Other vehicles	Straight line	5 years
- Other items of plant and equipment	Straight line	7 - 10 years
- Landfill sites	Straight line	4-30 years
- Fire engines	Straight line	10 - 20 years
Bins and containers	Straight line	5 years
Other leased assets		
- Motor vehicles	Straight line	5-20 years
Laboratory equipment	Straight line	5 - 7 years
Specialised vehicles	Straight line	10 years
Heritage assets		Infinite
Cemetery	Straight line	25 - 30 years
Stadium	Straight line	25 - 30 years

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.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.5 Property, plant and equipment (continued)

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 8).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 8).

### 1.6 Intangible assets

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

An intangible asset is recognised when:

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

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

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

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

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, other	Straight-line	3 - 5 years

---

Intangible assets are derecognised:

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

### 1.7 Heritage assets

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

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.7 Heritage assets (continued)

#### Recognition

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

#### Initial measurement

Heritage assets are measured at cost.

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

#### Subsequent measurement

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

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

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

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

#### Impairment

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

#### Transfers

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

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

#### Derecognition

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

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

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.8 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.

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.

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.

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.8 Financial instruments (continued)

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

#### Classification

The municipality has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	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
Other financial liabilities - Long term	Financial liability measured at amortised cost
Other financial liabilities - short term	Financial liability measured at amortised cost
Payables from exchange transactions	Financial liability measured at amortised cost

### 1.9 Statutory receivables

#### Identification

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

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

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

#### Recognition

The municipality recognises statutory receivables as follows:

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

#### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.9 Statutory receivables (continued)

#### Subsequent measurement

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

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

### 1.10 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

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.

Income for leases is disclosed under revenue in statement of financial performance.

#### Operating leases - lessee

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

### 1.11 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for:

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.12 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term "contractor" thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

### 1.13 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.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.13 Impairment of cash-generating assets (continued)

#### Identification of a potential impairment

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

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

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

#### Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

#### Recognition and measurement (individual asset)

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.13 Impairment of cash-generating assets (continued)

#### Recognition and measurement of cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

#### Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.13 Impairment of cash-generating assets (continued)

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.14 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.

#### Identification

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

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

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

#### Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.14 Impairment of non-cash-generating assets (continued)

#### Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP 21 - Impairment of non - cash generating assets.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

#### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

### 1.15 Share capital / contributed capital

An equity instrument is any contract that evidences a residual interest in the assets of an municipality after deducting all of its liabilities.

### 1.16 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

#### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

#### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

#### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

- as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.16 Employee benefits (continued)

#### Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and
- the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

### 1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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

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

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 44.

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.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

### 1.19 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.

#### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### 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.

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



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.19 Revenue from exchange transactions (continued)

#### Interest, royalties and dividends

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.

Royalties are recognised as they are earned in accordance with the substance of the relevant agreements.

Dividends or similar distributions are recognised, in surplus or deficit, when the municipality's right to receive payment has been established.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

### 1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

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

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

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

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

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

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

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

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

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.20 Revenue from non-exchange transactions (continued)

#### 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.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

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.

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for income tax is the earning of assessable income during the taxation period by the taxpayer.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for customs duty is the movement of dutiable goods or services across the customs boundary.

The taxable event for estate duty is the death of a person owning taxable property.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

#### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

#### Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

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

#### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.20 Revenue from non-exchange transactions (continued)

#### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

### 1.21 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset when it is probable that they will result in future economic benefits or service potential to the municipality, and the costs can be measured reliably. The municipality applies this consistently to all borrowing costs that are directly attributable to the acquisition, construction, or production of all qualifying assets of the municipality. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying asset less any investment income on the temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the municipality on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when all the following conditions have been met:

- expenditures for the asset have been incurred;
- borrowing costs have been incurred; and
- activities that are necessary to prepare the asset for its intended use or sale are undertaken.

Capitalisation ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

All other borrowing costs are recognised as an expense in the period in which they are incurred.

### 1.22 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.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.22 Accounting by principals and agents (continued)

#### Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

#### Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

### 1.23 Comparative figures

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

### 1.24 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.

### 1.25 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.

### 1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.27 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.27 Segment information (continued)

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

#### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

### 1.28 Budget Information

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

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

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

The approved budget covers the fiscal period from 2021/07/01 to 2022/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

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.

### 1.29 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

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

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

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

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Accounting Policies

---

### 1.30 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.

### 1.31 Value added tax (VAT)

The municipality accounts for VAT on an accrual basis and is registered with the South African Revenue Services (SARS) for VAT on the payments (cash) basis, in accordance with Section 15(2) of the VAT Act (Act No. 89 of 1991).

### 1.32 Consumer deposits

Consumer deposits are a partial security for a future payment of an account. All consumers are therefore required to pay a deposit equal to two months consumption of electricity services. Deposits are considered a liability as the deposit is only refunded once the service is terminated. No interest is paid on deposits.

### 1.33 Unspent conditional grants

This is represented funds unspent at the end of the financial year on grants received from national and provincial government or any other external party that can only be spent for the condition for which it was received. The amount is recognised as a current liability until the conditions of the grant are met or the money is transferred back to the funder.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

### 2. Inventories

Land - Held for transfers	194 318 595	123 196 296
Consumables Stores	3 036 814	2 052 070
Electrical Equipment	18 081 404	15 332 616
	<u>215 436 813</u>	<u>140 580 982</u>
Inventories (write-downs)	(19 489 068)	-
	<u>195 947 745</u>	<u>140 580 982</u>

Inventories (material and stores) recognised as an expense during the year 6 201 087 -

In the current year Inventories that related to land held for transfers were written down to net realisable value, due to the valuation roll changes of the values of the properties. The amount of the write down expensed was R19 489 068.

### Properties transferred to beneficiaries

Carrying value of properties transferred to beneficiaries (Donations/Transfer of assets) 24 133 240 -

### 3. Receivables from exchange transactions

Consumer debtors Other	7 983	85 948
Consumables Sundry Debtors	5 833 089	9 389 396
Consumer debtors - Electricity	94 150 558	76 950 659
Consumer debtors - Refuse	238 101 616	217 294 122
Consumer debtors - Rentals	141 359 022	130 202 127
Provision for Impairment	(413 530 859)	(379 799 453)
	<u>65 921 409</u>	<u>54 122 799</u>

### Trade and other receivables pledged as security

The municipality does not have any receivables from exchange transactions that have been pledged as security.

### Fair value of trade and other receivables

Trade and other receivables 65 921 409 54 229 633

The fair value of trade and other receivables from exchange transactions approximates their carrying amount.

### Trade and other receivables past due but not impaired

The normal credit term for the municipality is 30 days. At 30 June 2022, receivables of R 28 200 379 (2021: R 14 024 296) were past due but not impaired.

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

2 months past due	4 066 920	2 514 549
3 months past due	2 705 667	2 345 349
Over 3 months past due	21 427 572	9 164 398

### Trade and other receivables impaired

As of 30 June 2022, trade and other receivables of R 413 530 859 (2021: R 379 799 453) were impaired and provided for.

The ageing of these amounts is as follows:

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>3. Receivables from exchange transactions (continued)</b>		
1 to 3 months	62 725 029	13 789 018
3 to 6 months	19 077 092	9 400 660
Over 6 months	224 441 979	242 883 994
Penalties and Interest	107 286 759	113 725 781
Included in the above are receivables from exchange transactions as follows;		
<b>Electricity -Ageing</b>		
Current	34 280 802	23 132 500
31-60 days	14 417 309	11 088 347
61-90 days	5 975 002	8 311 609
91-120 days	4 631 326	5 451 613
>120 days	25 155 150	18 262 755
Penalties and Interest	6 652 807	5 249 523
Add: Debtors with credit balances	3 038 162	3 110 449
	<b>94 150 558</b>	<b>74 606 796</b>
<b>Refuse - Ageing</b>		
Current	4 135 253	734 048
31-60 days	3 347 605	2 541 979
61-90 days	2 468 841	2 341 249
91-120 days	2 247 728	2 097 624
>120 days	164 975 593	156 592 884
Penalties and Interest	61 199 923	53 490 985
Add: Debtors with credit balances	(234 333)	639 562
	<b>238 140 610</b>	<b>218 438 351</b>
<b>Rentals</b>		
Current	1 382 270	9 504 670
31-60 days	2 070 743	1 320 604
61-90 days	1 265 253	1 016 889
91-120 days	1 076 073	1 195 931
>120 days	93 425 125	79 729 333
Penalties and Interest	55 942 893	54 895 274
Add: Debtors with credit balances	842 958	697 663
	<b>156 005 315</b>	<b>148 360 364</b>
<b>Sundry debtors- Ageing</b>		
Current	-	(3 617 842)
>120 days	822 090	4 553 174
Add: Debtors with credit balances	(1 037)	-
	<b>821 053</b>	<b>935 332</b>
<b>Reconciliation of provision for impairment of trade and other receivables</b>		
Opening balance	379 799 453	380 447 351
Provision for impairment	33 731 406	(647 898)
	<b>413 530 859</b>	<b>379 799 453</b>



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 3. Receivables from exchange transactions (continued)

Summary of debtors by customer classification	Consumers	Industrial/ Commercial	Government	Total
<b>as at 30 June 2022</b>				
Current	4 386 345	20 512 579	5 056 802	29 955 726
31 - 60 days	4 289 921	11 945 923	3 599 814	19 835 658
61 - 90 days	2 977 129	6 044 434	687 530	9 709 093
91 - 120 days	2 753 115	4 710 285	491 726	7 955 126
>120 days	226 792 983	50 882 811	6 879 078	284 554 872
Penalties and interest	100 596 966	21 277 894	1 920 762	123 795 622
	341 796 459	115 373 926	18 635 712	475 806 097
Less provision for impairment	(331 449 134)	(82 081 725)	-	(413 530 859)
Debtor with Credit balances	758 304	2 841 105	46 782	3 646 171
	<b>11 105 629</b>	<b>36 133 306</b>	<b>18 882 474</b>	<b>66 921 409</b>

Summary of debtors by customer classification	Consumers	Industrial/ Commercial	Government	Total
<b>as at 30 June 2021</b>				
Current	7 773 029	16 224 991	4 151 848	28 149 868
31 - 60 days	2 899 536	11 237 111	814 282	14 950 929
61 - 90 days	2 559 211	8 590 000	520 535	11 669 746
91 - 120 days	2 651 914	5 729 565	383 690	8 745 169
>120 days	200 328 325	41 935 669	6 580 784	248 844 778
Penalties and interest	93 013 619	18 968 446	1 653 713	113 635 778
	309 225 634	102 685 782	14 084 852	425 996 268
Less provision for impairment	(310 479 343)	(69 320 109)	-	(379 799 452)
Debtors with credit balances	4 192 509	3 029 550	703 924	7 925 983
	<b>2 938 800</b>	<b>36 395 223</b>	<b>14 788 776</b>	<b>54 122 799</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>4. Receivables from non-exchange transactions</b>		
Impairment	(290 948 698)	(323 094 008)
Government grants and subsidies reclassified from unspent	2 078 301	-
Consumer debtors old balances	(73 977)	130 437
Other receivables from non-exchange revenue	1 098 091	589 099
Consumer debtors - Rates	362 018 893	376 819 473
	<b>74 172 610</b>	<b>54 445 001</b>
<b>Statutory receivables included in receivables from non-exchange transactions above are as follows:</b>		
Taxes	362 018 893	376 819 473
Consumer debtors- old balances	(73 977)	130 437
Grants	2 078 301	-
Impairment	(290 948 698)	(323 094 008)
	<b>73 074 519</b>	<b>63 865 902</b>
<b>Other non-financial asset receivables included in receivables from non-exchange transactions above are as follows:</b>		
Other receivables from non-exchange	1 098 091	589 099
	<b>74 172 610</b>	<b>54 445 001</b>
<b>Total receivables from non-exchange transactions</b>	<b>74 172 610</b>	<b>54 445 001</b>
<b>Statutory receivables general information</b>		
<b>Transaction(s) arising from statute</b>		
Included in Receivables from non-exchange transactions are statutory receivables of 2022: R74 172 610 (2021: R54 445 001)		
Statutory receivables are receivables that arise from legislation, supporting regulations, or similar means, and require settlement by another entity in cash or another financial asset. Property Rates arise from the MUNICIPAL PROPERTY RATES ACT NO. 6 OF 2004 as amended by Municipal Property Rates Amendment Act, No. 29 of 2014. This should be read together with Government Gazette 32081, updated by Government Gazette 38259 dated 28 November 2014. Statutory receivables transaction amounts is determined via the municipalities approved rates policy.		
Impairment of Statutory receivables are assessed based on indicators that exist at each reporting date. These include but not limited to payment history and the customers overall profile.		
Government grants and subsidies relates to the spending on the Small Town Revitalisation grant. The Small Town Revitalisation relates to the Office of The Premier (OTP) grant and the municipality firstly has to submit an invoice for the work done to Office of The Premier before money can be transferred to the municipality. As at 30 June 2022 the work had been done and the money was only transferred after year end by Office of The Premier and hence the receivables is being raised as at year end for the work done.		
<b>Fair value of receivables from non-exchange transactions</b>		
Receivables from non-exchange transactions	74 172 610	54 445 001

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>4. Receivables from non-exchange transactions (continued)</b>		
<b>Receivables from non-exchange transactions past due but not impaired</b>		
Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2022, R 64 948 979 (2021: R 46 083 874) were past due but not impaired.		
The ageing of amounts past due but not impaired is as follows:		
61-90 days past due	4 083 141	1 109 062
91-120 days past due	1 111 700	639 968
Over 121 days past due	47 603 015	36 777 561
Penalties and interest	12 151 123	7 557 283
<b>Receivables from non-exchange transactions impaired</b>		
As of 30 June 2022, other receivables from non-exchange transactions of R 290 948 698 (2021: R323 094 007) were impaired and provided for.		
The amount of the provision was R 290 948 698 as of 30 June 2022 (2021: R (323 094 007)).		
The ageing of these receivables is as follows:		
1 to 3 months	28 850 395	17 999 843
3 to 6 months	10 348 633	11 022 531
Over 6 months	173 582 123	210 537 208
Penalties and interest	78 167 547	83 534 425
<b>Reconciliation of provision for impairment of receivables from non-exchange transactions</b>		
Opening balance	323 094 007	318 124 451
Provision for impairment	(32 145 309)	4 969 556
	<b>290 948 698</b>	<b>323 094 007</b>
<b>5. VAT Payable</b>		
VAT	14 493 649	6 200 285

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>6. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	1 050	1 050
Bank balances	7 739 091	25 310 834
Own investments- Short term	4 490 033	4 487 484
Other cash and cash equivalents	4 514 280	20 590 339
	<b>16 744 464</b>	<b>50 389 717</b>

### Pledged as security

The municipality has ceded an investment equivalent to the principal loan amount plus interest calculated up to September 2003 in favour of the DBSA loan 10875/102.

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

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

### Cash and cash equivalents pledged as collateral

### The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2022	30 June 2021	30 June 2020	30 June 2022	30 June 2021	30 June 2020
FNB Call Account 62090323638	2 062 677	818 252	1 735 119	2 062 677	818 252	2 714 957
Electricity						
ABSA Call Account 4061496604	1 135 287	1 843 694	10 919 767	1 135 287	1 843 694	10 271 210
Electricity						
ABSA Cheques Account	684 092	419 239	958 448	684 092	419 239	958 448
4048218780 General						
Self Insurance Reserve (Hollard Insurance Company Account- Experience )	3 881 761	3 834 198	3 801 159	3 881 761	3 834 198	3 801 159
ABSA Call Account MTAB 9061832550	49 714	48 447	47 182	49 714	48 447	47 182
Unclaimed Group Life Insurance	2 279	2 847	6 600	2 279	2 847	6 637
ABSA 9057846202						
ABSA Target Save - Various Accounts	231 308	224 364	217 583	231 308	224 364	217 583
Investic Bank Invest 1100456924	295 546	284 732	275 321	295 546	284 732	275 321
ABSA Call Account KSD Election 9260118862	133 627	130 075	126 596	133 627	130 075	126 596
ABSA Call Account Mqanduli Milling 9118441412	-	-	3 276	-	-	3 173
ABSA Call Account Rural Planning 9260110101	154 835	150 719	146 688	154 835	150 719	146 688
ABSA Call Account Organogram Dev 9260110397	9 609	9 523	9 580	9 609	9 523	9 580
ABSA Call Account Mqanduli Middle Income 9095799392	60 382	58 843	57 306	60 382	58 843	57 306
FNB Cheque 62471836513 Main	3 412 408	22 228 069	683 111	3 844 288	22 602 611	25 834
FNB Call 62480366345 DOE	64 879	62 735	60 871	64 879	62 735	60 871
Electrification						
FNB Call 62480370031 FMG	423 086	1 120 198	1 351 704	423 086	1 120 198	1 351 704
FNB Call Account 62480368838	130 395	27 567	76 897	130 395	27 567	76 897
MIG Account UCCMIP						
FNB Call Account 62480372863 Library	10 666	10 313	54 849	10 666	10 313	54 849

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand					2022	2021
<b>6. Cash and cash equivalents (continued)</b>						
FNB Call Account 62486520151	54 843	2 835 936	30 799	54 843	2 835 936	30 799
Infrastructure Skill Dev						
FNB Call Account 62504444639	17 586	17 487	17 443	17 586	17 487	17 443
DOT Taxi Rank						
FNB Call Account 62523941070	80 919	78 231	75 909	80 919	78 231	75 909
New Brighton						
FNB Call Account 62523942408 Kei Rail	3 245 564	15 820 071	12 500	3 245 564	15 820 071	12 500
FNB Call Account 62559404092	79 138	141 001	93 499	79 138	141 001	93 499
Asset Financing						
FNB Call Account 62709676582 (DOT Payover Account)	(19 096)	28 948	2 163 934	(19 096)	28 948	2 163 475
FNB Cheque Account 62810898487 Micros	31 842	600 994	314 056	31 842	600 994	304 806
FNB Cheque Account 62856124161 Covid Account	22 678	168 886	3 277 000	22 678	168 886	3 277 000
FNB - Money on call Account 62857329364 Demand Side Management	55 552	54 353	-	55 552	54 353	-
<b>Total</b>	<b>16 311 577</b>	<b>51 019 722</b>	<b>26 517 197</b>	<b>16 743 457</b>	<b>51 394 264</b>	<b>26 181 426</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 7. Investment property

	2022			2021		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	336 204 880	-	336 204 880	333 328 826	-	333 328 826

#### Reconciliation of investment property - 2022

	Opening balance	Reclassification to Inventory	Fair value adjustments	Total
Investment property	333 328 826	(8 179 039)	11 055 093	336 204 880

#### Reconciliation of investment property - 2021

	Opening balance	Fair value adjustments	Fair value adjustments	Total
Investment property	321 499 845	.	11 828 981	333 328 826

#### Pledged as security

The municipality does not have any investment property that is pledged as security:

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.

#### Details of valuation

The effective date of the revaluations was Thursday, 30 June 2022. Revaluations were performed by an independent valuer, Mr Zack van der Merwe, and registered as a professional valuer in terms of the Valuers Act (Registration No 4973/1).

The valuation was based on open market value for existing use.

## King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 8. Property, plant and equipment

	2022		2021	
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation
Land	286 558 281	-	286 558 281	335 472 987
Buildings	390 754 890	(109 895 389)	280 859 501	287 807 774
Infrastructure	3 192 486 703	(2 075 945 003)	1 116 541 700	3 122 473 641
Community	392 789 223	(136 019 156)	256 780 067	396 324 488
Other property, plant and equipment	54 835 442	(27 403 286)	27 432 156	50 319 648
Work in Progress	166 960 686	-	166 960 686	129 683 912
Specialised vehicles	177 446 676	(117 560 369)	59 886 307	152 315 365
<b>Total</b>	<b>4 661 841 901</b>	<b>(2 466 823 203)</b>	<b>2 195 018 698</b>	<b>4 474 197 825</b>
				<b>(2 314 963 147)</b>
				<b>2 159 234 678</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 8. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers out to	Reclassification	Revaluations	Transfers	Depreciation	Total
Land	335 472 997	-	-	-	(87 076 500)	38 161 784	-	-	286 558 281
Buildings	189 696 232	-	(1 007 843)	-	-	105 111 616	-	(12 940 504)	280 859 501
Infrastructure	1 153 521 239	2 608 971	-	-	-	-	67 404 091	(108 982 601)	1 116 541 700
Community	268 559 341	-	-	-	-	-	3 826 039	(16 605 313)	256 780 067
Other property, plant and equipment	26 037 499	4 656 364	(97 722)	-	-	-	-	(3 163 985)	27 432 156
Work In Progress	128 683 912	120 737 536	-	(12 230 632)	-	-	(71 230 130)	-	166 960 686
Specialised vehicles	55 263 458	25 131 311	-	-	-	-	-	(20 508 462)	59 886 307
	<b>2 159 234 678</b>	<b>153 134 182</b>	<b>(1 105 565)</b>	<b>(12 230 632)</b>	<b>(87 076 500)</b>	<b>143 273 400</b>	<b>-</b>	<b>(160 210 865)</b>	<b>2 195 018 698</b>

#### Reconciliation of property, plant and equipment - 2021

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land	336 036 497	-	(563 500)	-	-	335 472 997
Buildings	194 875 256	8 692 558	(868 998)	-	(13 004 584)	189 696 232
Infrastructure	1 095 036 592	5 047 479	(279 068)	159 769 626	(106 043 290)	1 153 521 239
Community	277 821 098	35 826	-	8 083 789	(16 381 372)	269 559 341
Other property, plant and equipment	7 283 084	5 570 755	(56 756)	16 816 807	(3 576 371)	28 037 499
Work In Progress	199 455 215	114 888 819	-	(184 660 122)	-	129 683 912
Specialised vehicles	81 855 742	19 925	(990 130)	-	(25 622 079)	55 263 458
	<b>2 192 363 484</b>	<b>134 266 362</b>	<b>(2 756 452)</b>	<b>-</b>	<b>(164 627 696)</b>	<b>2 159 234 678</b>



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 8. Property, plant and equipment (continued) Pledged as security

The municipality has ceded to DBSA all rights, title and interest to residential properties owned by it valued at approximately R12 million in relation to the DBSA loan 13335/201.

#### Details of Work In Progress

Community Assets	-	2 725 629
Infrastructure Assets	-	126 958 283
	-	<b>129 683 912</b>

#### WIP Slow moving / Halted projects during the year

Project Name	Project: Start Date	Project: End Date	Reasons for delays	Expenditure to date
The Construction of Mincakathini to Pheheya ko Lwalwa Access Roads	17/06/2020	17/06/2021	Contractor was on hold due to borrow pit issues, and when the contractor went to site performed	2 237 682
Mxambule to Jijweni Access Road	28/10/2019	28/09/2020	The project was delayed by the poor performance of the contractor, the project is currently under penalties.	5 003 927
				<b>7 241 609</b>

#### Compensation received for losses on property, plant and equipment – Included in operating profit.

#### Assets subject to finance lease

Included under specialised motor vehicles are 87 vehicles which are under finance lease from Wesbank/FNB with a total carrying amount of R32 477 412 (2021: R55 265 917). Refer to Note 13 "Finance Lease Obligation" for additional information.

#### Revaluations

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 8. Property, plant and equipment (continued)

Land, buildings are re-valued independently after 3 - 5 years. The last revaluation of assets was June 2022. These assumptions used were based on current market conditions.

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..

#### Property, plant and equipment in the process of being constructed or developed

#### Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance  
General expenses (Note 39)

78 540 172	-
------------	---

---

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.

~

## King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

#### 9. Intangible assets

	2022		2021			
Cost / Valuation	Accumulated amortisation and impairment	Carrying value	Cost / Valuation	Accumulated amortisation and impairment	Carrying value	
Computer software, other	4 011 825	(2 834 474)	1 177 351	4 011 825	(2 245 799)	1 766 026

#### Reconciliation of intangible assets - 2022

Computer software, other	Opening balance	1 766 026	Depreciation	(588 675)	Total	1 177 351
--------------------------	-----------------	-----------	--------------	-----------	-------	-----------

#### Reconciliation of intangible assets - 2021

Computer software, other	Opening balance	1 589 760	Additions	362 848	Depreciation	(206 582)	Total	1 766 026
--------------------------	-----------------	-----------	-----------	---------	--------------	-----------	-------	-----------

#### Pledged as security

The municipality does not have any intangible assets that are pledged as security.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 10. Heritage assets

	2022		2021			
	Cost / Valuation	Accumulated Impairment losses	Carrying value	Cost / Valuation	Accumulated Impairment losses	Carrying value
Recreational parks	3 201 000	-	3 201 000	3 201 000	-	3 201 000

### Reconciliation of heritage assets 2022

Recreational parks	Opening balance	Total
	3 201 000	3 201 000

### Reconciliation of heritage assets 2021

Recreational parks	Opening balance	Total
	3 201 000	3 201 000

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>11. Other financial liabilities</b>		
<b>At amortised cost</b>		
Annuity Loan DBSA	9 941 145	12 136 362
<p>DBSA loan 61001245 was redeemable in March 2018 and borrowing rate is 15%. DBSA loan 61003135 is redeemable in December 2020 and borrowing rate is based on the 6 month JIBAR + Margin rate. DBSA loan 61001048 is redeemable in 2026 and a borrowing rate is 6.75 %.</p>		
<b>At amortised cost</b>		
Annuity Loan PIC	-	-
<b>Non-current liabilities</b>		
Designated at amortised cost	6 363 968	8 418 165
<b>Current liabilities</b>		
Designated at amortised cost	3 577 177	3 718 197

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>12. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	28 014 357	27 345 008
- in second to fifth year inclusive	6 689 120	34 838 445
	<b>34 703 477</b>	<b>62 183 453</b>
less: future finance charges	(2 226 065)	(6 917 536)
<b>Present value of minimum lease payments</b>	<b>32 477 412</b>	<b>55 265 917</b>
<b>Present value of minimum lease payments due</b>		
- within one year	25 954 244	22 700 750
- in second to fifth year inclusive	6 523 168	32 565 167
	<b>32 477 412</b>	<b>55 265 917</b>
Non-current liabilities	6 523 168	32 565 167
Current liabilities	25 954 244	22 700 750
	<b>32 477 412</b>	<b>55 265 917</b>

The Wesbank/FNB motor vehicle finance lease contract was entered into during 2018 financial year. The finance lease period is for 5 years and each vehicle's period of lease begins on the delivery date and expires after 5 years. The finance lease balance is R32 477 412 (2021: R55 265 917) and attracts an average interest rate of 10.850% (2020: 10.850%) per annum.

The above was a facility of R120 million.

### 13. Payables from exchange transactions

Trade payables	250 237 980	225 260 045
Whirlprops Creditors	7 526 292	7 519 298
Operating lease smoothing	21 578	21 571
Deferred interest	20 615	20 615
Salaries - Staff Allowances	6 297 259	3 464 668
Income Received In Advance	3 171 071	3 028 852
Salary payovers	1 744 319	25 091 988
Staff Prepaid Houses	1 075 999	1 075 999
Study Loans	23 868	23 866
Retentions	24 704 357	20 329 888
Staff Debtors	-	332 274
Unknown Deposits	6 510 526	2 012 827
Insurance Claims	2 500	2 500
Other payables	33 988 483	28 816 965
Deposits received	1 785 894	1 340 154
Accrued expense	15 876 964	28 442 304
Accrued Leave Pay and Bonus	50 659 924	51 590 753
Unclaimed Group Life	2 014 240	2 014 592
	<b>405 661 887</b>	<b>400 386 969</b>

The fair value of Trade and other payables approximates the carrying amount.

### 14. Consumer deposits

Electricity	25 671 028	24 215 909
-------------	------------	------------

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>16. Unspent conditional grants and receipts</b>		
<b>Unspent conditional grants and receipts comprises of:</b>		
<b>Unspent conditional grants and receipts</b>		
Municipal Infrastructure Grant	-	(1 739 527)
Provincial: Department of Housing	333 652	333 652
Provincial: Rural Planning and Survey	126 943	126 943
Provincial: KSD Elections- Road Maintenance	109 543	109 543
Infrastructure Skills Development	-	(166 822)
Human Settlements Projects	11 429 691	17 645 675
Provincial : Organogram Development	294 477	294 477
Provincial: MTAB Grant	514 265	514 265
Provincial : Department of Transport- Taxi Rank	7 236 277	7 236 277
	<b>20 044 848</b>	<b>24 354 683</b>

### Movement during the year

Balance at the beginning of the year	24 354 683	14 967 506
Additions during the year	126 870 296	119 141 134
Income recognition during the year	(132 258 432)	(106 265 033)
Roll-over disallowed	-	(3 488 924)
Grants reclassified to receivables from non-exchange transactions	2 078 301	-
	<b>20 044 848</b>	<b>24 354 683</b>

Grants reclassified to receivables from non-exchange transactions relates to the spending on the Small Town Revitalisation grant. The Small Town Revitalisation relates to the Office of The Premier (OTP) grant and the municipality firstly has to submit an invoice for the work done to Office of The Premier before money can be transferred to the municipality. As at 30 June 2022 the work had been done and the money was only transferred after year end by Office of The Premier and hence the receivables is being raised as at year end.

### 16. Provisions

#### Reconciliation of provisions - 2022

	Opening Balance	Additions	Total
Provision for long service awards - Current Portion	2 459 000	(87 000)	2 372 000
Provision for long service awards - Non Current Portion	18 340 000	2 747 000	21 087 000
Environmental rehabilitation	30 901 095	1 699 560	32 600 655
	<b>51 700 095</b>	<b>4 359 560</b>	<b>56 059 655</b>

#### Reconciliation of provisions - 2021

	Opening Balance	Additions	Total
Provision for long service awards - Current Portion	4 030 000	(1 571 000)	2 459 000
Provision for long service awards - Non Current Portion	17 255 000	1 085 000	18 340 000
Environmental Rehabilitation	29 290 138	1 610 957	30 901 095
	<b>50 575 138</b>	<b>1 124 957</b>	<b>51 700 095</b>

Non-current liabilities	53 687 655	49 241 095
Current liabilities	2 372 000	2 459 000
	<b>56 059 655</b>	<b>51 700 095</b>

#### Environmental rehabilitation provision

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 16. Provisions (continued)

The provision relates to the rehabilitation of landfill sites. The operation of a landfill results in an obligation to rehabilitate the landfill and prevent any further pollution after closure thereof in terms of section 28 of the National Environmental Management Act, Act 107 of 1998, sections 3(14) – (16) and 4 (10) of Government Notice 718 of 3 July 2009, and the landfill permits issued under section 20 of the Environment Conservation Act, Act 73 of 1989, or the waste management licenses issued under section 50 of the National Environmental Management: Waste Act, Act 59 of 2008.

The municipality has two landfill sites (Mhatha and Mqanduli landfill site). At the current valuation date, 30 June 2022, the expected life of the Mhatha and Mqanduli landfill sites is projected to be +/-3 and +/- 3 years respectively .

The Landfill Rehabilitation Provision was calculated by external valuer Enzokuhle Enterprises.

#### Provision for long service awards

Service cost increased the liability by R2 583 000. Interest cost over the valuation period resulted in an increase in liability by R2 860 000. Some of the employees attained milestones during the valuation period and this resulted in bonus payments of R2 459 000 which reduced the accrued liability by the same margin.

The average liability has increased by 8% since the last valuation due to:

- a increase in the average earnings,
- This impact was partially offset by an increase in the net discount rate and a decrease in average past service.

The total liability has increased by 13% (or R 2,660,000) due to the above, combined with the fact that there are 53 more eligible employees than at the last valuation.

	2022	2021
Provision for long service award		
Opening net liability	20 799 000	21 285 000
Service cost	2 583 000	2 517 000
Interest cost	1 775 000	1 344 000
Actuarial gain/ (loss)	761 000	(317 000)
Bonus Paid	(2 459 000)	(4 030 000)
	23 459 000	20 799 000

### 17. Revaluation reserve

Opening balance	383 988 031	383 988 031
Change during the year	143 273 400	-
	527 261 431	383 988 031

The revaluation reserve arises out of revaluation of land and buildings.

### 18. Self insurance reserve

The self-insurance reserve is established to cater for declined or disputed insurance claims.

Opening balance	3 834 223	3 801 186
Movement in self insurance reserve	47 563	33 036
	3 881 786	3 834 223

### 19. Service charges

Sale of electricity	503 570 181	439 127 277
Refuse removal	58 882 265	56 562 628
	562 452 446	495 689 905



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>19. Service charges (continued)</b>		
<b>20. Rental of facilities and equipment</b>		
<b>Premises</b>		
Rental of facilities	213 442	79 171
Rental of Equipment	1 862 044	1 658 870
Premises	15 946 846	11 184 125
	<b>18 022 332</b>	<b>12 920 166</b>
<b>21. Licences and permits</b>		
Permits - Vending and Hawking	44 883	96 108
Motor vehicle registration fees	9 156 582	9 872 187
Licence fees - Drivers Licence	3 632 586	4 258 047
Licence fees - Business	474 081	776 627
Vehicle Examination R/Worthy Fee	152 476	-
	<b>13 460 587</b>	<b>15 002 969</b>
<b>22. Other Income</b>		
Building plan approvals	1 632 283	1 520 540
Call out revenue	280 615	212 673
Disconnection fees	3 059 594	4 278 122
Library fees	18 510	10 104
Department of Transport SLA - Roads	11 362 908	10 072 597
Insurance Claims	481 846	337 674
Meter testing	2 721 011	2 144 294
Sundry income	820 528	522 922
SARS Recoveries	22 810 120	-
Fire levy and other fees earned	9 856 499	9 689 906
Printing and stationery recoveries	-	13 454
Amatola Water Board	-	17 559 219
	<b>53 023 913</b>	<b>46 361 505</b>
<b>23. Interest revenue</b>		
<b>Interest revenue</b>		
Interest from investments and bank	1 062 816	1 361 235
Interest charged on receivables from exchange transactions	22 366 007	21 447 935
Interest charged on receivables from non exchange transactions	15 528 926	20 608 558
	<b>38 957 749</b>	<b>43 417 728</b>
<b>24. Fair value adjustments</b>		
Investment property (Fair value model)	11 055 093	11 828 981
<b>25. Property rates</b>		
<b>Rates received</b>		
State	100 064 372	83 022 102

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>25. Property rates (continued)</b>		
Residential	74 146 072	56 448 658
Commercial	110 997 987	106 175 079
Municipal - parking	245 332	178 658
	<b>285 453 763</b>	<b>245 824 497</b>

### Valuations

Residential	8 600 625 000	7 099 007 000
Commercial	8 710 320 000	6 244 511 600
State	3 703 110 000	2 781 171 000
Municipal	1 982 130 000	1 231 096 000
Small holdings, farms and agriculture	9 160 000	5 033 000
Places of public worship	173 380 000	216 305 000
Vacant Land	291 740 000	1 076 652 500
Public Benefit organisation	223 830 000	178 146 000
	<b>21 694 295 000</b>	<b>18 831 922 100</b>

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2021. Supplementary valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions. The next general valuation will come into effect in July 2023 due to the previous extension that were granted.

### 26. Government grants and subsidies

#### Operating grants

Equitable share	365 575 000	427 510 644
VAT Operational	309 070	264 832
Library Grant	1 750 000	1 750 000
Expanded Public Program Grant	3 784 000	3 810 176
SETA Grant	784 715	-
Various grants	-	2 173 913
MIG	3 958 942	4 479 717
FMG	2 489 400	2 429 509
Infrastructure Skills Development	5 184 807	5 405 559
	<b>383 796 034</b>	<b>447 624 350</b>

#### Capital grants

MIG	73 206 534	72 499 027
VAT Capital	14 306 061	9 901 209
Small Town Revitalisation	12 960 424	-
Human Settlement	14 329 094	8 048 533
DOE Grant	-	1 484 927
	<b>114 802 113</b>	<b>91 933 696</b>
	<b>498 598 147</b>	<b>539 558 046</b>

#### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	-	-
Various conditional grants received	105 447 592	101 881 361
VAT Operational	309 070	264 832

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Government grants and subsidies (continued)</b>		
VAT Capital	14 306 061	9 901 209
<b>Unconditional grants received</b>		
Equitable share	365 575 000	427 510 644
Small town revitalisation	12 960 424	-
	<b>498 598 147</b>	<b>539 558 046</b>
<b>Equitable Share</b>		
In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.		
All registered indigents receive a monthly subsidy of R 10 222 330 - (2021: R10 222 330 -), which is funded from the grant.		
<b>Human Settlements ISUP</b>		
Balance unspent at beginning of year	17 645 675	3 379 074
Current-year receipts	8 113 109	22 315 134
Conditions met - transferred to revenue	(14 329 093)	(8 048 533)
	<b>11 429 691</b>	<b>17 645 675</b>
Conditions still to be met - remain liabilities (see note15).		
<b>Electricity Demand Site Management</b>		
Balance unspent at beginning of year	-	32 394
Current-year receipts	-	-
Other	-	(32 394)
	-	-
Conditions still to be met - remain liabilities (see note15).		
<b>Provincial: MTAB Grant</b>		
Balance unspent at beginning of year	514 265	514 265
Current-year receipts	-	-
	<b>514 265</b>	<b>514 265</b>
Conditions still to be met - remain liabilities (see note15).		
<b>Municipal Infrastructure Grant</b>		
Balance unspent at beginning of year	(1 739 527)	(384 831)
Current-year receipts	91 267 000	84 641 000
Conditions met - transferred to revenue	(89 527 473)	(85 995 896)
	-	(1 739 527)
Conditions still to be met - remain liabilities (see note15).		
<b>National: Financial Management Grant</b>		
Balance unspent at beginning of year	-	1 351 704
Current-year receipts	2 650 000	2 500 000

# King Sabata DalIndyabo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Government grants and subsidies (continued)</b>		
Conditions met - transferred to revenue	(2 650 000)	(2 500 000)
Roll over not approved	-	(1 351 704)
	-	-
Conditions still to be met - remain liabilities (see note15).		
<b>Provincial: Rural planning &amp; survey</b>		
Balance unspent at beginning of year	126 943	128 943
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>126 943</b>	<b>126 943</b>
Conditions still to be met - remain liabilities (see note15).		
<b>Provincial: KSD Elections- Road Maintenance</b>		
Balance unspent at beginning of year	109 543	109 543
Current-year receipts	-	-
Conditions met - transferred to revenue	-	-
	<b>109 543</b>	<b>109 543</b>
Conditions still to be met - remain liabilities (see note15).		
<b>Department of Housing and Local Government</b>		
Balance unspent at beginning of year	333 652	333 652
Current-year receipts	-	-
	<b>333 652</b>	<b>333 652</b>
Conditions still to be met - remain liabilities (see note16).		
<b>Library Grant</b>		
Current-year receipts	1 750 000	1 750 000
Conditions met - transferred to revenue	(1 750 000)	(1 750 000)
	-	-
Conditions still to be met - remain liabilities (see note15).		
<b>Infrastructure Skills Development</b>		
Balance unspent at beginning of year	(166 622)	2 104 825
Current-year receipts	5 500 000	5 435 000
Conditions met - transferred to revenue	(5 333 378)	(5 801 622)
Roll over not approved	-	(2 104 825)
	-	<b>(166 622)</b>
Conditions still to be met - remain liabilities (see note15).		

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>26. Government grants and subsidies (continued)</b>		
<b>Organogram Development Grant</b>		
Balance unspent at beginning of year	294 477	294 477
Conditions still to be met - remain liabilities (see note15).		
<b>Department of Transport</b>		
Balance unspent at beginning of year	7 236 277	7 236 277
Conditions still to be met - remain liabilities (see note15).		
<b>Small Town Revitalisation</b>		
Current-year receipts	12 826 186	-
Conditions met - transferred to revenue	(14 904 487)	-
Reclassification to receivable from non-exchange transaction	2 078 301	-
	-	-
Conditions still to be met - remain liabilities (see note15).		
<b>National: Department of Energy - Electrification Projects</b>		
Balance unspent at beginning of year	-	(131 017)
Current-year receipts	-	2 500 000
Conditions met - transferred to revenue	-	(6 777 766)
Prior year grant exceeded	-	4 408 783
	-	-
There was no budget allocated to the municipality in the 2021/22 financial year as per DORA.		
<b>Expanded Public Works Programme</b>		
Current-year receipts	3 764 000	-
Conditions met - transferred to revenue	(3 764 000)	-
	-	-
Conditions still to be met - remain liabilities (see note 15).		
Provide explanations of conditions still to be met and other relevant information.		
<b>Changes in level of government grants</b>		
Based on the allocations set out in the Division of Revenue Act, no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.		
<b>27. Fines, Penalties and Forfeits</b>		
Service Provider Traffic Fines	35 128	58 604
Municipal Traffic Fines	1 565 000	4 079 869
Tender Withdrawal Penalties	85 200	10 000

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>27. Fines, Penalties and Forfeits (continued)</b>		
Fines, Penalties and Forfeits 1	321 893	-
	<b>2 007 221</b>	<b>4 148 473</b>

All outstanding traffic fines have been impaired due to uncertainty of recovery, these debts by their nature can be contested in the courts or through application of fine relief.

### 28. Public contributions and donations

Public contributions and donations	67 970	11 969 770
------------------------------------	--------	------------

The 2022 donations received were assets donated by SALGA and Department of Forestry, Fisheries and the Environment to the Municipality.

### 29. Lease rentals on operating lease

<b>Premises</b>		
Contractual amounts	2 156 854	557 997
<b>Motor vehicles</b>		
Contractual amounts	10 621 901	4 485 238
<b>Equipment and other</b>		
Contractual amounts	2 644 452	2 864 613
	<b>15 423 207</b>	<b>7 907 848</b>

The 2021 figures were reclassified between premises, motor vehicles and equipment to ensure correct allocation. The total balance of the leases was not changed.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>30. Revenue</b>		
Service charges	562 452 446	495 689 905
Rental of facilities and equipment	18 022 332	12 920 166
Licences and permits	13 460 587	15 002 969
Other income	53 023 913	46 361 505
Interest revenue - exchange transactions	23 428 823	22 809 170
Property rates	285 453 763	245 824 497
Interest revenue - non-exchange transactions	15 528 926	20 608 558
Government grants & subsidies	498 598 147	539 558 046
Public contributions and donations	67 970	11 969 770
Fines, Penalties and Forfeits	2 007 221	4 148 473
Fair value adjustment	11 055 093	11 828 981
	<b>1 483 099 221</b>	<b>1 426 722 040</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Service charges	562 452 446	495 689 905
Rental of facilities and equipment	18 022 332	12 920 166
Licences and permits	13 460 587	15 002 969
Other income	53 023 913	46 361 505
Interest received	23 428 823	22 809 170
Fair value adjustment	11 055 093	11 828 981
	<b>681 443 194</b>	<b>604 612 696</b>
<b>The amount included in revenue arising from non-exchange transactions is as follows:</b>		
<b>Taxation revenue</b>		
Property rates	285 453 763	245 824 497
Interest, Dividends and Rent on Land	15 528 926	20 608 558
<b>Transfer revenue</b>		
Financial Assistance	498 598 147	539 558 046
Public contributions and donations	67 970	11 969 770
Other transfer revenue	2 007 221	4 148 473
	<b>801 656 027</b>	<b>822 109 344</b>
<b>31. Employee related costs</b>		
Basic	323 929 258	302 289 797
Acting allowances	2 457 683	3 424 347
Overtime payments	25 634 974	29 352 514
Bonus- Annual Leave	24 049 029	22 207 160
Medical aid - company contributions	27 467 670	25 737 769
Pension and Provident Fund Contribution	50 070 982	46 159 593
UIF	2 916 133	2 707 539
WCA	3 920 501	190 300
SDL	559 572	418 297
Leave pay provision charge	4 328 976	4 084 233
Travel, motor car, accommodation, subsistence and other allowances	25 042 925	21 832 239
Long-service awards	9 508 539	5 985 167
Housing benefits and allowances	25 757 769	26 756 664
Termination benefits	10 306 536	8 553 058
	<b>535 950 547</b>	<b>499 698 677</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>31. Employee related costs (continued)</b>		
<b>Remuneration of municipal manager - Mr N Pakade</b>		
Annual Remuneration	907 082	1 108 655
Contributions to UIF, Medical and Pension Funds	122 125	81 813
Other	522 625	385 917
	<b>1 551 832</b>	<b>1 576 385</b>
<b>Remuneration of chief finance officer - Mr EF Jiholo</b>		
Annual Remuneration	856 476	856 476
Contributions to UIF, Medical and Pension Funds	2 125	1 813
Other	591 708	585 082
	<b>1 450 309</b>	<b>1 443 371</b>
<b>Remuneration of Director: Community Services - Mr LP Maka</b>		
Annual Remuneration	1 427 459	1 427 459
Contributions to UIF, Medical and Pension Funds	2 125	1 813
Other	22 592	26 502
	<b>1 452 176</b>	<b>1 455 774</b>
<b>Remuneration of Director: Corporate services - Mr S Nodo</b>		
Annual Remuneration	758 664	758 664
Performance Bonuses	-	17 273
Contributions to UIF, Medical and Pension Funds	234 967	234 655
Other	288 689	279 395
	<b>1 282 320</b>	<b>1 289 987</b>
<b>Remuneration of Director: Local Economic Development - Mr AO Pantshwa</b>		
Annual Remuneration	918 553	918 553
Contributions to UIF, Medical and Pension Funds	80 125	79 813
Other	605 228	597 276
	<b>1 603 906</b>	<b>1 595 642</b>
<b>Remuneration of Director : Human Settlements- Miss GR Tobia</b>		
Annual Remuneration	1 207 460	603 730
Contributions to UIF, Medical and Pension Funds	2 125	921
Other	16 509	6 037
	<b>1 226 094</b>	<b>610 688</b>



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

---

	2022	2021
--	------	------

---

### 31. Employee related costs (continued)

#### Remuneration of Director : Infrastructure : Mr Mngokoyi

Annual Remuneration	758 664	758 664
Performance Bonuses	-	8 074
Contributions to UIF, Medical and Pension Funds	315 156	314 843
Other	218 870	212 413
	<b>1 292 690</b>	<b>1 293 994</b>

---

#### Remuneration of Director: Public Safety - Mr D Kettledas

Annual Remuneration	1 241 269	1 206 856
Contributions to UIF, Medical and Pension Funds	2 125	1 813
Other	11 394	9 309
	<b>1 254 788</b>	<b>1 217 978</b>

---

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>32. Remuneration of councillors</b>		
Mayor - GN Nelani	938 730	941 115
Speaker - Siyo- Sokutu (New)	484 870	-
Speaker - TG Maqoko (Out-going)	276 384	762 187
Chief Whip : Mr B Mlanjeni (New)	455 160	-
Chief Whip : Mr M Nyoka (Out-going)	260 127	719 304
Executive committees	6 216 766	6 961 688
Other Councillors	19 993 947	18 870 786
	<b>28 626 984</b>	<b>28 255 080</b>
<b>Executive Mayor- Mr Nelani</b>		
Basic	856 512	893 850
Backpay paid and also due at year end	37 818	-
Cellphone	40 800	40 800
Data card	3 600	3 600
Solidarity Refund	-	2 865
	<b>938 730</b>	<b>941 115</b>
<b>Speaker : Mrs N Siyo-Sokutu</b>		
Basic	434 415	-
Backpay paid and also due at year end	21 842	-
Cellphone	26 293	-
Data Cards	2 320	-
	<b>484 870</b>	<b>-</b>
<b>Speaker : Miss TG Maqoko</b>		
Basic	254 250	715 078
Backpay paid and also due at year end	6 347	-
Cellphone	14 507	40 800
Subsistence Allowance	-	417
Data Cards	1 280	3 600
Solidarity Refund	-	2 292
	<b>276 384</b>	<b>762 187</b>
<b>Chief Whip : Mr B Mlanjeni</b>		
Basic	408 345	-
Backpay paid and also due at year end	18 202	-
Cellphone	26 293	-
Data Cards	2 320	-
	<b>455 160</b>	<b>-</b>
<b>Chief Whip : Mr M Nyoka</b>		
Basic	238 360	670 387
Backpay paid and also due at year end	5 980	-
Cellphone	14 507	40 800
Subsistence Allowance	-	2 368
Data Cards	1 280	3 600
Solidarity Refund	-	2 149

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>32. Remuneration of councillors (continued)</b>		
	<b>260 127</b>	<b>719 304</b>
<b>Executive Committees</b>		
Basic	5 411 731	6 160 596
Backpay paid and also due at year end	188 083	-
Cellphone	398 214	448 800
Solidarity refund	-	7 892
Data Card	34 960	39 600
Travelling	183 989	304 800
Subsistence allowance	1 789	-
	<b>6 216 766</b>	<b>6 961 688</b>
<b>Other Councillors</b>		
Basic	16 329 075	15 626 084
Backpay paid and also due at year end	297 384	-
Cellphone	2 394 449	2 310 684
Data card	214 623	203 884
Solidarity refund	-	27 149
Travelling and subsistence	764 202	702 986
	<b>19 999 733</b>	<b>18 870 787</b>
<b>In-kind benefits</b>		
The Executive Mayor, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Executive Mayor and the Speaker of the Council have the use of separate Council owned vehicles for official duties.		
The current Executive Mayor, Speaker and Chief Whip were appointed from November 2021.		
<b>33. Depreciation and amortisation</b>		
Property, plant and equipment	160 210 549	164 629 624
Intangible assets	588 675	206 582
	<b>160 799 224</b>	<b>164 836 406</b>
<b>34. Finance costs</b>		
Interest on overdue accounts trade and other payables	11 924 271	19 665 326
Borrowings	5 288 511	7 865 780
Interest on provision landfill site	1 699 560	1 610 958
	<b>18 912 342</b>	<b>29 142 064</b>
<b>35. Debt impairment</b>		
Impairment of debtors	1 586 096	4 321 658
<b>36. Bulk purchases</b>		
Electricity - Eskom	387 728 872	322 019 740

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>37. Contracted services</b>		
<b>Presented previously</b>		
Information Technology Services	6 941 376	6 013 200
Specialist Services	4 410 670	3 259 229
Other Contractors	10 450 640	7 448 349
	<b>21 802 686</b>	<b>16 720 778</b>
<b>38. Grants and Subsidies paid</b>		
<b>Other subsidies</b>		
Other grants	441 655	245 790
Municipal systems improvement grant	-	600 231
Council ward committees	10 067 091	10 620 600
SETA	-	29 204
Bursaries	330 800	764 621
Community participation	5 125 959	3 871 520
Public expense	1 981 028	1 800 515
Expanded Public works program	7 439 661	7 136 694
Department of Local Government	12 600	1 135 639
Infrastructure skills development grant	44 230	41 344
Finance Management Grant	2 405 477	2 536 010
Ward based budgeting	3 684 423	5 156 534
Ward based budgeting	568 852	137 001
Indigent Subsidy	32 820 886	28 259 453
	<b>64 922 662</b>	<b>62 335 166</b>
<b>39. General expenses</b>		
Advertising	381 508	475 093
Audit committee expenses	380 940	361 987
Auditors remuneration	10 343 718	9 358 174
Bank Charges	1 451 634	1 851 518
Capital expenditure	1 624	691 138
Cleaning materials	4 340 000	5 350 513
Commission paid	2 871 989	3 084 624
Community cleaning project	1 634 103	1 146 100
Community development and training	2 224 839	2 432 393
Conferences and seminars	556 974	547 378
Consulting and professional fees	12 223 361	4 878 529
Debt Incentive and debts adjustments	18 302 369	13 626 656
Donations/Transfer of assets	36 431 882	563 500
Entertainment	640 208	69 633
Erven Cleaning Fees	312 333	96 572
Fuel and oil	13 139 221	9 724 943
Incentive - Prompt Payment	2 244 425	1 428 254
Informal Trading Assistance	994 000	262 500
Insurance	4 159 635	5 531 941
LA Equipment & Tools - Vulindlela	-	122 479
Legal Fees	8 269 694	17 988 478
Levies	10 249 965	10 112 218
Magazines, books and periodicals	17 497	-
Strategic planning	607 478	-
Subscriptions and Membership Fees	5 931	27 129
Material & Stores	6 201 087	2 989 695
Motor vehicle expenses	1 362 098	1 849 576
Municipal Service Charges	12 237 861	14 169 222
Other expenses	3 427 070	2 411 825
Printing and stationery	1 569 483	1 173 431
Promotions and sponsorships	28 073	18 689
Recruitment Expenses	86 064	328 213
Rehabilitation of Tip Sites	1 240 780	213 822

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>39. General expenses (continued)</b>		
Repairs and maintenance	78 540 172	52 522 975
Royalties and license fees	2 926 435	10 579 595
Seed, Bulbs & Plants	-	191 890
Staff welfare	56 201	16 651
Subsistence & Travelling	4 596 966	2 029 698
Telephone and fax	10 955 720	8 238 214
Tourism Development	-	62 150
Training	3 183 082	1 789 109
Uniforms	4 709 087	4 908 175
Valuation expenses	749 418	2 167 329
	<b>263 652 925</b>	<b>195 201 099</b>
<b>40. Auditors' remuneration</b>		
Fees	10 343 718	9 358 174
<b>41. Cash generated from operations</b>		
(Deficit) surplus	(36 880 964)	95 180 911
<b>Adjustments for:</b>		
Depreciation and amortisation	160 799 224	164 836 406
Loss on sale of assets and liabilities	1 086 572	1 102 715
Fair value adjustments	(11 055 093)	(11 828 981)
Grants and subsidies received non-cash item	(2 078 301)	-
Finance costs - interest on landfill site (non cash item)	1 699 580	-
Debt impairment	1 586 096	4 321 658
Movement in Whirlprops included in Finance costs	6 994	-
Sundry debtors movement affecting employee costs	-	88 356
Other non cash item	(2 060)	-
Public Contributions	(67 970)	(11 969 770)
Movement in accrued leave and bonus provision	(930 829)	-
Inventory write down	19 489 068	-
Inventories	(3 733 532)	(3 468 961)
Receivables from exchange transactions	(11 798 610)	(5 809 596)
Movement in provision for debt impairment - Receivables from Exchange Transactions	(33 731 406)	847 898
Receivables from non-exchange transactions	(19 727 609)	(16 419 525)
Movement in provision for debt impairment - Receivables from Non-Exchange Transactions	32 145 309	(4 969 556)
Insurance prepayment	(1 682 813)	-
Debt Incentive	-	(13 626 656)
Grants Included in receivables from non-exchange transactions	(2 078 301)	-
Movement in income received in advance	(144 219)	-
Payables from exchange transactions	5 274 891	(31 068 144)
VAT Receivable	-	7 498 463
VAT Payable	8 293 362	(6 793 812)
Unspent conditional grants and receipts	(4 309 835)	9 387 177
Consumer deposits	1 455 119	2 982 537
Provision and Obligations	4 359 580	1 124 957
Donations/Transfers of properties	36 431 882	-
Movement in self insurance reserves	47 563	-
	<b>144 453 658</b>	<b>181 216 077</b>
<b>42. Budget differences</b>		
<b>Material differences between budget and actual amounts</b>		

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 42. Budget differences (continued)

Only variances exceeding 10% are considered material and have been explained below.

#### Property rates

The difference is due to supplementary valuation roll that was implemented in January 2022.

#### Service charges:

Electricity shortfall might be due to: Possible theft and illegal connections. Unmetered usage of own electricity where Eskom meters are used by communities. Loadshedding also impacts on electricity losses.

#### Rental of facilities and equipment:

- Reason for the deviation from the planned collection is the resistance on the lessees to sign leases and pay monthly rental - Nkululekweni, Basil Read, Ngangelizwe and Owen Dam.  
- Unoccupied Munitata shop spaces. The spaces will be allocated and utilised for offices due to shortage of offices. .

#### Licence and permits:

- The Post Office are also offering renewal of motor vehicle licenses after a long period of closure. Regular loadshedding is a contributing factor, whilst the generator of the section became redundant. A new generator was requested.  
- DLTC- Less candidates are accommodated per session. We used to test eighteen candidates per session. We now allow 7 candidates per session.

#### Other income:

The difference is due to SARS refund on interest that were previously incurred and paid by the municipality. The municipality applied for SARS remission.

#### Interest received:

This is due overbudgeting on interest revenue and also to improved debt collection of arrear debts in the period under review.

#### Government Grants and Subsidies:

This is due to the Human Settlement grant that is still not yet fully spent.

#### Fines, Penalties and Forfeits:

Shortfall is due to the municipality terminated the contract of Mikros which was a traffic management system and as a result there was no bus with cameras and cameras for speed which used to assist the municipality to receive for revenue.

#### Employee related costs:

Appointments on posts that were not budgeted for. Expenditure on overtime and acting allowances that were not budgeted for.

#### Remuneration of councillors:

Changes in the determination of upper limits that resulted in less payments to councillors.

#### Depreciation:

This is due to additions that were capitalised in the current year resulting in an increase in depreciation.

#### Debt impairment:

The budget was based on the prior year AFS amount and the recoverability of debtors increased in the current which means less provision of debtors in the current year.

#### Finance Cost:

Due to under provision or under-budgeting for bank charges. The interest charged on overdue accounts is not budgeted for by the municipality as it relates to fruitless and wasteful expenditure and thus interest was charged by service providers which was not budgeted for.

#### Lease rentals on operating lease:

Under budgeting for the lease rentals.

#### Government Grants and Subsidies Paid:

Due to budgeted expenditure of revenue foregone not utilised.

#### Bulk Purchases:

Due to loadshedding that resulted in less demand for electricity.

#### Contracted Services:

Due to increase in demand for services such as repairs and maintenance that are outsourced.

#### General expenses:

This is due to overspending mainly on transfers of land to beneficiaries and repairs and maintenance.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures In Rand	2022	2021
<b>42. Budget differences (continued)</b>		
<b>Fair Value adjustment:</b>		
Not budgeted for.		
<b>Loss on disposal of PPE:</b>		
Under budgeting		
<b>43. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	120 567 478	84 331 259
<b>Total capital commitments</b>		
Already contracted for but not provided for	120 567 478	84 331 259

This committed expenditure relates to plant and equipment and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

### 44. Contingencies

At year end the municipality had the following contingent assets and contingent liabilities.

#### Pending litigations and claims

Disclose:

- any contingent liabilities that the venturer has incurred in relation to its interest in joint ventures and its share in each of the contingent liabilities that have been incurred jointly with other ventures.
- its share of the contingent liabilities of the joint ventures themselves for which it is contingently liable, and
- those contingent liabilities that arise because the venturers is contingently liable for the liabilities of the other venturers of a joint venture.

Cases	2022	2021
Claims for damages related to motor vehicles	2 980 510	2 540 000
claims for damages arising out of the electrocution, claims for damages for emotional shock and trauma, funeral expenses, claims for assault, and other claims for damages	49 378 551	52 928 078
Claims related to unlawful arrest and detentions.	2 770 000	5 820 000
Consolidated container/caravan matters that were impounded when the municipality embarked on a clean up campaign.	13 630 000	10 339 511
Labour matters, claims for acting allowances, claims for overtime, labour matters emanating from termination of contracts, alleged unfair dismissal.	37 880 000	17 435 500
Land matters: Land claims, Eviction proceedings, Demolishing of structures.	19 185 500	6 988 500
Tender claims: Contractual: Damages for alleged breach of a contract. Claim for Commission due, owing and payable allegedly breach of contract flowing from an agreement to reconcile VAT and claim what is due to KSD.	680 000	1 280 000
	<b>126 604 561</b>	<b>97 329 589</b>

### 45. Related parties

#### Relationships

Executive Mayor

Speaker

Chief Whip

Members of the Mayoral Committee

Cllr. GN Nelani

Cllr. N Siyo- Sukutu

Cllr. B Mlanjeni

Cllr. MS Dudumayo

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 45. Related parties (continued)

#### Councillors

Cllr. M Bango  
Cllr. Z Nokayi  
Cllr. YR Gwadiso  
Cllr. N Mayi  
Cllr. Z Madyibi  
Cllr. N Sibeko  
Cllr. S Nyengane  
Cllr. M Marasha  
Cllr. Z Gana  
Cllr. N. Matubatuba  
Cllr. N Gwebani  
Cllr. R Roeber  
Cllr. U Daniso  
Cllr. A Msuthu  
Cllr. SE Mngeni  
Cllr. NG Sidlova  
Cllr. MS Ngudle  
Cllr. M Majeke  
Cllr. N Matyeba  
Cllr. N Jubeni  
Cllr. SN Majikija

Cllr. N Nkathu  
Cllr. NG Tshaya  
Cllr. B.Sillinga  
Cllr. A Ketse  
Cllr. M Makaba  
Cllr. CS Tokwana  
Cllr. S Ratshalala  
Cllr. SC Mahunqane  
Cllr. ZL Siziba  
Cllr. B Vuma  
Cllr. MJ Msakeni  
Cllr. S Dalasile  
Cllr. S Mdunyelwa  
Cllr. S Mhlabi  
Cllr. TT Mtshakazana  
Cllr. T Badli  
Cllr. L Makhenke  
Cllr. LC Molakelaka  
Cllr. DM Teti  
Cllr. B Nxave  
Cllr. TM Gqiba  
Cllr R Knock  
Cllr A Mgquba  
Cllr L M Luwaca  
Cllr T G Maqoko  
Cllr M Nyoka  
Cllr N R Gcingca  
Cllr L N Ntlonze  
Cllr M T Mtirara  
Cllr T Machaea  
Cllr T E Mapekula  
Cllr J Voko  
Cllr Z D Kutu  
Cllr M Mabaso  
Cllr S Jadiso  
Cllr V N S Roji  
Cllr M Menzelwa  
Cllr M Qotyana  
Cllr Z Luvantyu  
Cllr N Mkontwana  
Cllr Z M Gusana  
Cllr T Mcimbi  
Cllr N Diblokwe  
Cllr O Khotso  
Cllr M Mrwebi

#### Councillors who are no longer part of the new council after elections:



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 46. Related parties (continued)

Cllr E M Fileyo  
 Cllr Z Ntiziombi  
 Cllr A Ndzendze  
 Cllr B Bikani  
 Cllr X M Mbongwana  
 Cllr M Mkhotheli  
 Cllr L Mkonto  
 Cllr S Sikrenya  
 Cllr L D Lwani  
 Cllr B D Bara  
 Cllr N Gcinindawo  
 Cllr B Ndlobongela  
 Cllr B Babile  
 Cllr T Mngoma  
 Cllr T Bhova  
 Cllr M Bunzana  
 Cllr G N Lusu  
 Cllr N F Mzimane  
 Cllr M W Malotana  
 Cllr B B Gqwetha  
 Cllr N Ngqongwa  
 Cllr N Pali  
 Cllr N Nyangani  
 Cllr M Mpangele  
 Cllr M Fukula  
 Cllr U N V Malghas  
 Cllr N M Nqwazi  
 Cllr DM Zozo  
 Cllr N Mwa  
 Cllr N A Sobahle  
 Cllr L P Zuma  
 Cllr M A Manzolwandle  
 Cllr B Malghas  
 Cllr L A Tshiseka  
 Cllr N P Ngalo  
 N Pakade (Municipal Manager)  
 EF Jijojo ( Chief Financial Officer)  
 LP Maka ( Director Community Services)  
 D Kettledas ( Director Public Safety)  
 GR Tobia ( Director Human Settlements)  
 AO Pantshwa ( Director LED)  
 U Mngokoyi ( Director: Technical Services)  
 SM Nodo (Director Corporate Services)

#### Members of key management

#### Awards to close family members of persons in the service of the state:

In terms of section 45 of the Municipal SCM Regulations, any award above R2 000 to family of employees in the service of the state must be disclosed in the annual financial statements.

Eight awards were made during the financial year to close family members of persons in the service of the state. Four of them are rate based and the other four totals to R64 792.00. These were declared by the bidders in their bid documents.

### 46. Unauthorised expenditure

Unauthorised expenditure	107 608 375	677 561 807
Add: Unauthorised operating expenditure - current year	119 032 989	3 646 060
Add: Unauthorised capital expenditure - current year	10 536 169	-
Less: Unauthorised expenditure - Write off during the year	(71 656 375)	(573 599 492)
	<b>165 521 158</b>	<b>107 608 375</b>

#### Operating expenditure

Reason

Amount

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>46. Unauthorised expenditure (continued)</b>		
Corporate Services	Post and Telecommunications and Consultants & Professional Fees under provided.	5 032 784
Budget and Treasury	Interest on overdue accounts not budgeted for. Under budgeting for depreciation, audit fees, provision for impairment, VAT and insurance.	56 223 800
Community Services	Interest on landfill sites not budgeted for.	1 071 452
Public Safety	Overtime pay under budgeted	9 598 327
Technical Services	Donations that were not budgeted for.	45 435 168
RED	Unplanned maintenance by consultants	1 671 458
		<b>119 032 989</b>
<b>Capital expenditure</b>	<b>Reasons</b>	
Corporate Services	Computer Equipment not budgeted for	1 311 109
Budget and Treasury Office	Fuel Tanker not budgeted for	1 510 000
RED	Small Town Revitalisation grant overspent due to escalated spending and funds were received subsequent to the year end.	2 960 424
Technical Services	MIG grant overspent due to escalated spending	4 754 636
		<b>10 536 169</b>
Unauthorised expenditure has been referred to MPAC for investigation.		
Unauthorised expenditure: Budget overspending per municipal department.		
<b>47. Fruitless and wasteful expenditure</b>		
Opening balance as previously reported	20 774 625	54 021 610
<b>Opening balance</b>	<b>20 774 625</b>	<b>54 021 610</b>
Add: Expenditure identified - current	11 924 271	19 562 870
Less: Amount written off - current (OCM 211/07/22)	(7 323 020)	(52 809 865)
Less: Amount written off - prior period (OCM 210/07/22)	(19 562 889)	-
Less: Amount written off - prior period (SCM 227/08/22)	(1 211 754)	-
<b>Closing balance</b>	<b>4 601 253</b>	<b>20 774 625</b>
Fruitless and wasteful expenditure was incurred as a result of interest and penalties charged on late payments, the delays in payment is due to cashflow challenges currently being experienced by the municipality.		
The Fruitless and wasteful expenditure has been referred to the Municipal Council to be written off in accordance with Section 32(2)(b) of the MFMA.		
<b>48. Irregular expenditure</b>		
Opening restated balance	1 455 427 899	1 446 143 227
Add: Irregular Expenditure - current year	6 844 697	9 284 672
Less: Amount written off - prior period (SCM 225/08/22)	(1 116 013 254)	-
Less: Amount written off - current (OCM 212/07/22)	(411 954)	-
Less: Amount written off - prior period (OCM 209/07/22)	(108 399)	-
	<b>345 738 989</b>	<b>1 455 427 899</b>
<b>Details of Irregular expenditure – current year</b>		
No Specification committee		6 276 845
SCM process not followed		155 898
No variation order initiated		411 954
		<b>6 844 697</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 48. Irregular expenditure (continued)

Irregular expenditure has been restated by reversing all prior year write-offs that were disclosed in the financial statements as they had errors. The new write-off has been done with the correct amounts as per the irregular expenditure register.

The adjustment made relates to the reversal of all previously disclosed irregular expenditure write-offs as per the council resolution VUCM 189/07/22. A new write-off of amounts was referred to MPAC with the expenditure being amounts as per the previously audited irregular expenditure register. The council rescinded the previous resolution due to the errors that were identified. The new write-off when done in the current year and have been taken-out in the current year.

There was no irregular expenditure incurred from awards made in the current year and the irregular expenditure incurred in the current year is as a result of historic contracts which are as follows:

- No Specification committee in place (This is recurring and is as a result of the Stedone contract which was awarded in 2010) - R6 276 844.98
- No SCM Process followed (This is historic and is as a result of the Tyeks services which were sourced in 2018, these services have since been stopped) - R155 897.64
- No variation order initiated (This historic and is as a result of the Bluetech contract which was awarded in May 2018, this contract has since expired) - R411 954.16

### 49. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Opening balance	5 461 334	2 322 615
Current year subscription / fee	5 423 084	5 423 085
Amount paid - current year	(5 423 084)	(2 284 366)
	<b>5 461 334</b>	<b>5 461 334</b>

#### Distribution losses

During the 2022 financial year the Municipality incurred distribution losses relating to electricity of 15.87% (2021:16.68%).

#### Electricity distribution losses in units

Purchases	275 281 159	276 025 135
Own use	(3 425 800)	(3 459 799)
Pre-paid consumer electricity sold	(94 637 618)	(95 387 672)
Conventional consumer billed	(133 527 837)	(131 146 994)
	<b>43 689 804</b>	<b>46 030 670</b>

#### Units purchased during the year

#### Units sold during the year

Units purchased during the year	275 281 159	276 025 135
Units sold during the year	(231 591 355)	(229 994 464)
	<b>43 689 804</b>	<b>46 030 671</b>
Rand per unit	2,40	1,91
Cost in rands	105 017 371	87 886 128

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>49. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
Losses are due to the followings:		
<b>Own Consumption</b>		
This is the unbilled energy consumed by the municipality in day-to-day operations (areas like offices, depots, workshops) without which the municipality cannot function.		
<b>Public Lighting</b>		
KSDM provides its citizens public lighting through streetlights and High mast lights as part of the constitutional mandate of a safe environment.		
<b>Traffic Signals</b>		
The traffic signals are vital for traffic management and pedestrian safety and these dedicated servants need to operate 24/7 and to operate the consume energy.		
<b>Defective meters and administrative errors</b>		
Some of the meters were installed a long time ago and are thus providing erratic readings. Meter readings and capturing are done manually wherein the possibility of human error is inevitable. Efforts are being made to audit the work and to monitor customer complaints.		
<b>Electricity Theft and illegal connections</b>		
There is a growing pattern of electricity theft through illegal connections and unauthorised re-connections. This often poses an unsafe environment and increases the load on the network causing power failures.		
<b>Meter tampering</b>		
Some residents have tampered with their electricity meters resulting to free consumption and or reduced electricity consumption. Others opted to remove the KSDM prescribed meter and install a foreign meter (in the KSDM network supply area) which allows the consumer to buy electricity at the reduced rate.		
<b>Audit fees</b>		
Opening balance	4 105 922	94 156
Current year subscription / fee	11 976 667	10 858 236
Amount paid - current year	(15 705 745)	(6 846 469)
	<b>376 844</b>	<b>4 105 922</b>
<b>PAYE, UIF and SDL</b>		
Opening balance	44 440 401	75 313 428
Current year subscription / fee	248 772 869	89 316 177
Amount paid - current year	(255 775 684)	(120 189 204)
	<b>37 437 586</b>	<b>44 440 401</b>
<b>Pension, Provident and Medical Aid Deductions</b>		
Opening balance	48 617 809	36 384 634
Current year subscription / fee	343 709 815	114 525 188
Amount paid - current year	(337 171 271)	(102 292 013)
	<b>55 147 153</b>	<b>48 617 809</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022 2021

### 49. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2022 and MFMA s124(1)(b) requires them to be disclosed:

30 June 2022	Outstanding more than 90 days R	Total R
Khutala/ Mawande Nokwali	- 40 949	40 949
Nombulelo Sibeko	- 2 148	2 148
Rapiya Shadrack	- 57 205	57 205
	- 100 302	100 302

30 June 2021	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Malotana MW	2 951	5 487	8 438
Mabaso MM	654	-	654
	3 605	5 487	9 092

#### Supply Chain Management Deviations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/ dispensed by the Accounting Officer and noted by Council.

### 50. Supply Chain Management Regulations

The expenses incurred listed below are instances of Supply Chain Management deviations reported to the council.

Incident	2022	2021
Impractical to follow SCM Processes/Three quotations not obtained	1 096 075	-
Sole supplier	1 095 907	17 163
Emergency procurement	-	9 607 274
Advertising in local newspaper and radio stations	-	278 722
Pauper burials-body already at parlour	18 470	16 800
Covid - 19	-	173 228
	2 210 452	10 093 187

### 51. Risk management

#### Financial risk management

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

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. Risk management is carried out under policies approved by the accounting officer and council. The municipality identifies, evaluates and hedges financial risks in close co-operation with the municipality's various departments. The accounting officer and council provides written principles for overall risk management, as well as written policies covering specific areas.

#### Liquidity risk

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand 2022 2021

### 51. Risk management (continued)

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

The table below analyses the municipality's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances equal their carrying balances as the effect of discounting is not significant.

At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	-	405 661 867	-	-
Other financial liabilities	-	3 577 177	6 363 968	-
Consumer deposits	-	25 671 028	-	-
Financial lease obligation	-	25 954 244	6 523 168	-

At 30 June 2021	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	-	400 386 969	-	-
Other financial liabilities	-	3 718 197	8 418 165	-
Consumer deposits	-	24 215 909	-	-
Financial lease obligation	-	22 700 750	32 565 167	-

Liquidity risk is mainly concentrated on the Trade and other payables balance.

The municipality does not have any collateral and /or credit enhancements that aid in the mitigation of the liquidity risks.

### Credit risk

Credit risk is the risk of financial loss to the municipality if customers or counterparties to financial instruments fail to meet their contractual obligations, and arises principally from the municipality's investments, loans, receivables, and cash and cash equivalents.

The municipality limits its exposure to credit risk by investing with only reputable financial institutions that have a sound credit rating, and limits exposure to any one counter-party in accordance with Council's approved investment policy.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis and assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Entity establishes an allowance for impairment that represents its estimate of anticipated losses in respect of receivables. Sales to retail customers are settled in cash or using major credit cards.

The municipality's maximum exposure to credit risk is represented by the carrying value of each financial asset in the statement of financial performance.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2022	2021
Cash and cash equivalents	16 744 464	50 389 717
Receivables from exchange transactions	65 821 409	54 122 799
Receivables from non-exchange transactions	74 172 610	54 445 001

The municipality does not hold any collateral in relation to the financial assets above.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 51. Risk management (continued)

#### Market risk

Market risk is the risk of changes in market prices, such as foreign exchange rates and interest rates, affecting the municipality's income or the value of its financial instrument holdings. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on the risk.

#### Interest rate risk

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk.

### 52. Financial instruments disclosure

#### Categories of financial instruments

2022

#### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	65 921 409	65 921 409
Receivables from non-exchange transactions	74 172 610	74 172 610
Cash and cash equivalents	16 744 464	16 744 464
	<b>156 838 483</b>	<b>156 838 483</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>Financial instruments disclosure (continued)</b>		
<b>Financial liabilities</b>		
	At amortised cost	Total
Other financial liabilities	9 941 145	9 941 145
Trade and other payables from exchange transactions	405 861 867	405 861 867
Finance lease obligation	32 477 412	32 477 412
	<b>448 080 424</b>	<b>448 080 424</b>

**2021**

### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	54 122 799	54 122 799
Receivables from non-exchange transactions	54 445 001	54 445 001
Cash and cash equivalents	50 389 717	50 389 717
	<b>158 957 517</b>	<b>158 957 517</b>

### Financial liabilities

	At amortised cost	Total
Other financial liabilities	12 136 362	12 136 362
Trade and other payables from exchange transactions	400 386 969	400 386 969
Finance lease obligation	55 265 917	55 265 917
	<b>467 789 248</b>	<b>467 789 248</b>

### 53. Events after the reporting date

The municipality is not aware of any events after 30 June 2022 that may have an impact on the financial statements or require disclosure.

### 54. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

#### Statement of financial position

**2021**

Note	As previously reported	Correction of error	Restated
	69 136 426	(15 013 627)	54 122 799
	61 462 835	(7 017 834)	54 445 001
	(19 945 900)	(4 408 783)	(24 354 683)
	(6 793 812)	593 526	(6 200 286)
	(390 619 226)	(9 767 743)	(400 386 969)
	<b>(286 759 677)</b>	<b>(35 614 461)</b>	<b>(322 374 138)</b>



# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021		
<b>54. Prior-year adjustments (continued)</b>				
<b>Statement of financial performance</b>				
<b>2021</b>				
	Note	As previously reported	Correction of error	Restated
Rental of facilities and equipment		14 611 854	(1 691 688)	12 920 166
Interest revenue		22 942 498	(133 328)	22 809 170
Government grants & subsidies		543 986 829	(4 408 783)	539 558 046
General expenditure		(186 540 956)	(8 660 053)	(195 201 009)
<b>Surplus for the year</b>		<b>394 980 225</b>	<b>(14 893 852)</b>	<b>380 086 373</b>

### Errors

The following prior period errors adjustments occurred:

#### STATEMENT OF FINANCIAL POSITION

##### Receivables from exchange transactions

The changes or adjustments made are due to rentals that were previously charged that had no valid lease agreement.

##### Receivables from non-exchange transactions

The changes or adjustments made are due to property rates that were billed which were not registered and also fire levy property that was billed incorrectly using incorrect tariff.

##### VAT

The changes or adjustments made are due to rentals that were previously charged that had no valid lease agreement.

##### Unspent conditional grants and receipts

The changes or adjustments made are due to the DOE grant that was overspent in the prior year and no grant was received in the current year.

##### Payables from exchange transactions

The changes on the payables from exchange transactions is due to restatement of legal fees which invoices were received in the 2022 financial year however the services related to the previous financial years.

#### STATEMENT OF FINANCIAL PERFORMANCE:

##### Rental of facilities and equipment

The changes or adjustments made are due to rentals that were previously charged that had no valid lease agreement.

##### Interest revenue

The changes or adjustments made are due to rentals that were previously charged that had no valid lease agreement and interest was billed on the outstanding balance.

##### Government grants & subsidies

The changes or adjustments made are due to the DOE grant that was overspent in the prior year and no grant was received in the current year.

##### General expenditure

The changes on the general expenditure is due to restatement of legal fees which invoices were received in the 2022 financial year however the services related to the previous financial years.

##### Irregular expenditure

Closing balance disclosed as per 2021 AFS	-	152 401 287
Adjustments made	-	1 303 026 612
<b>Restated closing balance 2021</b>	-	<b>1 455 427 899</b>

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

---

Figures in Rand	2022	2021
-----------------	------	------

---

### 54. Prior-year adjustments (continued)

The adjustment made relates to the reversal of all previously disclosed irregular expenditure write-offs as per the council resolution VUCM 189/07/22. A new write-off of amounts was referred to MPAC with the expenditure being amounts as per the previously audited irregular expenditure register. The council rescinded the previous resolution due to the errors that were identified. The new write-off when done in the current year and have been taken-out in the current year.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

2022

2021

### 55. Going concern

Total assets amounting to R2 890 070 970 exceed total liabilities balance amounting to R564 349 604 by R2 325 721 366. Accumulated surplus amounts to R1 834 986 554.

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.

#### Description of the events, conditions, circumstances that indicate going concern uncertainty:

- The current liabilities are currently exceeding the current assets and the current ratio is less than 1 which is less than the required norm.
- The municipality is taking more than the required 30 days to pay creditors and more than 60 days to collect its outstanding debtors.
- Also, the repairs and maintenance of assets is below the norm of 8% and the electricity distribution losses are sitting at 15.87% which is above the norm.

The above are an indication of going concern uncertainty. Based on the above thus, there is a material uncertainty related to events or conditions that may cast significant doubt on the municipalities' ability to continue as a going concern and, therefore, that it may be unable to realize its assets and discharge its liabilities in the normal course of business.

#### Description of the measures taken to warrant going concern

Below are the plans and measures undertaken or the municipality is undertaking to deal with the impact of the events/circumstances and uncertainties described above:

- The gross debtors for receivables from non-exchange transactions are sitting at R365 million while gross debtors for receivables from exchange transactions are sitting at R479 million and in total combined are sitting at R844 million which is almost two times the total current liabilities. The municipality has appointed a debt collector towards the end of the financial year of 2022 to assist in collecting these debtors and as such this will assist the municipality in future to reduce the current liabilities and improve the current ratio.

- The total assets exceed the total liabilities by R1.8 billion, and thus the municipality is in a net asset situation.

- In addition, the current liabilities that require settlement amounts to R497 million. The municipality will receive equitable share amounting to R 404 million and R118.5 million for capital grants in terms of the DORA allocation as gazetted in the 2022/23 financial year Division of Revenue Act.

- Municipality has collected more than 97% on billed income and 98% on billed electricity.

- Eskom amount payable amounts to R387 728 872 million. The municipality, in the preparation of the 2022/23 budget, has taken onto account balances owed to ESKOM in relation to the arrear arrangement.

- The municipality will increase efforts to recover the substantial arrears via the tools provided within the municipality's credit policy. The municipality has other potential revenue collection strategies such as allocation of current receipting against historical debt, limited amnesty, collections of other service debts via the prepaid system, door to door campaign and debt collection agents. Debt collector has been appointed to collect revenue on difficult to collect debtors.

- Implementation of cost containment policy.

- The municipality has a financial recovery plan in place.

In addition to the above, the municipality plans to finance this shortfall through the following measures:

- Cut backs on discretionary spending.

- Municipality has appointed service providers for resource mobilization and that has led to the municipality getting refunds from SARS amounting to R27m for penalties and interest incurred.

### 56. Accounting by principals and agents

The entity is a party to a principal-agent arrangements.

#### Details of the arrangement(s) is/are as follows:

The Municipality acts as an agent for the Department of Transport whereby it administers the provisioning of motor vehicle licences and registrations as well as driver's licences. It receives compensation for these services based on binding arrangement with the department.

The Municipality is the principal OR agent. Refer to note 1.21 for significant judgements applied in making this assessment.

#### Entity as agent

##### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R9 156 582 (2021: R9 872 187).

#### Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand	2022	2021
<b>56. Accounting by principals and agents (continued)</b>		
<b>Category 1 - Motor Vehicle Licences and Registrations</b>		
Opening balance	2 525 842	4 421 578
Amounts received on behalf of the principal	45 959 742	47 562 978
Amounts transferred to the principal	(46 290 623)	(49 458 714)
	<b>2 194 961</b>	<b>2 525 842</b>
<b>All categories</b>		
Opening balance	2 525 842	4 421 578
Amounts received on behalf of the principal	45 959 742	47 562 978
Amounts transferred to the principal	(46 290 623)	(49 458 714)
	<b>2 194 961</b>	<b>2 525 842</b>

## 57. Segment Information

### General information

#### Identification of segments

The municipality is organised and reports to management on the basis of five major service areas: electricity, refuse services, fines and penalties, licence services and rentals of facilities and equipment. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were separated for reporting purposes and not aggregated. Other functions are non segment as they are sport services.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

#### Aggregated segments

Segments identified above have not been aggregated.

#### Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Segment 1	Electrical Services
Segment 2	Refuse (Solid Waste)
Segment 3	Fines and penalties
Segment 4	Licence services
Segment 5	Rentals of facilities and equipments

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 57. Segment information (continued)

#### Segment surplus or deficit, assets and liabilities

2022

	Electrical Services	Refuse (Solid Waste)	Non-Segment	Rental of facilities and equipment	Fines and penalties	Community services - Licence and permits services	Total
Revenue							
Revenue from non-exchange transactions	-	-	799 734 006	-	1 922 021	-	801 656 027
Revenue from exchange transactions	511 376 952	58 882 266	79 701 057	18 022 332	-	13 460 587	681 443 194
<b>Total segment revenue</b>	<b>511 376 952</b>	<b>58 882 266</b>	<b>879 435 063</b>	<b>18 022 332</b>	<b>1 922 021</b>	<b>13 460 587</b>	<b>1 483 099 221</b>
<b>Entity's revenue</b>							<b>1 483 099 221</b>
<b>Expenditure</b>							
Employee Related Cost	34 734 210	26 511 981	430 343 036	11 175 481	18 806 896	14 378 963	535 950 547
Councillors remuneration	-	-	28 625 984	-	-	-	28 625 984
Bulk Purchases	387 728 872	-	-	-	-	-	387 728 872
Contracted Services	19 621 821	145 000	21 657 686	-	-	-	21 802 686
Depreciation and Amortisation	-	16 605 313	124 572 090	-	-	-	160 799 224
Finance costs	-	1 699 560	17 212 782	-	-	-	18 912 342
Inventories write-downs	-	-	19 489 068	-	-	-	19 489 068
Lease rentals on operating lease	645 932	125 915	13 424 091	-	91 644	1 135 625	15 423 207
General expenditure	84 153 813	9 350 869	184 810 723	4 371 563	507 591	458 346	263 652 925
Grants and Subsidies paid	-	-	64 922 662	-	-	-	64 922 662
Loss on disposal	-	-	1 086 572	-	-	-	1 086 572
Debt Impairment	-	-	1 586 096	-	-	-	1 586 096
<b>Total segment expenditure</b>	<b>526 864 648</b>	<b>54 438 638</b>	<b>887 730 790</b>	<b>15 547 044</b>	<b>19 406 131</b>	<b>15 972 934</b>	<b>1 519 980 185</b>
<b>Total segmental surplus/(deficit)</b>							<b>(36 880 964)</b>
<b>Assets</b>							

## King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

### Notes to the Annual Financial Statements

Figures in Rand

	Electrical Services	Refuse (Solid Waste)	Non-Segment	Rental of facilities and equipment	Fines and penalties	Community services - Licence and permits services	Total
<b>57. Segment Information (continued)</b>							
Current Assets	-	-	354 489 041	-	-	-	354 489 041
Non-current assets	465 148 362	-	2 070 453 567	-	-	-	2 535 601 929
<b>Total segment assets</b>	<b>465 148 362</b>	<b>-</b>	<b>2 424 922 608</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 890 070 970</b>
<b>Total assets as per Statement of financial Position</b>							<b>2 890 070 970</b>
<b>Liabilities</b>							
Current Liabilities	-	-	(497 774 813)	-	-	-	(497 774 813)
Non-current liabilities	-	-	(66 574 791)	-	-	-	(66 574 791)
<b>Total segment liabilities</b>	<b>-</b>	<b>-</b>	<b>(564 349 604)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(564 349 604)</b>
<b>Total liabilities as per Statement of financial Position</b>							<b>(564 349 604)</b>

#### Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (wards) in and around the Mithatha and Mqandull area, the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 57. Segment Information (continued)

#### Measurement of Specific segment Information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies and therefore the basis of measurement between the segments reporting and the annual financial statements are consistent.

The municipality has no changes to the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

#### Measurement of Specific segment Information

The non-segment included above is the reconciling between the totals of segment revenues, reported segment surplus or deficit, segment assets, segment liabilities to the corresponding municipality amounts as per the statement of financial performance and statement of financial position.

2021

	Electrical Services	Refuse (Solid Waste)	Non-Segment	Total
Revenue				
Revenue from non-exchange transactions	5 893 710	2 173 913	814 041 721	822 109 344
Revenue from exchange transactions	465 439 413	56 582 628	70 781 674	592 783 715
Fair Value Adjustment	-	-	11 828 981	11 828 981
<b>Total segment revenue</b>	<b>471 333 123</b>	<b>58 736 541</b>	<b>896 652 376</b>	<b>1 426 722 040</b>
<b>Entity's revenue</b>				<b>1 426 722 040</b>
<b>Expenditure</b>				
Employee Related Cost	34 133 992	31 697 174	433 867 511	499 698 677
Councillors remuneration	-	-	28 255 080	28 255 080
Bulk Purchases	322 019 740	-	-	322 019 740
Contracted Services	-	-	16 720 778	16 720 778
Depreciation and Amortisation	7 193 787	8 220 815	149 421 794	164 836 406
Finance costs	-	1 610 958	27 531 106	29 142 064
Operating Leases	407 997	202 100	7 287 749	7 907 846
General expenditure	33 607 926	10 757 020	150 836 063	195 201 009
Grants and Subsidies paid	-	-	62 335 156	62 335 156
Loss on disposal	-	-	1 102 715	1 102 715
Debt Impairment	-	-	4 321 658	4 321 658

# King Sabata Dalindyebo Local Municipality

Annual Financial Statements for the year ended 30 June 2022

## Notes to the Annual Financial Statements

Figures in Rand

### 57. Segment Information (continued)

Total segment expenditure

387 353 452	52 488 067	881 689 610	1 331 541 129
			95 180 911

Total segmental surplus/(deficit)

### Assets

Current Assets

Non-current assets

-	-	299 538 499	299 538 499
476 354 505	-	2 021 176 025	2 497 530 530

Total segment assets

476 354 505	-	2 320 714 524	2 797 069 029
-------------	---	---------------	---------------

Total assets as per Statement of financial Position

			2 797 069 029
--	--	--	---------------

### Liabilities

Current Liabilities

Non-current liabilities

-	-	(484 035 794)	(484 035 794)
-	-	(90 224 427)	(90 224 427)

Total segment liabilities

-	-	(574 260 221)	(574 260 221)
---	---	---------------	---------------

Total liabilities as per Statement of financial Position

			(574 260 221)
--	--	--	---------------

Following a change in the composition of its reportable segments, the corresponding items of segment information for earlier periods has been restated.





## KSD LOCAL MUNICIPALITY

### AUDIT AND PERFORMANCE AUDIT COMMITTEE (APAC) REPORT FOR THE YEAR ENDED 30 JUNE 2022

#### 1. Legislative Requirements

The purpose of this report is to communicate to Council, the Audit & Performance APAC's (hereinafter referred to as "APAC") progress to date in carrying out its oversight and advisory responsibilities for the year ended 30 June 2022 in terms of section 166 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003, as amended) (MFMA), read with circular 65 published by the National Treasury and Para 14 of the Planning and Performance Management Regulations, 2001.

The MFMA obliges every municipality to establish an independent APAC, which must advise the municipal council, political office bearers, accounting officer and management staff of the municipality on matters relating to internal financial controls and internal audits, risk management, accounting policies, the adequacy, reliability and accuracy of financial reporting and information, performance management, effective governance, compliance with the MFMA, the annual Division of Revenue Act (DoRA) and any other applicable legislation, and any other issues referred to it by the municipality. The APAC is governed by formal terms of reference, which are regularly reviewed and approved by the council. The committee is pleased to present its report for the financial year ended 30 June 2022.

#### 2. APAC members and attendance

The APAC was established in accordance with section 166 of the MFMA read together with MFMA Circular 65 issued by the National Treasury and Para 14 of Planning and Performance Management Regulations. The APAC charter requires that the committee comprises a minimum of three members not in the employ of the municipality which must be constituted to be responsive to address the requirements, particularities and needs of the municipality. The APAC comprises four members, including the chairperson. In terms of section 166(4)(b) of the MFMA, the APAC must meet at least four times a year. During the financial year ended 30 June 2022, the APAC met on Six (6) occasions. The table below shows the attendance of these meetings:

Name	Qualifications	Date of meetings held during 2021/22 Financial Year					
		22/07/2021	26/08/2021	22/10/2021	21/01/2022	04/05/2022	22/06/2022
Mr. B.W. Mbewu	CIA, CCSA, CGAPC, CRMA, MPhil (Int Audit), BCom (Hons)	✓	✓	✓	✓	✓	✓
Dr. E. P. Vermaak	PHD Public Admin, LLB, Masters Public Admin Business. B. Com (Municipal Finance)	✓	✓	✓	✓	✓	✓

Mr. R Vuzane	Masters: Commerce in Accounting, Bachelor of Commerce: Law, PGD: Taxation, PGD: Applied Accounting/CTA, PGD: Accounting, Bachelor of Accounting,	x	x	x	✓	✓	✓
Mr. L Galada	Senior Certificate, ND Internal Auditing, BTech Internal Auditing, Full Member of the IIA	✓	✓	✓	x	x	x

- ✓ Present  
X Not a member

The APAC welcomes the appointment of MS SP Xoki who was appointed on the 29<sup>th</sup> of June 2022 and has experience in internal audit and risk management, amongst others. During the period under review, Mr L Galada resigned from the APAC with effect from 31<sup>st</sup> October 2021 and Mr R Vuzane was appointed with effect from 14 December 2021.

### 3. APAC responsibilities

The APAC has complied with its responsibilities arising from section 166 of the MFMA read with MFMA Circular 65, and reports that it operated in terms of the APAC charter read in conjunction with the internal audit charter.

### 4. Effectiveness of internal control

The APAC acknowledges management's efforts to strengthen internal controls in the municipality. The APAC is concerned that in certain instances the matters reported by the external auditors and the internal audit function in prior years have not been fully and satisfactorily addressed. Management has given assurance that effective corrective action will be implemented in respect of all internal control weaknesses, and the APAC will monitor these going forward. The municipality has adopted risk management measures to mitigate the frequency and magnitude of risks occurring. The APAC is not completely satisfied with the measures taken by management and have raised these with management and Council. Due to the strategic importance of information and communication technology (ICT) in the municipality, the APAC recommended the strengthening of the ICT Committee to monitor the ICT related risks with the reports thereof being submitted to the APAC on a quarterly basis. This followed the resignation of the former ICT Steering Committee Chairperson. The APAC

remains concerned that not all ICT risks management processes and policies required by the municipality to effectively respond to ICT risks and enable improved municipal operations.

## **5. The quality of quarterly reports submitted in terms of the MFMA and DORA**

The APAC reviewed the content and quality of the quarterly reports prepared and issued during the year under review in compliance with the statutory framework. The APAC has engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives and financial performance. The Committee has recommended that specific process be implemented to ensure that the information reported is both useful and reliable in terms of the applicable reporting framework. The previous APAC recommendation that the municipality prepare interim financial statements was implemented, but this was too late in the financial year. This process will be improved on in the current year with assurance being provided by the AGSA on the quality of the interim financial statements. The Committee has reviewed and commented on the municipality's annual financial statements and report on performance information and their timely submission to the external auditors by 31 August 2022.

The APAC has reviewed the reports issued to National Treasury in terms of the Division of Revenue Act and is comfortable that the Municipality is meeting its obligation in terms of DORA and has recognised revenue to the extent that conditions have been met.

## **6. Internal audit function**

The Accounting Officer is obliged, in terms of section 165 of the MFMA, to ensure that the municipality has a system of internal audit under the control and direction of the APAC. The APAC is satisfied that the internal audit function has properly discharged its functions and responsibilities during the year under review. The APAC supports the direction that the internal audit function is adopting in providing the necessary skills and agility required for the function to respond quickly and effectively to the demands for internal audit across the municipality's various locations. In terms of the risk-based audit plan approved by the APAC, the internal audit function completed 29 of the 32 planned engagements, with three being deferred to the next financial year to accommodate an Audit of payroll management which was for 6 years. The internal audit function found that the control environment was effective; however, some specific control weaknesses were identified in asset management, fleet management, payroll management, ICT management, traffic management, electricity management, human resource management, administration of litigations, stock count, annual financial statements and performance management system for which recommendations were made for improvement. The APAC has directed that the Chief Audit Executive develops and maintains a Quality Assurance and Improvement Programme (QAIP) as required in terms of the International Standards for the Professional Practice of Internal Audit issued by the Institute of Internal Auditors. No formal or external assessment has been conducted in terms of the QAIP as yet.

## **7. Risk Management Function**

The APAC is responsible for the oversight of the risk management function. The Risk Management Committee reports to the APAC on the municipality's management of risk. To ensure that the Risk Management Committee understands the requirements of the APAC and vice versa, a member of the APAC currently serves as a member of the Risk Management Committee. For 8 out of we months during the year under review, there was no Risk Management Committee Chairperson as the former Chairperson resigned from the APAC after he had joined another municipality as an employee. The delays in the appointment of a replacement member impacted on the effectiveness of the Risk Management Committee.

The APAC is concerned with the risk function being understaffed, which has possibility to result in non-delivery by the function if the situation is not addressed. The Committee has reviewed the risk register and the reports from the Risk Management Committee and has identified areas of development.

## **8. Evaluation of the finance function**

The finance function is led by the Chief Financial Officer who has been with the institution for years and thus has institutional memory. On the whole, the APAC is satisfied with the municipality's finance function during the year under review.

## **9. Performance management**

Part of the responsibilities of the APAC includes the review of performance management. The APAC has in terms of the performance of the municipality performed the following functions:

- Review and comment on compliance with statutory requirements and performance management best practices and standards.
- Review and comment on the alignment of the integrated development plan, budget, service delivery and budget implementation plan and performance agreements.
- Review and comment on the relevance of indicators to ensure that they are measurable and relate to services performed by the municipality and its entities.
- Review of compliance with in-year reporting requirements.
- Review of the quarterly performance reports submitted by the internal audit function.
- Review and comment on the municipality's performance management system and making recommendations for its improvement.
- Reviewed and commented on the annual report as required by the National Treasury Circular on annual reports.

The APAC is satisfied that the performance report has been prepared in terms of the MFMA, MSA and the related Regulations.

## **10. Fraud and irregular activities**

The municipality still does not have a functional fraud and ethics reporting hotline. The implementation of the fraud and ethics hotline has not taken effect. The APAC has made recommendations that this should be established and managed independently of the municipality. There are a number of investigations that are in progress and some have been completed.

## **11. Evaluation of the annual financial statements**

The APAC has reviewed the annual financial statements, which focused on the following:

- Significant financial reporting judgements and estimates contained in the annual financial statements.
- Clarity and completeness of disclosures and whether disclosures made have been set properly in context.
- Quality and acceptability of, and any changes in, accounting policies and practices.
- Compliance with accounting standards and legal requirements.
- Significant adjustments and/or unadjusted differences resulting from the audit.
- Reflection of unusual circumstances or events and management's explanation for the accounting treatment adopted.
- Reasons for major year-on-year fluctuations.
- Asset valuations and revaluations.
- Calculation and levels of general and specific provisions.
- Write-offs and reserve transfers.
- The basis for the going concern assumption, including any financial sustainability risks and issues.

Except for the matters identified by the external auditors in the auditor's report, the APAC is comfortable that the annual financial statements have been prepared in terms of GRAP and the MFMA.

## **12. External auditor's report**

The APAC concurs with and accepts the conclusion and audit opinion of the external auditors on the annual financial statements (to be discussed further). The Committee is of the view that the audited financial statements be accepted and read together with the report of the external auditors. The APAC confirms that it has been actively involved throughout the audit process and has been thoroughly appraised of the issues giving rise to the improved audit opinion. The APAC also concurs with the findings on the reported performance information and compliance with legislation. The APAC is comfortable that given the implementation of effective and efficient controls, these matters should be adequately dealt with in future periods.

The APAC welcomes the improvement in the audit opinion from qualified audit opinion in 2019/20 and 2021/22 to unqualified audit opinion with findings in 2021/22.

The external audit function, performed by the AGSA is independent of the municipality. The APAC has met with the external auditors to ensure that there are no unresolved issues and acknowledges the diligence and cooperation of the external audit team.

### **13. Appreciation**

On behalf of the APAC, I would like to express my sincere appreciation to the council, internal auditors, and municipal management for their commitment in supporting the APAC as mandated by legislative requirements. Thanks also to the AGSA for the professionalism displayed when executing their work during the period under review.

On behalf of the audit and risk committee:



---

Mr. B W Mbewu  
APAC Chairperson  
KSD Local Municipality  
January 2023