

ANNUAL REPORT 2019-2020 PART 2

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**ANNEXURE 1: AUDITED ANNUAL
PERFORMANCE REPORT 2019-20**



MSINGA LOCAL MUNICIPALITY

ANNUAL PERFORMANCE REPORT 2019/2020 FINANCIAL YEAR

Considered by:

DATE: 31/03/2021

SENZO L. SOKHELA
MUNICIPAL MANAGER

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1. INTRODUCTION

The Annual Performance Report 2019/2020 is hereby submitted to the Msinga Municipal Council in terms of the Municipal Systems Act (MSA), 32 of 2000, section 46(1) and (2), as well as the MFMA Circular 11 on annual reporting. This report covers the performance information from 01 July 2019 to 30 June 2020 and focuses on the implementation of the Service Delivery and Budget Implementation Plan (SDBIP), in relation to the objectives as encapsulated in the Municipality's Integrated Development Plan (IDP) for the year under review. This report reflects actual performance of the Municipality as measured against the performance indicators and targets in its Integrated Development Plan (IDP) and Service Delivery and Budget Implementation Plan (SDBIP) for 2019/2020 fiscal year.

The format of the report will reflect the Municipality's Key Performance Indicators (KPI) per Municipal Key Performance Area. Each Municipal Key Performance Area (KPA) has a number of focus areas which had been deliberately designed by the Msinga Municipality to focus its development initiatives in an attempt to achieve the desired future as enshrined in the IDP.

This report is structured to present to Council with regards to Municipality's performance in terms of the six (6) National Government's Strategic Key Performance Areas or Developmental priorities for local government, which are:

- 1) Basic Service Delivery.
- 2) Local Economic Development
- 3) Municipal Institutional Transformation and Development.
- 4) Municipal Financial Viability and Management,
- 5) Good Governance and Public Participation, and
- 6) Cross cutting measures

The report emanates from the Municipal organizational scorecard and performance is measured based on the targets set and agreed upon at the beginning of the year.

1.1 LEGISLATIVE REQUIREMENTS

Outlined in Section 40 of the Municipal Systems Act of 2000 (MSA), Municipalities must establish mechanisms to monitor and review its Performance Management System (PMS) so as to measure, monitor, review, evaluate and improve performance at organisational, departmental and employee levels. Section 34 of the MSA furthermore points out that the Integrated Development Plan (IDP) has to be reviewed on an annual basis, and that during the IDP review process the Key Performance Areas, Key Performance Indicators and Performance Targets be reviewed and this review will form the basis for the review of the Organisational Performance Management and Performance Contracts of Senior Managers.

The Municipal Planning and Performance Management Regulations (2001) stipulates that a "municipality's performance management system entails a framework that describes and represents

how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role-players" (Chapter 3, Section 7, Municipal Planning and Performance Management Regulations, 2001).

This Annual Performance Report has been compiled in compliance with the requirements of section 46 (1) of the Local Government: Municipal Systems Act, 32 (Act 32 of 2000); which stipulates as follows:

- 1) A Municipality must prepare for each financial year a performance report reflecting—
 - a. the performance of the Municipality and each external service provider during that financial year.
 - b. A comparison of the performance referred to in paragraph.
 - i. with targets set for performance in the previous financial year; and
 - ii. Measures taken to improve performance.

In addition, Regulation 7 (1) of the Local Government: Municipal Planning and Performance Management Regulations, 2001 states that "A Municipality's Performance Management System entails a framework that describes and represents how the Municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organised and managed, including determining the roles of the different role players." Performance management is not only relevant to the organisation as a whole, but also to the individuals employed in the organisation as well as the external service providers and the Municipal entities.

1.2 PERFORMANCE MANAGEMENT OVERVIEW AND PROCESS

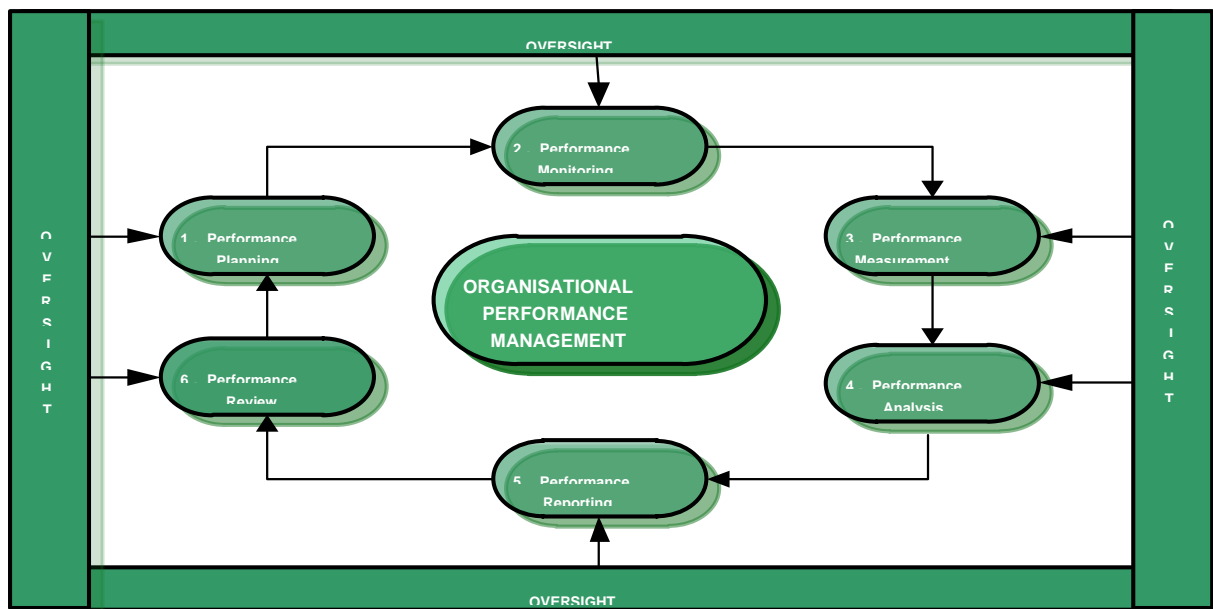
In order to improve on performance planning, implementation, measurement and reporting, the Municipality implemented the following actions: Departmental Scorecards (operational plans) were developed for monitoring and reporting operational programmes; these emanate from the performance plans signed by HODs at the beginning of the financial year.

A manual performance management system is operational within the Municipality. The same system forms the basis of performance evaluations of the HODs i.e., s.56 Managers reporting directly to Municipal Manager. The Municipality endeavoured during the development of the Top Layer Service Delivery and Budget Implementation Plan (SDBIP) as well as with the development of the Departmental scorecards that inform the SDBIP that the "SMART" principle be adhered to in the setting of indicators and objectives. Emphasis was placed on ensuring that targets were specific and time bound, thus making it measurable.

The Msinga Integrated Development Plan (IDP) was developed for 2017-2022 as the strategic document that informs all operations at a Municipal level. As the Municipal Systems Act 32 of 2000, Sections 28 and 32 allows, Msinga IDP has been reviewed for 2020/2021 and adopted by Council. It remains the primary document that informs all plans of the Municipality. The IDP review process

facilitates the process of monitoring, reviewing, and reporting on the performance indicators and provides for an opportunity for public participation in line with the IDP structures.

The process of managing performance at organisational level in the Msinga Municipality involves the stages as set out in the following diagram:



1.3 MUNICIPAL VISION

The Vision for Msinga is intended to provide a clear statement of the preferred future that is aligned with the National Development Plan of 2030. This statement is informed by the historical understanding and knowledge of the area. The main characteristics of Msinga have had a profound influence on the development of the Vision including the following:

- The low Human Development Index (HDI).
- The physical and technical underdevelopment of the area; and
- The very high levels of poverty

In addition to the above, the following components have been identified as being key to the development of the communities of Msinga, namely:

- **KEY DEVELOPMENTAL OBJECTIVES AS PER MUNICIPAL IDP**
 - Poverty alleviation and the provision of employment opportunities.
 - Empowerment (women, aged, disabled, & children)
 - Economic Development.
 - The satisfaction of basic needs and the provision of services.
 - Education and Training
 - Sustainable Municipality

- Good governance and public participation
- Safe and sustainable environment
- Youth development
- Safe adequate housing
- HIV/Aids effects

Using these components as the building blocks, along with the characteristics of the Msinga Municipal area, the following Vision was amended by council in 2018/19.

1.4 VISION

Commitment towards corruption free governance, infrastructural development, poverty eradication and supporting local economic development initiatives towards the financial and social emancipation of the uMsinga community.

2. PERFORMANCE AUDIT COMMITTEE

The Performance Audit Committee has been established since 2007 in terms of Section 14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001 and membership has changed over time.

2.1 AUDIT COMMITTEE

REPORT OF THE AUDIT AND PERFORMANCE COMMITTEE TO THE COUNCIL OF MSINGA MUNICIPALITY FOR THE QUARTERS ENDING 30 JUNE 2020 & 30 SEPTEMBER 2020.

The Msinga Municipality's Audit and Performance Committee (AUDCOM) present its report to the Council for the quarters ending 30 June 2020 and 30 September 2020.

2.1.1 MANDATE

The Msinga Municipality established an AUDCOM in terms of section 166 of the MFMA, section 14(2) (c) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations) and MFMA Circular No. 65 issued by the National Treasury in November 2012. Consideration has also been given to the recommendations contained in the King Report on Governance for South Africa 2017 (King IV).

2.1.2 MEMBERS AND ATTENDANCE AT MEETINGS

The AUDCOM is comprised of 5 independent, external members and the AUDCOM members are Mr M Langa (Chairperson – Audit Committee), Ms Z Khanyile (Chairperson – Performance Committee), Mr V Tembe, Mr M Madonsela and Mr N Mchunu. The AUDCOM is required to meet at least 4 times per annum, in line with S 166 of the MFMA. Members' attendance at the meetings is detailed below:

Apologies were received from members for meetings where they were unable to attend.

The Audit Committee held meetings on the following dates in the 2019/2020 financial year.

- 15 August 2019
- 20 August 2019
- 26 November 2019
- 21 January 2020
- 18 February 2020
- 03 March 2020
- 23 March 2020
- 28 May 2020

2.1.3 RESPONSIBILITY

The legal responsibilities of the AUDCOM are set out in terms of section 166 of the MFMA and operate within the terms of the Audit and Performance Committee Charter approved by the Council.

In the conduct of its duties, the AUDCOM has performed the following statutory duties relating to the quarters ending 30 June 2020 and 30 September 2020:

2.1.4 INTERNAL AUDIT REPORT

MSINGA MUNICIPALITY AUDIT COMMITTEE REPORT FOR THE YEAR ENDED 30 JUNE 2020

2.1.4.1 Legislative requirements

The purpose of this report is to communicate to the council the audit committee's progress to date in carrying out its oversight responsibilities 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 for the year ended 30 June 2020.

The MFMA obliges every municipality to establish an independent audit committee, 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 audit committee 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 2020.

2.1.4.2 Audit committee members and attendance

The audit committee was established in accordance with section 166 of the MFMA read with MFMA Circular 65 issued by the National Treasury. The audit committee charter requires that the audit committee comprises of four members, of whom the majority must not be in the employ of the municipality.

The audit committee comprises five members, including the chairperson, Mr M Langa. In terms of section 166(4)(b) of the MFMA, the audit committee must meet at least four times a year. During the financial year ended 30 June 2020, the audit committee met on nine occasions. The table below shows the attendance of these meetings:

NAME	NUMBER OF MEETINGS SCHEDULED	NUMBER OF MEETINGS ATTENDED
Mr M Langa (Chairperson)	9	9
Mr M Madonsela	9	9
Mr V Tembe	9	8
Ms Z Khanyile	9	9
Mr N Mchunu	9	7

The members of the audit committee held meetings with the municipal manager as the accounting officer, senior management of the municipality, the internal audit function, and the external auditors, collectively and individually, on matters related to governance, internal control, and risk in the municipality, throughout the reporting period. The committee also presented reports to the Council on governance, internal control, risk, performance and financial information and other relevant matters concerning the municipality.

2.1.4.3 Audit committee's responsibility

The audit committee 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 audit committee charter read in conjunction with the internal audit charter.

2.1.4.4 Effectiveness of internal control

The Audit Committee has considered the work performed by internal audit on a quarterly basis and reviewed the findings by the internal audit function on internal controls for the year ended 30 June 2020. The Audit Committee notes that there has been improvement in internal controls in the areas of financial reporting, performance reporting and compliance with legislation.

In line with Section 62(c)(ii) of the MFMA, internal audit provides the Audit Committee and Management with reasonable assurance that the internal controls are adequate and effective. This is achieved by an approved risk based internal audit plan, internal audit assessing the adequacy of controls mitigating the risks and the Audit Committee monitoring implementation of corrective actions.

2.1.4.5 The quality of monthly and quarterly reports submitted in terms of the MFMA and DORA

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued during the year under review in compliance with the statutory framework. The audit committee has engaged with management to remedy shortcomings, especially relating to the reports on performance against predetermined objectives. 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 audit 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 October.

The audit committee has reviewed the reports issued to National Treasury and the Transferring Officer 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.

2.1.4.6 Risk management function

The audit committee is responsible for the oversight of the risk management function. The risk management committee reports to the audit committee on the municipality's management of risk. To ensure that the risk management committee understands the requirements of the audit committee, a member of the audit committee currently serves as a chairperson of the risk management committee.

The audit committee is concerned with the risk function being under-capacitated or under-skilled, which has resulted in some delays in the finalisation of risk reports. However, the committee has reviewed the risk register and the reports from the risk committee and is generally satisfied with the maturity of the risk management process.

2.1.4.7 Performance management

Part of the responsibilities of the audit committee includes the review of performance management. The audit committee 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.

The audit committee is satisfied that the performance report has been prepared in terms of the MFMA, MSA and the related Regulations.

2.1.4.8 Evaluation of the annual financial statements

The audit committee 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.
- 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 audit committee is comfortable that the annual financial statements have been prepared in terms of GRAP and the MFMA.

Mr M Langa

Audit Committee Chairperson – Msinga Municipality

31 October 2020

3. MSINGA ANNUAL ORGANISATIONAL PERFORMANCE INFORMATION

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

The Annual Performance Report highlights the key performance measures included in the Integrated Development Plan (IDP) review for the 2019-20 financial year. These priority objectives are enshrined in the Msinga Organisational Performance Scorecard (Including the Top Layer of the SDBIP on basic service delivery targets) for 2019-2020.

The Annual Performance Reporting on the 2019-2020 financial year has been presented as per the Organisational Performance Scorecard table format (as prescribed by KwaZulu Natal Department of Corporate Governance and Traditional Affairs as an APR reporting format). The Top Layer Service Delivery Budget Implementation Plan (SDBIP) consolidated service delivery targets as contemplated in National Treasury Municipal Finance Management Act (MFMA) Circular 13 guide has been included subsequently at mid-year following the review from the Auditor General during the 2018/2019 financial year auditing process.

The Draft Organisational Performance was presented to the Auditor General on 31 October 2020 for auditing together with the Annual Financial Statements and a Draft Annual report 2019-20.

This Annual Performance Report (Tables the Top Layer of Service Delivery Targets set in the Service Delivery Budget Implementation Plan) should be read in conjunction with the Msinga Draft Annual Report, including the Annual Financial Statements as well as (Auditor General Report once available) on the Annual Financial Statements and Performance on Predetermined Objectives for the 2019/2020 financial year.

**MSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT
FINANCIAL YEAR 2019-2020**

TABLE 1: ANNUAL PERFORMANCE REPORT (APR) 2019-20

S46 - ANNUAL PERFORMANCE REPORT - UMSINGA LOCAL MUNICIPALITY – 2019-2020 (PERIOD OF 01 JULY 2019-30 JUNE 2020)																
01 - BACK TO BASICS: GOOD GOVERNANCE																
PROMOTE PUBLIC KNOWLEDGE AND AWARENESS																
No	PROGR AM DRIVER	OBJECTIVE/ST RATEGY AS PER IDP	INDICATOR	NKPA	OUTCOME 9	KPI NO.	TARGET 2018/2019	ACTUAL 2018/2019	REGION	BASELI NE	ORIGINAL ANNUAL TARGET 2019/20	ADJUSTED ANNUAL TARGET 2019/20	ACTUAL AS AT 30/6/2020	STATUS: ACHIEVED / NOT ACHIEVED	MEASURES TO IMPROVE PERFORMAN CE	POE
1.	HOD (P)	To review the Spatial Development Framework (SDF) to be SPLUMA compliant as per chapter 21.	Number of uMsinga draft Spatial Development Framework (SDF) reviewed by 30/06/2020	CROSS CUTTIN G	Outcome 5.2: Functional Land Management System Spatial Planning	141	Development of the new 2018/19year Spatial Development Framework and LUMS by 30/6/2020	SDF Procurement processes completed by 30/03/19. first SDF inception meeting & report held by 30/3/19	uMzinyathi, uMsinga, Administrati on	1 st SDF inception report by 30/3/2019	Reviewed SDF by 30 June 2020	01 uMsinga draft Spatial Development Framework (SDF) reviewed by 30/06/2020	01 uMsinga draft Spatial Development Framework (SDF) reviewed by EXCO 24/06/2020	Achieved		Draft SDF/ Council /Exco Resoluti on
2.	HOD (Co)	To conduct 2019/20 Midyear Performance Assessments for s54/56 Managers	Number of 19/20 Mid-Year performance assessments for s54/56 Managers conducted by 31 March 2020	MUNICI PAL TRANS FORMA TION & INSTITU TIONAL DEVEL OPMEN T	Outcome 2.1: More effective Municipal administration	222	2018/019 Mid-Year performance assessments for s54/56 managers conducted by 31 March 2019	A Mid-year performance assessment was conducted on the 08 February 19. 2018/19. Annual assessment for 2017/2018 for s54/56 Managers was done 03/8/2018. Assessment report was tabled to Council by 28 March 19 by the Chairperson /PMS Manager.	uMzinyathi, uMsinga, Administrati on	1	Conduct 2019/20 Mid-Year performance assessments for s54/56 managers by 31 March 2020	19/20 Mid-Year performance assessments for s54/56 Managers conducted by 31 March 2020.	(01) 19/20 Mid-Year performance assessments for s54/56 Managers conducted 14.02.2020	Achieved		Minutes and Attendan ce Register
3.	HOD (MM)	To conduct Ward Committees meetings as to implement the Provincial Policy Framework	Number of Ward Committee meeting conducted in all 18 wards by 30/06/2020	GOOD GOVER NANCE	Outcome 2: Improved Municipal stakeholder engagement.	33	216 ward committee meetings by 30/6/19	216 ward committee meetings by 30/6/19	uMzinyathi, uMsinga, Administrati on	216	Conduct 216 ward Committee meetings by 30/06/2020.	216 Ward Committee meeting conducted in all 18 wards by 30/06/2020.	162 Ward Committee meeting conducted in all 18 wards by 30/06/2020.	Not Achieved	Ward committee meetings were unable to be conducted due to Lockdown and the majority of ward committee members do not have access to internet to conduct meetings virtually. New schedule will	Agenda and Attendan ce Register

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FINANCIAL YEAR 2019-2020**

															be done and implemented after the National Lockdown.	
4.	HOD (Co)	To conduct Mayoral Izimbizo for all 18 Wards	Number of Mayoral imbizo's conducted in all 18 wards by 30/06/2020.	GOOD GOVERNANCE	Outcome 2: Improved Municipal stakeholder engagement.	34	18 Mayoral Imbizo by 30/6/19	18 Mayoral Imbizo by 30/6/19	uMzinyathi, uMsinga, Administration	18	Conduct 18 Mayoral Izimbizo meetings by 30 /06/2020	18 Mayoral imbizo's conducted in all 18 wards by 30/06/2020	13 Mayoral imbizo's conducted in all 18 wards by 30/06/2020.	Not Achieved	All community engagements from the 26.3.2020 were cancelled due to the National Lockdown and the majority of ward committee members do not have access to.	Program me & Attendance Register
5.	HOD (Co)	To have effective secretariat services to Council and standing committees	Number of uMsinga Municipal council Meetings conducted by 30/06/2020	GOOD GOVERNANCE	Outcome 2.2: Improve Council functionality	42	04 council meetings by 30/6/19	07 council meetings by 30/6/19	uMzinyathi, uMsinga, Administration	6	Conduct 04 council meetings by 30/6/2020.	04 uMsinga Municipal Council meetings conducted by 30/06/2020	06 uMsinga Municipal Council meetings conducted by 30/06/2020	Overachieved		Agenda and Attendance
6.	HOD (Co)	To have effective secretariat services to Council and standing committees	Number of uMsinga Municipal subcommittee meetings (Corporate, Technical, Community, Development Planning, Finance) conducted by 30/06/2020)	GOOD GOVERNANCE	Outcome 2.2 Improved Council functionality	43	20 council subcommittee meetings by 30/6/19 (Corporate, Technical, Community, Development Planning, Finance)	20 council subcommittee meetings by 30/6/19 (Corporate, Technical, Community, Development Planning, Finance)	uMzinyathi, uMsinga, Administration	20	conduct 20 Council Subcommittee Meetings by 30/6/2020	20 council subcommittee meetings by 30/6/19 (Corporate, Technical, Community, Development Planning, Finance)	20 council subcommittee meetings by 30/6/19(Corporate, Technical, Community, Development Planning, Finance)	Achieved		Agenda and Attendance Register
7.	HOD (Co)	To have effective secretariat services to Council and standing committees	Number of uMsinga Exco meetings conducted by 30/06/2020	GOOD GOVERNANCE	Outcome 2.2 Improved Council functionality				uMzinyathi, uMsinga, Administration	12	Conduct 12 EXCO meetings by 30/6/2020	12 uMsinga Exco meetings conducted by 30/06/2020.	12 Msinga Exco meetings conducted by 30/06/2020	Achieved		Agenda and Attendance Register
8.	HOD (Co)	To have effective secretariat services to Council and standing committees	Number of MPAC Meetings conducted by 30 June 2020	GOOD GOVERNANCE	Outcome 2.2: Improved Council functionality	46	03 MPAC meetings per year by 30/6/19	03 MPAC meetings held per year by 30/6/19	uMzinyathi, uMsinga, Administration	4	Conduct 04 MPAC meetings by 30/6/2020	04 MPAC Meetings conducted by 30/06/ 2020	04 MPAC Meetings conducted by 30/06/2020	Achieved		Agenda and Attendance register
9.	HOD (P)	To submit Municipal Draft Integrated Development Plan (IDP) for the 2020/2021 Financial Year (FY).	Number of Draft IDP submitted to uMsinga Council for adoption by 30 March 2020	CROSS CUTTING	Outcome 5.1: A credible IDP aligned to the ONE PLAN	143	19/20 Final IDP submitted to standing committee and Council for adoption by 30/6/19	19/20 Draft I IDP submitted to standing committee and Council for adoption by 28/3/19	uMzinyathi, uMsinga, Administration		IDP submitted for adoption to council by 30/6/2020	01 Draft IDP submitted to uMsinga Council for adoption by 30/03/2020	01 Draft IDP submitted to uMsinga Council for adoption by 25.03. 2020	Achieved		Council Resolution
10.	HOD (P)	To submit Municipal final IDP for the 2019/20 FY.	Number of 2020/2021 Final IDP submitted to uMsinga Council for	CROSS CUTTING	Outcome 5.1: A credible IDP aligned	144	19/20 Final IDP submitted to standing committee and	19/20 Final IDP submitted to standing committee	uMzinyathi, uMsinga, Administration	2	DRAFT IDP submitted for adoption to council by	One (01) 2020/2021 Final IDP submitted to	One (01) 2020/21 Final IDP submitted to uMsinga	Achieved		Council Resolution

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			adoption by 30 June 2020		to the ONE PLAN		Council for adoption by 30/6/19	and Council for adoption by 28/6/19			30/3/2020	uMsinga Council for adoption by 30/06/2020	Council for adopted by 27.05. 2020			
11.		To review uMsinga Municipality's 2020/21 Housing Sector	Number of uMsinga Housing Sector Plan reviewed by EXCO by 30/06/2020	CROSS CUTTING	Outcome 5.2: Functional Land Management System and Spatial	145	Adopt a Housing Sector Plan by EXCO by 30/6/19	HSP is in the procurement process on 30/6/19	uMzinyathi, uMsinga, Administration	Procurement process completed by 30.6.19.	Adopted Housing Sector Plan by Council by 30/6/2020	One (01) draft HSP reviewed by Exco by 30/6/2020	One (01) draft HSP reviewed by Exco 24.6.2020	Achieved		Exco/Council Resolution
12.	HOD (CS)	To conduct Public Awareness Campaigns	Number of uMsinga Public Awareness campaigns (traffic, fire, youth, disaster awareness campaigns) conducted by 30/06/2020	GOOD GOVERNANCE	Outcome 2: Improved Municipal stakeholder	63	N/A	N/A	uMzinyathi, uMsinga, All wards	New	Conduct 45 Traffic, fire, and disaster Awareness Campaigns by 30/6/2020	40 uMsinga Public Awareness campaigns (traffic, fire, youth, disaster, awareness campaigns) conducted by 30/06/2020	55 uMsinga Public Awareness campaigns (traffic, fire, youth, disaster awareness campaigns) conducted by 30/06/2020	Overachieved	The increase in the campaigns conducted was due to the disinfection programme activated during the Lock Down	Pictures and Programme
13.	HOD (CS)	To host world Aids celebration/commemorations	Number of uMsinga World AIDS commemorate on events (World aids day ward 7 hosted by 30/06/2020	CROSS CUTTING	Outcome 4.6: Fires, disasters, and emergency services	66	World aids celebration /commemorations by 30/6/19	World aids celebration /commemorations held on 05 and 07/012/2018	uMzinyathi, uMsinga, All wards	01	01 World aids celebration commemorations by 30/12 /2020	01 uMsinga World AIDS commemorations on events (World aids day ward 7 hosted by 30/06/2020	01 uMsinga World AIDS commemorations on events (World aids day ward 7 hosted by 05/012/19	Achieved		Pictures
14.	HOD (CS)	To host umcimbi weBhayi	Number of Umcimbi weBhayi hosted at Efabeni by 30/06/2020	LED	Outcome 4.7.1: Growing local economies.	59	N/A	N/A	uMzinyathi, uMsinga, All wards	01	Host Umcimbi weBhayi by 30/6/2020	01 Umcimbi weBhayi hosted at Efabeni by 30/06/2020	01 Umcimbi weBhayi hosted at Efabeni by 16/08/19	Achieved		Group Performance Register & Pictures
15.	HOD(CS)	To host uMsinga Marathon	Number of uMsinga Marathon hosted at Pomeroy by 30/06/2020.	LED	Outcome 4.7.1: Growing local economies	70	Hosting of uMsinga Marathon by 30/6/19	Hosted uMsinga Marathon on the 01/5/19	uMzinyathi, uMsinga, All wards	01	hold 01 Sports Indaba by 30/6/2020	01 uMsinga Marathon hosted at Pomeroy by 30/06/2020	0 uMsinga Marathon hosted at Pomeroy by 30/06/2020	Not Achieved	The race was set for the 26/04/2020 but, the effect of COVID-019 Lock Down in March 2020 forced the cancellation of all contact sport games. Even on relaxation of regulations, sports remained prohibited in adhering to government regulations, the	Quarterly & Technical reports/pictures

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															project to be cancelled completely	
16.	HOD (CS)	To host Isicathamiya Event	Number of Isicathamiya event hosted at Ntili by 30/06/2020	LED	Outcome 4.7.1: Growing local economies	71	Hosting Isicathamiya Event by 30 December 2018	Hosted Isicathamiya Event on 31/01/2019	uMzinyathi, uMsinga, All wards	01	host 01 Isicathamiya event by 30/12/2019	01 Isicathamiya event hosted at Ntili by 30/06/2020	01 Isicathamiya event hosted at Ntili by 21/12/19	Achieved		Group Performance Register & Pictures
17.	HOD (CS)	To host uMsinga Maskandi Festival	Number of Maskandi Festival Hosted at Emphelankani by 30/06/2020	LED	Outcome 4.7.1: Growing local economies	72	Hosting Maskandi Festival by 30 June	Hosted Maskandi Festival on 04/05/19	uMzinyathi, uMsinga, All wards	01	host 01 Maskandi Festival by 30/6/2020	01 Maskandi Festival Hosted at Emphelankani by 30/06/2020	01 Maskandi Festival Hosted at Emphelankani by 01/6/12/19	Achieved		proof of submission on/ resolution
18.	HOD (P)	To submit and adopt Process Plan for the revision of the Municipal Integrated Development Plan (IDP) for 2020/2021 FY)	Number of IDP process plans for the revision of the 2020/21 IDP submitted to Council adoption by 30/6/2020	LED	Outcome 4.7.1 Growing local economies	151	Draft IDP Process Plan for revision of 19/20 & submit to Standing Committee for Council adoption by 30-Sep-019	Draft IDP Process Plan for revision of 19/20 & submitted to standing Committee for Council adoption by 08 August 2018. The draft PP was submitted to DCOGTA on 001/08/2018. The final PP was submitted on the 16/10/19	uMzinyathi, uMsinga Administration	01	Draft IDP process plan for the revision of the 2020/21 IDP submitted to standing committee for Council adoption by 30/6/2020.	01 IDP process plan for the revision of the 2020/21 IDP submitted to Council adoption by 30/6/2020	01 IDP process plan for the revision of the 2020/21 IDP submitted to Council adoption by 28.8.2019 and to DCOGTA by 31/7/19	Achieved		proof of submission on/ resolution
19.	HOD (CS)	To host annual Reed Dance	Number of Annual Reed Dance hosted at Mkhuphulang wenya by 30 September 19	LED	Outcome 4.7.1 Growing local economies	75	Conduct & Participate in Young Maidens Annual Reed Dance by 30 September 19	Conducted & Participated in Young Maidens Annual Reed Dance on the 30/09/19.	uMzinyathi, uMsinga, All wards	01	01 Reed dance conducted by 30 September 2019	01 Annual Reed Dance hosted at Mkhuphulang wenya by 30/09/19	01 Annual Reed Dance hosted at Mkhuphulang wenya Local Camp: 26 - 27/07/19	Achieved		Report /Pictures
20.	HOD (CS)	To host Mayoral Cup	Number of uMsinga Mayoral Cup hosted at Pomeroy by 30/6/2020	LED	Outcome 4.7.1 Growing local economies	78	Host uMsinga Mayoral Cup by 30/6/19	Hosted uMsinga Mayoral Cup 27/4/19 and	uMzinyathi, uMsinga, All wards	01	Host 01 uMsinga Mayoral Cup by 30/6/2020	01 uMsinga Mayoral Cup hosted at Pomeroy by 30 June 2020	01 uMsinga Mayoral Cup hosted at Pomeroy by 30/06/2020	Not Achieved	The Cup was set for the 01/05/2020 however, the effect of COVID-019 Lock Down in March 2020 forced the cancellation of all contact sport games. In adhering to government regulations, the project to be cancelled completely	Quarterly & Technical reports/pictures
21.	HOD (CS)	To host uMsinga Sports Local selections.	Number of uMsinga sport Local Selections hosted at	LED	Outcome 4.7.1 Growing local economies	79	Host Local Selection per sporting codes	Hosted Local Selection per sporting codes	uMzinyathi, uMsinga, All wards	01	Hosting of 01 Local Selection per	01 uMsinga sport Local Selections	01 uMsinga sport Local Selections hosted at	Achieved		Quarterly & Technical

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			Pomeroy by 30/6/2020				and presentation of uMsinga Local Team at District Level by 30/6/19	and presentation of uMsinga Local Team at District Level on 25/08/2018, 06/010/2018 and 06/09/2018			sporting codes and representatio n of uMsinga Local Team at District Level by 30/6/2020	hosted at Pomeroy by 30/6/2020	Pomeroy by 30/09/19			reports/p ictures
22.	HOD (CS)	To host Disability Sports Day	Number of Disability Sports Day hosted at Pomeroy by 30/06/2020	CROSS CUTTIN G	Outcome 4.7.1 Growing local economies	80	N/A	N/A	uMzinyathi, uMsinga, All wards	01	01 Disability Sports Day by 30 June 2020	01 Disability Sports Day hosted at Pomeroy by 30/06/2020	0 Disability Sports Day hosted at Pomeroy by 30/06/2020	Not Achieved	This event was scheduled to be hosted in June 2020 but, the effect of COVID-019 Lock Down in March 2020 forced the cancellation of all contact sport games. Even on relaxation of regulations, sports remained prohibited. In adhering to government regulations, the project to be cancelled completely	Pictures
23.	HOD (CS)	To implement Ward Youth Projects as per Ward Based Plans in the IDP2019/2020	Number of Youth Projects implemented in all wards by 30/6/2020.	CROSS CUTTIN G	Outcome 4.7.1 Growing local economies	82	N/A	N/A	uMzinyathi, uMsinga, All wards	18	18 ward projects implemented by 30/6/2020	36 Youth Projects implemented in all wards by 30/6/2020	65 Youth Projects implemented in all wards by 30/6/2020	Overachiev ed		Control file
24.	HOD (CS)	To assist Tertiary learners with registration	Number of Learners Assisted with Tertiary registration in 18 wards by 30/6/2020	LED	Outcome 4.7.1 Growing local economies	83	N/A	N/A	uMzinyathi, uMsinga, all wards	181	75 Learners Assisted with Tertiary registration by 30/6/2020	60 Learners Assisted with Tertiary registration in 18 wards by 30/6/2020	107 Learners Assisted with Tertiary registration in 18 wards by 30/6/2020	Overachiev ed		Control file/ Bursary forms
25.	HOD (CS)	To host Youth Day Celebration	Number of Youth Day celebrations hosted at Pomeroy by 30/06/2020	LED	Outcome 4.7.1 Growing local economies	84	Host Youth Day celebration by 30 June	Hosted youth day celebration on the 27/6/19	uMzinyathi, uMsinga, All wards	01	Host 01 Youth Day celebration by 30 June 2020	04 Youth Forum meetings conducted by 30 June 2020	03 Youth Forum Meetings held on the 18/11/2019; 29/11/2019; 24/01/2020) were	Not Achieved	The following meeting scheduled for the 4 th Quarter was cancelled due the effect of COVID19	Pictures/ Program

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													conducted by 30 June 2020		Lock Down in March 2020. In adhering to government regulations, all Physical meetings, and unrelated COVID-19 movements were minimised, and later cancelled. Alternatively, virtual meetings were impossible due to poor network coverage and complaints received on lack of data.	
26.	HOD (P)	To adopt LED strategy	Number of uMsinga Draft LED strategies adopted by Council by 30/6/2020	LED	Outcome 4.7. 1 Growing local economies	154	N/A	N/A	uMzinyathi, uMsinga, Administra- tion	LED Strategy (reviewe d in 2012)	01 LED Strategy review by 30/6/2020	01 Draft LED Strategy review by 30/6/2020	01 Draft LED Strategy reviewed by Development Subcommittee June 17.06.2020	Not Achieved	The Draft LED strategy has not been taken to Council for approval because public consultation is still pending. The consultative process of the Municipality will commence after lockdown when normal consultation processes resume. The LED strategy shall be adopted by 31/12/2020	Council Resoluti on
27.	HOD (P)	To conduct a Feasibility study of Kopi Tourism Center	Number of Feasibility studies of Kopi Tourism conducted by 30/06/2020	LED	Outcome 4.7. 1 Growing local economies	155	Construction of Kopi Curio shop by 30/6/2020	Project Design have been completed.	uMzinyathi, uMsinga, Administra- tion	New	Complete construction of Kopi Curio shop phase 1 by 30/6/2020	01 Feasibility study of Kopi Tourism conducted by 30/06/2020	01 Feasibility study of Kopi Tourism conducted by 30/06/2020	Not Achieved	The project was started late in the year. The Feasibility study has not been adopted as yet. It	Inception report/ Draft report

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															shall be completed in in 2020/21 the project has been rolled over to 2020/21 and shall be adopted by 30.9.2020	
28.	HOD (P)	To capacitate SMMEs within uMzinga Area	Number of SMME's within uMzinga area capacitated by 30/06/2020	LED	Outcome 4.7.1 Growing local economies	157	N/A	N/A	uMzinyathi, uMzinga, Administration	New	30 SMME's capacitated by 30 June 2020.	30 SMME's within uMzinga area capacitated by 30/06/2020	60 SMME's within uMzinga area capacitated by 30/06/2020	Overachieved	The Municipality partnered with EDTEA and Social Development departments and conducted more trainings: (50) SMMEs on the 18/02/2020 in collaboration with EDTEA. 02-06/03/2020 a training with Soc. Dev. at Mzinga library (10) participants.	A List of assisted SMMEs/ attendance register
29.	HOD (P)	To host BUSINESS INDABA/LED summit	Number of Business Indaba/ LED summit hosted at Mphelankani by 30/06/2020	LED	Outcome 4.7.1 Growing local economies	158	N/A	N/A	uMzinyathi, uMzinga, Administration	01	01 Business Indaba by 30 June 2020	01 Business Indaba/ LED summit hosted at Mphelankani by 30/06/2020	01 Business Indaba/ LED summit hosted at Mphelankani by the 20th to 21st/11/2019	Overachieved	The Municipality hosted a two-day programme with uMzinyathi District and managed to have a successful business Indaba than had planned	Reports/ Program
30.	ALL	To achieve unqualified audit	Number of unqualified audit opinion (2018-19 FY) achieved by uMzinga Municipality by 30 December 19	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 3.1 Good Financial Performance	48	2017/2018 Financial year unqualified audit opinion achieved by 31 December 2018	Unqualified Audit Opinion received for year 2017/18 Financial Year on the 5th December 2018	uMzinyathi, uMzinga, Administration	Unqualified	2018/19 Financial year unqualified audit opinion achieved by 30 December 2019	01 unqualified audit opinion (2018-19 FY) achieved by uMzinga Municipality by 31/12/2019	01 unqualified audit opinion (2018-19 FY) achieved by uMzinga Municipality by 31/12/2019	Achieved		Audit General reports

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31.	ALL	To develop Audit action plan	Number of uMzinga Action plans developed to address Auditor Generals (AG) findings (as per 2018-19 Audit Report) by 30 June 2020	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 3.1 Good Financial Performance	49	Developed and Implemented of Action Plan to address Auditor Generals findings per 2017/18 Audit Report by 30 June 19	Developed implemented and monitored an AG Action Plan to address Auditor Generals findings per 2017/18 Audit Report by 31/12/2018. 90% of the concerns are addressed	uMzinyathi, uMzinga, Administration	01	Develop and Implement 01 Action Plan to address Auditor Generals findings per 2018 /2019 Audit Report by 30 June 2020	01 uMzinga Action plans developed to address Auditor Generals findings (as per 2018-19 Audit Report) by 30/06/ 2020	01 uMzinga Action plans developed to address Auditor Generals findings (as per 2018-19 Audit Report) by 31/12/19	Achieved		Action plan
32.	ALL	To resolve issued raised by AG.	Percentage of resolved issues raised by AG as per the developed action plan by 30 June 2020	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 3.1 Good Financial Performance	49.1	N/A	N/A	uMzinyathi, uMzinga, Administration	100%	100% of resolved issues raised by AG as per the developed action plan by 30/06/2020	100% of resolved issues raised by AG as per the developed action plan by 30/06/2020	80 % of resolved issues raised by AG as per the developed action plan by 30/06/2020"	Not Achieved	About 80% resolved with the remainder awaiting the new AFS/APR. The action plan is place, it is monitored closely and is a standing item in all Audit Committee & Senior Management T meetings.	Audit General Action Plan/ progress report
33.	ALL	To mitigate risks in the Municipality	Number of reports on Risk register implementation on submitted to Audit Committee (AC) by 30 June 2020	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 2.1 More effective Municipal administration	50	Number of reports on Risk register implementation submitted to standing committee by 30/6/19	Submitted 04 reports on Risk Register implementation by 30 June 19	uMzinyathi, uMzinga, Administration	04	04 reports on Risk register implementation submitted to standing committee by 30/6/2020	4 Reports on Risk register implementation submitted to AC by 30/06/2020	4 Reports on Risk register implementation submitted to AC by 30/06/2020	Achieved		Agenda/ progress report
2 - Back to Basics: Building capable governance institutions																
To facilitate and coordinate provision of Integrated Human Settlements within the Municipality																
NO	PROGR AM DRIVER	OBJECTIVE/ST RATEGY AS PER IDP	INDICATOR	NKPA	OUTCOME 9	KPI NO.	TARGET 2018/2019	ACTUAL 2018/2019	REGION	BASELI NE	ORIGINAL ANNUAL TARGET 2019/20	ADJUSTED ANNUAL TARGET 2019/20	ACTUAL AS AT 30/6/2020	STATUS: ACHIEVED / NOT ACHIEVED	MEASURES TO IMPROVE PERFORMAN CE	POE
34.	HOD (P)	To submit 2019/20 Mid-Year Performance Report (S72 Report) to Council for adoption by	Number of uMzinga Mid-Year performance report (S72 Report) submitted to Council for adoption by	MUNICIPAL TRANSFORMATION &	Outcome 2.1 More effective Municipal administration	132	N/A	N/A	uMzinyathi, uMzinga, Administration	01	2019/20 Mid-Year performance report (S72 Report) submitted to	01 uMzinga Mid-Year performance report (S72 Report) submitted to	01 uMzinga Mid-Year performance report (S72 Report) submitted to	Achieved		Council Resoluti on

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		Council for adoption	30/06/2020	INSTITUTIONAL DEVELOPMENT							Council for adoption by date	Council for adoption by 30/06/2020	Council for adoption by 23.01./2020			
35.	HOD (P)	To adopt 19-20 Annual Report (s46 APR)	To adopt 2018-2019 Annual Performance Report (s46 APR)	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 2.1 More effective Municipal administration	135	Adopt 2017/2018 Annual Performance Report (s46 APR) by 30/6/19	Adopted 2017/2018 Annual Performance Report (s46 APR) by 27/3/19	uMzinyathi, uMsinga, Administration	01	Presentation of 01 2018-19 Final Annual Performance Report to Council for adoption 30 June 2020	01 2018/2019 final Annual Performance Report presented to Council for adoption by 30/6/2020	01 2018/2019 Final Annual Performance Report presented to Council for adoption by 25.3.2020	Achieved		Council Resolution
36.	HOD (P)	To ensure proper administration in line with legislation	To adopt 2018/2019 draft Annual Report (s46 AR)	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 2.1 More effective Municipal administration	136	Submission of the 2017/18 draft annual performance report to IA and AC for input and comments	Submitted the 2017/18 Draft annual performance report to IA and AC for input and comments 21& 28/8/2018	uMzinyathi, uMsinga, Administration	01	Submission of 01 2018-19 draft annual performance report to IA and AC for input and comments 30 June 2020	01 2018/2019 draft (AR) annual report to IA and AC for input and comments by 30.08.2019	01 2018/2019 draft (AR) annual report to IA and AC for input and comments by 21.08.2019	Achieved		AC/PAC Agenda
37.	HOD (P)	To ensure proper administration in line with legislation	To adopt final Annual Report (s46 AR)	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 2.1 More effective Municipal administration	137	Submission of the Final APR to CoGTA, AG, NT & PT by 31/8/2018	Submitted the Final APR to CoGTA, AG, NT & PT on 31/8/2018	uMzinyathi, uMsinga, Administration	01	Submission of 01 Final APR to CoGTA, AG, NT & PT 30 June 2020	01 final AR submitted to CoGTA, AG, NT & PT by 30.6.2020	01 Final AR submitted to CoGTA, AG, NT & PT 25.3.2020	Achieved		Council Resolution (refer to KPI 135) /proof of submission
38.	ALL	To ensure proper administration in line with legislation	Number of uMsinga SDBIP adopted by Council by 30/6/2020	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 2.1 More effective Municipal administration	138	N/A	N/A	uMzinyathi, uMsinga, Administration	02	one 2020/21 SDBIP presented to Council for Mayor's endorsement by 30 June 2020	02 uMsinga SDBIP adopted by Council by 30/6/2020	02 uMsinga SDBIP adopted by Council by 25.3.2020 and 27.5.2020	Achieved		Council Resolution
39.	HOD (P)	To submit 2019/20 Mid-Year Performance Report (S72 Report) to Council for adoption	Number of uMsinga Mid-Year performance report (S72 Report) submitted to Council for adoption by 30/06/2020	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 2.1 More effective Municipal administration	132	N/A	N/A	uMzinyathi, uMsinga, Administration	01	2019/20 Mid-Year performance report (S72 Report) submitted to Council for adoption by date	01 uMsinga Mid-Year performance report (S72 Report) submitted to Council for adoption by 30/06/2020	01 uMsinga Mid-Year performance report (S72 Report) submitted to Council for adoption by 23.01./2020	Achieved		Council Resolution

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				DEVELOPMENT												
40.	ALL	To ensure proper administration in line with legislation	Number of uMzinga SDBIP Quarterly reports adopted by Council by 30/06/2020	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 2.1 More effective Municipal administration	139	N/A	N/A	uMzinyathi, uMzinga, Administration	04	04 SDBIP reports submitted to standing committees and audit committee by 30/6/2020	04 uMzinga SDBIP Quarterly reports adopted by Council by 30/06/2020	04 uMzinga SDBIP Quarterly reports adopted by Council by 30/06/2020	Achieved		Council /exco resolutions/Agenda/progress report
41.	MM	To revise Internal Audit charter	Number of Revised uMzinga internal audit charter submitted to audit committee for adoption by 30/6/2020	MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT	Outcome 2.1 More effective Municipal administration	217	N/A	N/A	7, uMzinga, Administration	No	01 internal audit charter submitted to standing committees; audit committee and Council for adoption by 30/6/2020	01 Revised uMzinga internal audit charter submitted to audit committee for adoption by 30/6/2020	01 Revised uMzinga internal audit charter submitted to audit for adoption by 27.5.2020	Achieved		Copy of Internal audit plan, Agenda & attendance register

3 - Back to Basics: Service delivery

Improve Community and Environmental Health and Safety

NO	PROGRAM DRIVER	OBJECTIVE/STRATEGY AS PER IDP	INDICATOR	NKPA	OUTCOME 9	KPI NO.	TARGET 2018/2019	ACTUAL 2018/2019	REGION	BASELINE	ORIGINAL ANNUAL TARGET 2019/20	ADJUSTED ANNUAL TARGET 2019/20	ACTUAL AS AT 30/6/2020	STATUS: ACHIEVED / NOT ACHIEVED	MEASURES TO IMPROVE PERFORMANCE	POE
42.	HOD (TS)	To construct 16 Two roomed Houses	Number of Two room houses constructed by 30/06/2020. Zondo family, Zwane Bongiwe, Mnguni Vimba, Mkhize Qiniseni, Nsele Gweva, Ntombenhle Zuma, Mabhiya Majola, Mkhize family, Ximba family, Zondi Family, Mthabela family, Mukelisiwe Zondo, Philani Zakwe, Thathezekhe Mntungwa, Buthelezi family	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	166	Construct and complete 11 Two-room House 30/6/19	Constructed & completed 11 Two-room Houses as per WBP by 30/6/19: Mkhize, Qwabe, Benya, Ndlovu, Ngabayena, Khoza, Ngubane, Mathondi, Cele, Magwanyana, Mntungwa,	uMzinyathi, uMzinga, Ward 2, Ward 3, Ward 3, Ward 3, Ward 3, Ward 10, Ward 10, Ward 2, Ward 2, Ward 17, Ward 18, Ward 18, Ward 4, Ward 4, Ward 4, Ward 16	New	Completed 12 Two room by date the 30/6/2020 ward 2 (3x 2 rooms), Ntombenhle two room ward 10, Mabhiya Majola 2 room ward 10, two rooms x 2 ward 18,	16 two roomed houses constructed by 30/06/2020	15 Two roomed houses constructed by 30/06/2020 Zondo family-ward 2, Zwane Bongiwe-ward 3, Mnguni Vimba- ward 3, Mkhize Qiniseni-ward 3, Nsele Gweva-ward 3, Ntombenhle Zuma- ward 10, Mabhiya Majola-ward 10, Mkhize family-ward 2, Ximba family-ward 2,	Not Achieved	Corona virus pandemic outbreak affected the construction of two roomed houses, as per attached nationwide lockdown regulations Buthelezi Family house in Ward 16 was not completed & rolled over to 2020/21 Roll-over to	completion certificate.

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												Zondi Family ward 17, Mthabela family-ward 18, Mukelisiwe Zondo-ward 4, Philani Zakwe- ward 4, Thathezakhe Mntungwaward 4, Buthelezi family-ward16 Buthelezi Family house in Ward 16 was not completed & rolled over to 2020/21		2020/21 FY and new extension of time have been extended and granted with a new completion n date of the 31st of July 2020		
43.	HOD (TS)	To construct 3x two Classrooms	Number of two Classrooms constructed by 30/06/2020 (Kosibiya, Bambanani, Pomeroy Christian)	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	167	Construct and complete 03 x two - Classrooms by 30/6/19	Constructed & completed 3 x two-Classrooms as per CBP by 30/6/19: Buhayika ward 6, 2 classrooms at Nsimbini phase 02, 2 classrooms Mthintandaba school,	uMzinyathi, uMsinga, Ward 6, Ward 6, Ward 17,	No	Completed 2 Classrooms by date the 30/6/2020: Ward 6 Kosibiya & Bambanani 2 classrooms, Pomeroy C. school ward 17 , Zondi two room ward 17, renovation of Somveli School ward 9	3 x two classrooms constructed by 30/06/2020 Kosibiya-ward6, Bambanani - ward 6, Pomeroy Christian-Ward017	0 x two classrooms constructed by 30/06/2020 Kosibiya-ward6, Bambanani ward 6, Pomeroy Christian-Ward017	Not Achieved	Coronavirus pandemic outbreak affected the construction of the classrooms, as per attached nation-wide lockdown regulations. Roll-over to 2020/21 FY and new extension of time have been extended and granted with a new completion date of the 31st of August 2020.	Extension of time letter
44.	HOD (TS)	To construct 8 creches	Number of Crèches constructed by 30/06/2020 (Obanjani, Bangani, KwaMphahleni, Phohlozane, Ekunengeleni, Shabase, Makhankane, Swelihle)	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	168	Construct and complete 09 Crèches by 30/6/19	Constructed & completed 08 Crèches as per WBP by 30/6/19: ward 017 (2), ward 01, ward 3, ward 8, ward 9(2), ward 14	uMzinyathi, uMsinga, Ward 10, Ward 10, Ward 7, Ward 16, Ward 9, Ward 12 and Ward 17	Existing project	Completed 7 Creches by date 30/6/2020: Ekunengeleni crèche ward 9, KwaGuqa / Phahleni crèche ward	8 crèches constructed by 30/06/2020 Obanjani, Bangani, KwaMphahleni, Phohlozane,	02 crèches constructed by 30/06/2020 (Banganiward 10 & Ekunengeleni ward9 completed)	Not Achieved	Coronavirus pandemic outbreak affected the construction of the crèches, as per attached	Completion certificate and extension of time letter

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											7, Shabase crèche ward 12, Bangani crèche ward 10,	Ekunengeleni, Shabase, Makhankane, Swelihle) at Ward 10, Ward 10, Ward 7, Ward 16, Ward 9, Ward 12 and Ward 17	crèches in progress KwaMphahlen iward 7, Phohlozane ward16, , Shabase - ward 12, Makhankane ward17, Swelihle-16, Obanjeni- ward 10 Phohlozane crèche was reprioritised. Obanjeni crèche was reprioritised		nation-wide lockdown regulations. Roll-over to 2020/21 FY and new extension of time have been extended and granted with a new completion date of the 31st of August 2020	
45.	HOD (TS)	To construct 6 Community Halls	Number of Community Halls constructed by 30/06/2020. (Simo Myeza, KwaGudlntaba, Makhungubhede, Hholwane, Keats drift, Ntombikayise Ngcobo)	BASIC SERVIC E DELIVE RY	PILLAR 2: SERVICE DELIVERY	169	Construct & complete 18 Community Halls 30/6/19: Ntanyezulu hall ward 01, Sidakeni hall ward 4, Mbabane hall ward 5, Mathengwenya hall ward 6, Jojingwenya hall ward 7, Zihlabeleni hall ward 7, Bhodlendlini hall ward 8, Ndondwane Hall ward 010, Dungamanzi hall ward 010, Keates Drift hall ward 0101, Makhandane hall ward 013, Gcumeni hall ward 013, Mpophoma hall ward 14, Nocomboshe hall ward 15, Mabedlane hall ward 016, Thulani Nyaba hall ward 017,	Constructed & Completed 016 Community Halls by 30/6/19. Ntanyezulu hall ward 01, Sidakeni hall ward 4, Mbabane hall ward 5, Mathengwenya hall ward 6, Jojingwenya hall ward 7, Zihlabeleni hall ward 7, Bhodlendlini hall ward 8, Ndondwane Hall ward 010, Dungamanzi hall ward 010, Makhandane hall ward 013, Gcumeni hall ward 013, Mpophoma hall ward 14, Nocomboshe hall ward 15, Mabedlane hall ward 016, Thulani Nyaba hall ward 017, Ezintandaneni	uMzinyathi, uMsinga, Ward 2, Ward 7, Ward 9, Ward 10, Ward 12, Ward 14, Ward 17	Existing project	Completed 6 Community Halls by date the 30/6/2020: KwaGuqa/Kw agudlntaba hall ward 7, Thushane hall ward 2, and Buyafuthi hall ward 12. Simo Myeza hall ward 17, Hholwane hall and toilets ward 15	6 Community Halls constructed by 30/06/2020. Simo Myeza, KwaGudlntab a, Makhungubhe de, Hholwane, Keats drift, Ntombikayise Ngcobo) at Ward 2, Ward 7, Ward 9, Ward 10, Ward 12, Ward 14, Ward 17	01 Community Hall Ntombikayise Ngcobo Hall (Ward 12) constructed by 30/06/2020. (Halls not completed Simo Myeza - ward 17, KwaGudlntab a- ward 7 Makhungubhe de -ward14 Hholwane- ward 1, Keats Drift - ward 11	Not Achieved	Coronavirus pandemic outbreak affected the construction of the halls, as per attached nation-wide lockdown regulations. Roll-over to 2020/21 FY and new extension of time have been extended and granted with a new completion date of the 31st of August 2020	completi on certificat e

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							Ezintandaneni hall ward 09, Ntombikayise Ngcobo hall ward 012 9.Construction of Osuthu community hall 010. Construction of Kwamakhuphula Community Hall 0101. Construction of Mshafuthi Community Hall 12.Construction of Nondela Community Hall 13.Construction of Nokopela Community hall 14.Construction of Mkhuphula Community Hall 15.Construction of Ezintandaneni Community Hall Purchasing of Fencing material for Ezintandaneni Community Hall 16. Construction of Nogawu community hall 17. Construction of Mqubukazi community hall 18. Construction of Savutshana Community Hall 19. Construction of Mhlane Community Hall									
46.	HOD (TS)	To renovate Othulini lwezulu hall	Percentage of renovation of Othulini lwezulu hall completed by 30/06/2020	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	169.1	N/A	N/A	uMzinyathi, uMsinga, Ward 11	Existing project	None	5% of Othulini lwezulu hall renovated by 30/06/2020	0% of Othulini lwezulu hall renovated by 30/06/2020	Not Achieved	Coronavirus pandemic outbreak affected the renovation of Othulini lwezulu, as per attached nation-wide lockdown regulations	Progress Report/c completion certificate

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															Roll-over to 2020/21 FY and new extension of time have been extended and granted with a new completion date of the 31st of August 2020.	
47.	HOD (TS)	To extend Ntli Community Hall	Percentage of Extension of Ntli Community Hall complete by 30 June 2020	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	169.2	N/A	N/A	uMzinyathi, uMsinga, Ward 16	Existing project	None	5% of Ntli hall extended by 30/06/2020	0% of Ntli hall extended by 30/06/2020	Not Achieved	Coronavirus pandemic outbreak affected the extension of Ntli hall, as per attached nation-wide lockdown regulations Roll-over to 2020/21 FY and new extension of time have been extended and granted with a new completion date of the 28 February 2021	Progress Report
48.	HOD (TS)	Roads maintenance through construction plants programme	Number of Gravel Roads maintained as per road maintenance schedule plan by 30 June 2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	171	N/A	N/A	uMzinyathi, uMsinga, All wards	Existing project	40 kilometres of Gravel Road maintained by 30/6/2020	14 gravel roads maintained as per Road Maintenance Schedule /plan by 30/06/2020	14 gravel roads maintained as per Road Maintenance Schedule /plan by 30/06/2020	Achieved		Quarterly reports & Schedule
49.	HOD (TS)	To maintain Chachacha access road	Percentage of Chachacha Gravel Road to be maintained by 30 June 2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	171, 1	N/A	N/A	uMzinyathi, uMsinga, ward 15	No		100% of Chachacha gravel road maintained by 30/06/2020	100% of Chachacha gravel road maintained by 30/06/2020	Achieved		Final approval certificate
50.	HOD (TS)	To maintain Mashunka access road	Percentage of Mashunka Gravel Road to be maintained by 30 June 2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	171, 2	N/A	N/A	uMzinyathi, uMsinga, ward 6	Existing project		100% Mashunka gravel road maintained by 30/06/2020	100% Mashunka gravel road maintained by 30/06/2020	Achieved		Final approval certificate

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51.	HOD (TS)	To maintain Nkandla access road	Percentage of Nkandla Gravel Road to be maintained by 30 June 2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	171, 4	Construct & completed new gravel access road 7.6 KM (Nkandla Road) by 30/06/19		uMzinyathi, uMsinga, ward 14	Existing project		100% of Nkandla gravel road maintained by 30/06/2020	100% of Nkandla gravel road maintained by 30/06/2020	Achieved		Final approval certificate
52.	HOD (TS)	To upgrade Mzisho sport field # 2	percentage to upgrade Mzisho Sports field # 2 (the remaining 30% of work) by 30 June 2020	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	173	Completed the remaining 30% scope of works towards Mzisho sports field upgrade by 30/6/19		uMzinyathi, uMsinga, Ward 5	70%	Completing the remaining 30% of work by 30/6/2020	100% of Mzisho sport field upgraded by 30/06/2020	95% of Mzisho sport field upgraded by 30/06/2020	Not Achieved	Coronavirus pandemic outbreak affected the construction of the sport field, as per attached nation-wide lockdown regulations. New extension of time for the contract have been extended and granted with a new completion date of the 30th of September 2020	Completion Certificate
53.	HOD (TS)	To construct Mbabane sport field	Percentage constructed at Mbabane sports field by 30/06/2020	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	173, 1	N/A	N/A	uMzinyathi, uMsinga, Ward 5	New	100% completion of the sport field by 30/6/2020	15% of Mbabane sport field constructed by 30/06/2020	0% of Mbabane sport field constructed by 30/06/2020	Not Achieved	Coronavirus pandemic outbreak affected the sitting of BEC and BAC Committees. Contract tender validity period extended up to the 30th of June 2020, and the contract was awarded on the 30th of June 2020	Progress Report
54.	HOD (TS)	To construct Kwangubo sport field	Percentage constructed at KwaNgubo sports field by 30/06/2020	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	173, 2	N/A	N/A	uMzinyathi, uMsinga, Ward 3	New	100% completion of the sport field by 30/6/2020	45% of KwaNgubo sport field constructed by 30/06/2020	45% of KwaNgubo sport field constructed by 30/06/2020	Achieved		progress reports
55.	HOD (TS)	To construct Mhlangane sport field	Percentage constructed at	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	173, 3	N/A	N/A	uMzinyathi, uMsinga, Ward 6	New	100% completion of	100% of Mhlangane sport field	100% of Mhlangane sport field	Overachieved	The additional combo court was	completion

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			Mhlangane sports field by 30/06/2020	DELIVERY							the sport field by 30/6/2020	constructed by 30/06/2020	constructed by 30/06/2020		constructed which was not part of the scope of works. This addition was funded through the savings.	certificate
56.	HOD (TS)	To construct Gxushaneni sport field	Percentage constructed at Gxushaneni sports field by 30/06/2020	BASIC SERVICE DELIVERY	PILLAR 2: SERVICE DELIVERY	173, 4	N/A	N/A	uMzinyathi, uMsinga, Ward 16	New	100% completion of the sport field by 30/6/2020	100% of Gxushaneni sport field constructed by 30/06/2020	80% of Gxushaneni sport field constructed by 30/06/2020	Not Achieved	Coronavirus pandemic outbreak affected the construction of the sport field as per attached nation-wide lockdown regulations. New extension of time for the contract have been extended and granted with a new completion date of the 012th of August 2020.	completion certificate
57.	HOD (TS)	To construct of new access road (3,2 kms) Ngconco Road	Percentage of Ngconco Access Gravel Road (3,2 kms) constructed and completed by 30/06/2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	177	N/A	N/A	uMzinyathi, uMsinga, Ward 11	New	3,4 Km's of Gravel Road completed by 30/6/2020	100% of Ngconco access gravel road (3,2 km constructed by 30/06/2020	108% of Ngconco access gravel road (3,45 kms) constructed by 30/06/2020	Overachieved	The additional concrete slab was constructed which was not part of the project scope however with savings from the project and as an urgent need requested by the community at a gathering, the Municipality constructed the slab.	Completion certificate/ Variation order
58.	HOD (TS)	To construct of new access road (4 kms) Nsongeni Road	Percentage of Nsongeni access Gravel Road (4 kms) constructed by 30/06/2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	178	N/A	N/A	uMzinyathi, uMsinga, ward 1	New	4 Km's of gravel road completed by 30/6/2020	40% of Nsongeni access gravel road	47% of Nsongeni access gravel road (1.89 kms of 4kms)	Overachieved	The project progress was ahead of schedule by 30 June 2020	Progress Reports

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												(4 km) constructed by 30/06/2020	constructed by 30/06/2020			
59.	HOD (TS)	To construct new access road (5,8 kms) Magobela Road	Percentage of Magobela Access Gravel Road (5,8 kms) constructed by 30/06/2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	179	N/A	N/A	uMzinyathi, uMsinga, ward 2	New	Km's of Gravel Road completed by 30/6/2020	100% of Magobela access gravel road (5,8 km) constructed by 30/06/2020	92% of Magobela access gravel road (5.3 kms of 5,8 kms) constructed by 30/06/2020	Not Achieved	EIA specialist ceases the construction activities on site for about three (3) months, and secondly Coronavirus pandemic outbreak also affected the construction of the road as per attached nation-wide lockdown regulations. New extension of time for the contract have been extended and granted with a new completion date of the 20th of July 2020	completion certificate
60.	HOD (TS)	To construct new access road (7 KMs) Thokoza Road	Percentage of Thokoza Access Gravel Road (7 KMs) constructed by 30/06/2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	179, 1	Construct & complete 7.6 KM new gravel access road (Thokoza Road) by 30/6/19	7,3 km access road cleared and constructed but not completed by 30 June 19	uMzinyathi, uMsinga, ward 18	0,75	Km's of Gravel Road completed by 30/6/2020	100% of Thokoza access gravel road (7 km) constructed by 30/06/2020	103% of Thokoza access gravel road (7,2 kms) constructed by 31/12/2020	Overachieved		completion certificate
61.	HOD (TS)	To construct new access road (4,8 KMs) Sthunzi Road	Percentage of Sthunzi Access Gravel Road (4,8 KMs) constructed 30/06/2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	179, 2	N/A	N/A	uMzinyathi, uMsinga, ward 8	0,6	Km's of Gravel Road completed by 30/6/2020	100% of Sthunzi access gravel road (4,8 km) constructed by 30/06/2020	104% of Sthunzi access gravel road (5.0 kms) constructed by 31/03/2020	Overachieved		completion certificate
62.	HOD (TS)	To construct new access road (4,8 KMs) Sampofu Road	Percentage of Sampofu Access Gravel Road (4,8 KMs) constructed by 30/06/2020	BASIC SERVICE DELIVERY	Outcome 4.4.1 Improved quality of Municipal road network	180	N/A	N/A	uMzinyathi, uMsinga, ward 4	New	3,0 Km's of Gravel Road completed by 30/6/2020	100% of Sampofu access gravel road (4,8 km) constructed by 30/06/2020	83% of Sampofu access gravel road (4,0 kms) constructed by 30/06/2020	Not Achieved	The project is complete at 4.0 kilometres. The original route changed.	completion certificate
63.	HOD (TS)	To construct Douglas	Percentage of	BASIC SERVICE	Outcome 4.1.1	182	Electrify 205 house connections by 30/6/19	49 dry connections achieved	uMzinyathi, uMsinga, ward 1	60%	205 house connections BY	100% of Douglas	101% of Douglas	Over Achieved	Target was 385 connections	Completion

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		Electrification project (385 Connections)	Douglas electrification project (385 Connections) constructed by 30/6/2020	DELIVERY	Improved access to electricity						30/6/2020	electrification project (385 connections) constructed by 30/06/2020	electrification project (387 connections) constructed by 30/06/2020		and actual target of 387 connections were achieved by utilising savings on contract	certificate
64.	HOD (TS)	To construct Mzweni Phase 3 Ext. Electrification project (45 Connections)	Percentage of Mzweni Phase3 electrification project (45 Connections) constructed by 30/6/2020	BASIC SERVICE DELIVERY	Outcome 4.1.1 Improved access to electricity	182.1	Electrify 286 house connections by 30/6/19	335 electrification house connections by 30/6/19	uMzinyathi, uMsinga, ward 2	New	45 house connections by Number 30/6/2020	100% of Mzweni Phase 3 electrification (45 connections) constructed by 30/06/2020	122% of Mzweni Phase 3 electrification (55 connections) constructed by 30/06/2020	Overachieved	Target was 45 connections and actual target of 55 connections was achieved. Additional work was completed using the savings	Completion certificate
65.	HOD (TS)	To construct Ezingulubeni Ngcuba Phase 3 (Voltage Regulator) electrification project	Percentage of Ezingulubeni Ngcuba Phase3 Electrification project (Voltage regulator) constructed by 30/6/2020	BASIC SERVICE DELIVERY	Outcome 4.1.1 Improved access to electricity	182.2	Electrify 34 house connections by 30/6/19	42 dry connections achieved	uMzinyathi, uMsinga, ward 13	Existing project	0	5% of Ezingulubeni Ngcuba Phase 3 electrification project (Voltage regulator) constructed by 30/06/2020	0% of Ezingulubeni Ngcuba Phase 3 electrification project (Voltage regulator) constructed by 30/06/2020	Not Achieved	There were delays experienced during the procurement process. The project is rolled over to the new financial year 2020/2021	Design Report
66.	HOD (TS)	To construct Phalafin Electrification project (353 Connections)	Percentage of Phalafin electrification project (353 connections) constructed by 30/6/2020	BASIC SERVICE DELIVERY	Outcome 4.1.1 Improved access to electricity	191	Electrify 86 house connections by 30/6/19	0 connections achieved by 30/6/19 (Designs completed and SCM processes commenced)	uMzinyathi, uMsinga, ward 3	New	353 of house connections by Number 30/6/2020	70% of Phalafin electrification project (353 connections) constructed by 30/06/2020	0% of Phalafin electrification project (353 connections) constructed by 30/06/2020	Not Achieved	The municipality achieved on 70% of the total project scope but <i>no connections</i> were achieved. The project is rolled over to 2020/21 FY	Progress reports and minutes
67.	HOD (TS)	To Install and refurbish uMsinga High Mast light	Percentage of uMsinga High Mast lights installed and refurbished by 30/6/2020	BASIC SERVICE DELIVERY	Outcome 4.1.1 Improved access to electricity	191.1	N/A	N/A	uMzinyathi, uMsinga, Ward 4, Ward 5, Ward 10, Ward 11 & Ward 17	New	0	5% of uMsinga High Mast lights installed and refurbished by 30/06/2020	0% of uMsinga High Mast lights installed and refurbished by 30/06/2020	Not Achieved	Coronavirus pandemic outbreak affected the project process, as per attached nation-wide lockdown regulations. Roll-over to 2020/21 FY	Design Report & Appointment Letter
68.	HOD (TS)	To keep all towns at uMsinga clean.	Number of days on which Msinga towns are cleaned (Pomeroy, Tugela Ferry & Keates Drift) by 30/6/2020	BASIC SERVICE DELIVERY	Outcome 4.5 Solid Waste Removal and Environmental Management	202	N/A	N/A	uMzinyathi, uMsinga Ward 4, Ward 5, Ward 10,	New	100% of Pomeroy & Tugela Ferry street cleaning	365 of days on which Msinga towns are cleaned (Pomeroy, Tugela	365 of days on which Msinga towns are cleaned (Pomeroy, Tugela	Achieved		cleaning registers & quarterly reports

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									and Ward 17		completed by 30/6/2020.	Ferry & Keates Drift) by 30/6/2020	Ferry & Keates Drift) by 30/6/2020			
69.	HOD (TS)	To construct boreholes for provision of water to community gardens	Percentage of Boreholes in ward 01, ward 01, ward 15, ward 5, ward 5 constructed by 30/6/2020	BASIC SERVICE DELIVERY	Outcome 4. 1.3 Improved access to water	200	N/A	N/A	uMzinyathi, uMsinga, Ward 1, ward 1, ward 15, ward 5.	New	5 boreholes completed by 30/6/2020: ward 1 Ezibumbeni, ward 5, ward 2, ward 15	5% of boreholes constructed by 30/6/2020	0% of boreholes constructed by 30/6/2020	Not Achieved	Coronavirus pandemic outbreak affected the construction of the boreholes as per attached nation-wide lockdown regulations Roll-over to 2020/21 FY and new extension of time have been extended and granted with a new completion date of the 30th of October 2020	Progress Reports
4 - Back to Basics: Sound Financial Management																
Improved Budgeting, Reporting and Compliance																
NO	PROGR AM DRIVER	OBJECTIVE/ST RATEGY AS PER IDP	INDICATOR	NKPA	OUTCOME 9	KPI NO.	TARGET 2018/2019	ACTUAL 2018/2019	REGION	BASELINE	ORIGINAL ANNUAL TARGET 2019/20	ADJUSTED ANNUAL TARGET 2019/20	ACTUAL AS AT 30/6/2020	STATUS: ACHIEVED / NOT ACHIEVED	MEASURES TO IMPROVE PERFORMANCE	POE
70.	HOD (F)	To ensure effective Budget Management	Number of monthly reconciliations reports (assets, creditors, payroll, debtors/rates, deposits, bank, suspense) prepare by 30/06/2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.1 Financial Position	92	Prepare 12 asset reconciliation by 30/6/19	Prepared 12 asset reconciliation by 30/6/19	uMzinyathi, uMsinga, Administration	12	96 reconciliations (assets, debtors, creditors, payroll, rates, deposits, suspense, bank/cash book prepared by 30/6/2020	96 monthly reconciliations reports (assets, creditors, payroll, debtors/rates, deposits, bank, suspense) prepare by 30/06/2020	96 monthly reconciliations reports (assets, creditors, payroll, debtors/rates, deposits, bank, suspense) prepare by 30/06/2020	Achieved		Reconciliation reports
71.	HOD (F)	To effectively Management and account to all Council assets	Number of updates on the FAR by 30/06/2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.1 Financial Position	93	N/A	N/A	uMzinyathi, uMsinga, Administration	0	04 assets verification conducted by 30/6/2020	12 updates on the FAR by 30/06/2020	12 updates on the FAR by 30/06/2020	Achieved		Updated FAR

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72.	HOD (F)	To submit and adopt procurement plan	Number of procurement plan submitted and adopted by Council by 30/06/2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.1 Financial Position	94	Approved Procurement Plan and implemented BY 30/6/19	Approved Procurement Plan and implemented BY 30/6/19	uMzinyathi, uMsinga, Administration	01	01 submitted and adopted 2020/2021 Procurement Plan by Council by 30/6/2020	01 procurement plan submitted and adopted by Council by 30/6/2020	01 procurement plan submitted and adopted by Council by 30/6/2020	Achieved		Council Resolution
73.	HOD (F)	To produce quality reports on the implemented procurement plan	Number of SCM reports produced on Implementation of procurement plan by 30/06/2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.1 Financial Position	95	N/A	N/A	uMzinyathi, uMsinga, Administration	New	04 SCM reports produced on Implementation of procurement plan by 30/6/2020	4 reports produced on Implementation of procurement plan by 30/6/2020	4 reports produced on Implementation of procurement plan by 30/6/2020	Achieved		Copy of SCM Report / Council agenda
74.	HOD (F)	To pay creditors on time.	Turnaround time (in days) for payment of creditors (from date of receipt of invoice) by 30/6/2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.2 Good Financial Performance	99	Turnaround time (in 30 days) for payment of creditors (from date of receipt of invoice)	Turnaround time (in 30 days) for payment of creditors (from date of receipt of invoice)	uMzinyathi, uMsinga, Administration	30 days	Turnaround time (in days) for payment of creditors (from date of receipt of invoice) by 30/6/2020	30 days payment of creditors (from date of receipt of invoice) by 30/6/2020	30 days payment of creditors (from date of receipt of invoice) by 30/6/2020	Achieved		Creditors Payment Report
75.	HOD (F)	To monitor Irregular Expenditure	Number of SCM reports submitted to Council on irregular expenditure by 30/06/2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.2 Good Financial Performance	104	Submit 04 SCM reports to standing committee on irregular expenditure by 30/6/19	Submitted 04 SCM reports to standing committee on irregular expenditure by 30/6/19	uMzinyathi, uMsinga, Administration	04	04 SCM reports submitted to standing committee on irregular expenditure by 30/6/2020	4 SCM reports submitted to Council / Audit Committee on Irregular expenditure by 30/6/2020	04 SCM reports submitted to Council/Audit Committee on Irregular expenditure by 30/6/2020	Achieved		SCM Report
76.	HOD (F)	To ensure salaries and allowances are paid to all Council employees on time.	Number of reports on salaries and allowances payments made by 30 June 2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.2 Good Financial Performance	106	Payment of Monthly Salaries by the 25th of every month by 30/6/19	Monthly Salaries were paid by the 25th of every month by 30/6/19	uMzinyathi, uMsinga, Administration	12	12 Monthly salary payments made by 25th of every month by 30/6/2020	12 reports on salaries and allowances payments made by 30 June 2020	12 reports on salaries and allowances payments made by 30/6/2020	Achieved		Proof of Payment of Monthly Salaries
77.	HOD (F)	To submit and approve Adjustment Budget preparation	Number of Adjustment budget submitted and approved by Council by 28 February 2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.2.3 Budget	118	Submit 2018/019 Adjustment budget to Council in 2018/019 FY on 28 Feb 19	Submitted 2018/019 Adjustment budget to Council on 28 Feb 19	uMzinyathi, uMsinga, Administration	28.2.2019	2019/20 Adjustment budget submitted and approved by Council by MFMA by 30/6/2020	01 Adjustment Budget submitted and approved by Council by 28 February 2020	01 Adjustment Budget submitted and approved by Council by 28/03/2020	Achieved		Council Resolution
78.	HOD (F)	To ensure Section 71 reports are submitted to Council.	Number of Section 71 reports submitted to Council by 30/06/2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.1 Financial Position	120	Submit 12 Sec 71 report to Portfolio committee by 30 June 19	Submitted 12 Sec 71 report to Portfolio Committee by 30 June 19	uMzinyathi, uMsinga, Administration	12	12 Section 71 reports submitted to the standing committee and council by 30/6/2020	12 Section 71 reports submitted to Council by 30/6/2020	12 Section 71 reports submitted to Council by 30/6/2020	Achieved		Section 71 reports
79.	HOD (F)	To ensure Section	Number of Sec 72 reports submitted to Council, Provincial Treasury and	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.1 Financial Position	121	Submit Section 72 report to standing committee	Submitted Section 72 report to standing committee	uMzinyathi, uMsinga, Administration	01	Sec 72 reports submitted to the standing	01 Sec 72 reports submitted to Council,	01 Sec 72 reports submitted to Council,	Achieved		Section 72 submission/

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		72 reports are submitted to Council.	National Treasury by 30/01/2020	MANAGEMENT			during 2018/19 by 25th January 19	during 2018/19 by 25th January 19			committee, Provincial Treasury and National Treasury by MFMA by 30/6/2020	Provincial Treasury and National Treasury by 30/01/2020	Provincial Treasury and National Treasury by 30/03/2020			Council Resolution
80.	HOD (F)	To ensure 2020/21 Budget process plan is approved by Council.	Number of 2020-21 Budget process plan approved by Council by 30/09/2019	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.2.3 Budget	122	Submit Final 19/20 budget to portfolio committee and Council for adoption by MFMA BY 30/6/19	Submitted Final 19/20 budget to portfolio committee and Council for adoption by MFMA BY 30/6/19	uMzinyathi, uMsinga, Administration	01	2020-21 budget Process Plan / time schedule approved by MFMA by 30/9/2019	One (01) 2020-21 Budget Process Plan approved by Council by 30/09/19	One (01) 2020-21 Budget Process Plan approved by Council by 28/08/2019 and DCOGTA 31/7/2019	Achieved		Council Resolution
81.	HOD (F)	To ensure the adopted 2020-21 Budget is submitted to PT and NT.	Number of adopted 2020-21 budget submitted to PT and NT by 30/06/2020	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.2.3 Budget	123	N/A	N/A	uMzinyathi, uMsinga, Administration	01	Adopted 2020-21 budget submitted to PT and NT by MFMA by 30/6/2020	01 Adopted 2020/21 Budget submitted to Provincial and National Treasury by 30/06/2020	01 Adopted 2020/21 Budget submitted to Provincial and National Treasury by 30/06/2020	Achieved		Proof of Submission
82.	HOD (F)	To produce and submit Credible Annual financial statements.	Number of Annual Financial Statements produced and submitted to Auditor General, CoGTA, PT & NT by 30/08/2019	FINANCIAL VIABILITY & MANAGEMENT	Improved Municipal financial and administration capability	127	Submit Annual Financial Statements to Auditor General, CoGTA, PT & NT by 30/8/2018	Annual Financial Statements submitted to Auditor General, CoGTA, PT & NT by 30/08/2018	uMzinyathi, uMsinga, Administration	No	Annual Financial Statements submitted to Auditor General, CoGTA, PT & NT by MFMA by 31/8/2019	01 Annual Financial Statements produced and submitted to Auditor General, CoGTA, PT & NT by 30/08/19	01 Annual Financial Statements produced and submitted to Auditor General, CoGTA, PT & NT by 30/08/19	Achieved		AFS Proof of submission
83.	HOD (F)	To review monthly General Ledger	Number of Monthly reports on the review of General Ledger by 30/06/2020	FINANCIAL VIABILITY & MANAGEMENT	Improved Municipal financial and administration capability	128	N/A	N/A	uMzinyathi, uMsinga, Administration	No	12 reviews of General Ledger prepared by 30/6/2019	12 Monthly reports on the review of General Ledger by 30/06/2020	12 Monthly reports on the review of General Ledger by 30/06/2020	Achieved		General Ledger review reports
84.	HOD (F)	To ensure 2020/21 Budget process plan is approved by Council.	Number of 2020-21 Budget process plans approved by Council by 30/09/2019	FINANCIAL VIABILITY & MANAGEMENT	Outcome 3.2.3 Budget	122	Submit Final 19/20 budget to portfolio committee and Council for adoption by MFMA BY 30/6/19	Submitted Final 19/20 budget to portfolio committee and Council for adoption by MFMA BY 30/6/19	uMzinyathi, uMsinga, Administration	01	2020-21 budget Process Plan / time schedule approved by MFMA by 30/9/2019	One (01) 2020-21 Budget Process Plan approved by Council by 30/09/19	One (01) 2020-21 Budget Process Plan approved by Council by 28/08/2019 and DCOGTA 31/7/2019	Achieved		Council Resolution

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Q4 ACHIEVEMENT			NO.	PERCENTAGE
	100% KPI MET	TARGET ACHIEVED	46	55,4%
	KPI NOT MEASURED	NOT DUE THIS QUARTER	0	0
	KPI ALMOST MET 75-100%	TARGET NOT ACHIEVED (IN PROGRESS)	24	28,9%
	KPI NOT MET 75% AND LESS	NOT ACHIEVED AT ALL (NOT STARTED)	0	0
		UNREPORTED	0	0
	KPI EXTREMELY WELL MET	TARGET OVERACHIEVED	13	15.7%
TOTAL INDICATORS			83	100%
TOTAL ORGANISATIONAL PERFORMANCE			59	71,1%

4. ANNEXURE B: REPORT ON THE PERFORMANCE OF SERVICE PROVIDERS

REPORT ON THE PERFORMANCE OF SERVICE PROVIDERS

- ✚ **SUBJECT:** Accounting Officer's Supply Chain Management on Service Providers Performance
✚ Report to Municipal Council on all R200 000 and above bids awarded during 2019/2020 Financial year:
✚ **DATE:** 30 JUNE 2020

4.1 PURPOSE

Report on Fully Supply Chain Management Report of all R200 000 and above bids awarded during 2019/2020 Financial year and the performance of the service provider.

4.2 BACKGROUND

In terms of section 7 of Municipal Contract management policy is to ensure that:

- a) The service provider performs in accordance with the standards previously agreed upon.
- b) The service provider is meeting their obligations stipulated in the contract.
- c) Issues and problems are identified early in order for remedial actions to be implemented.
- d) The GCC provides that the service provider must perform in accordance with the contract specifications within the time schedule set out in the contract. If at any time during the contract period, the service provider is unable to perform in a timely manner, the service provider must notify the institution in writing of the cause of and the duration of the delay. Upon receipt of the notification, the institution should evaluate the circumstances and, if deemed necessary, the institution may extend the service provider's time for performance which will constitute an amendment to the contract. The institution may decide to impose a delay penalty.

4.3 DOCUMENTATION

attached hereto please find the list of all services providers as per their performance and the awarded bids during 2019/2020 financial year.

For information:

1. That all Municipal Stakeholders takes note of the item as per Accounting Officer's Report.



**S.L SOKHELA
ACCOUNTING OFFICER**

DATE: 31 / 03 / 2021

A municipal service can be provided by the Municipality by entering into a Service Delivery Agreement in terms of Section 76(b) of the Municipal System Act with an external service provider. The Municipality is responsible for monitoring and assessing the implementation of the agreement, including the performance of the service provider in accordance with section 41 of the Municipal Systems Act.

This section sets out the framework on monitoring and reporting on the performance of service providers in terms of Chapter 8 of the Municipal Systems Act and Section 116 of the Municipal Finance Management Act. While departments have mechanisms in place to monitor the work done by service providers, there is no standard guideline set by the Municipality.

**MSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT
FINANCIAL YEAR 2019-2020**

#	SERVICE PROVIDER	PROJECT NAME	STAGE 1 PLANNING/ COMMUNICATION	STAGE 2 CONSTRUCTI ON / QUALITY	STAGE 3 SUPERVISION / DELIVERY	OVERALL PERFORMANC E
1.	KLGZA BUSINESS ENTERPRISE	POMEROY STREET CLEANING	4	4	4	12
2.	KOPORASI CONSTRUCTION AND PROJECT	TUGELA FERRY STREET CLEANING	4	4	3	11
3.	NIZONOTHA TRADING ENTERPRISE	SUPPLY AND DELIVERY OF STAFF UNIFORM	4	4	4	12
4.	FANA MANUFACTURING CC	SUPPLY AND DELIVERY OF SPORT EQUIPMENTS	4	4	4	12
5.	ETHEMBA COMPUTERS	ICT CONTRACTS	4	4	4	12
6.	ETHEMBA COMPUTERS	SUPPLY AND REPAIRS OF COMPUTERS	4	4	4	12
7.	PHIL MED	SANITORY SERVICES	4	4	4	12
8.	BONAKUDE CONSULTING	FINANCIAL CONSULTANTS INTERNAL AUDIT	5	5	5	15
9.	INKAZIMULO	FINANCIAL CONSULTANTS	5	4	4	13
10.	DLAMINDLOVU CONSULTINGS	SAMPOFU ACCESS ROAD	4	4	4	12
11.	ISU ENGINEERING	NSONGENI ACCESS ROAD	4	4	4	12
12.	WNA	MZISHO PHASE 2	3	3	2	8
13.	INFINITY ALLIANCE	PROFESSIONAL SERVICES	4	4	4	12
14.	ANDERSON VOLG.	NGCONCO ACCESS ROAD	5	5	4	14
15.	ANDERSON VOLG.	STHUNZI ACCESS ROAD	5	5	3	13

**MSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT
FINANCIAL YEAR 2019-2020**

16.	DLV PROJECTS	MAGOBELA ACCESS ROAD	5	4	4	13
17.	DLV PROJECTS	MHLANGANA SPORTFIELD	5	4	5	14
18.	ECA ENGINEERS	ROADS AND STORMWATER MASTER PLAN	4	3	3	10
19.	ZVK ENGINEERS	GXUSHANENI SPORTFIELD	4	3	3	10
20.	MABALENGWE ENGINEERS	KWANGUBO SPORTFIELD	5	4	4	13
21.	SUKUMASAKHE TRANDING	THOKOZA ACCESS ROAD	3	3	3	9
22.	SHIKANI TRADING CC	STHUNZI ACCESS ROAD	2	3	3	8
23.	TSW CONSTRUCTION CC	MAGOBELA ACCESS ROAD	5	5	3	13
24.	TSW CONSTRUCTION CC	MHLANGANA SPORTFIELD	5	5	4	14
25.	ZAMAHLOBO NGCEBO JV	NGCONCO ACCESS ROAD	5	5	4	14
26.	ZAMILE TRADING CC	SAMPOFU ACCESS ROAD	3	4	3	10
27.	ZAMILE TRADING CC	MZISHO SPORTFIELD	2	3	3	8
28.	VELEKUHLE TRADING CC	GXUSHANENI SPORTFIELD	3	4	4	11
29.	SIMANDLOVU TRADING CC	KWANGUBO SPORTFIELD	4	4	4	12
30.	TSW CONSTRUCTION CC	NSONGENI ACCESS ROAD	5	4	5	14
31.	MILES JV ISERAF	HIRING OF PLANT AND EQUIPMENT	4	4	4	12
32.	BONGINKOSI TRADING ENTERPRISE	TUGELA FERRY STREET CLEANING	5	4	5	14
33.	TSW CONSTRUCTION	HIRING OF PLANT AND EQUIPMENT	5	4	4	13

**MSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT
FINANCIAL YEAR 2019-2020**

34.	UMHLABA GEOMATICS INC.	VALUATION ROLL	5	4	4	13
35.	BARGAIN UNIFORM	SUPPLY AND DELIVERY OF STAFF UNIFORM	5	5	4	14
36.	EGOLI GROUP	SUPPLY AND DELIVERY OF STAFF UNIFORM	5	5	5	15
37.	EGOLI GROUP	PRINTING SERVICES	5	4	5	14
38.	EGOLI GROUP	PROTECTIVE CLOTHING	4	4	4	12
39.	UMHLABA GEOMATICS INC.	VALUATION ROLL	5	4	4	13
40.	BARGAIN UNIFORM	SUPPLY AND DELIVERY OF STAFF UNIFORM	5	5	4	14
41.	EGOLI GROUP	SUPPLY AND DELIVERY OF STAFF UNIFORM	5	5	5	15
42.	EGOLI GROUP	PRINTING SERVICES	5	4	5	14
43.	EGOLI GROUP	PROTECTIVE CLOTHING	4	4	4	12
44.	LLILANDA COMMUNICATIONS	SERVICE FOR RADIO AND TV MEDIA	5	5	5	15
45.	AYANDA MBANGWA COMMUNICATIONS	SERVICES NEWSPAPER MEDIA	5	5	5	15
46.	KONICA MINOLTA	LEASING OF PHOTOCOPYMACHINES	3	3	3	9
47.	KHAN ARMS	SUPPLY OF FIRE ARMS	3	3	3	9
48.	MKHONDENI AUTO REPAIRS	REPAIRS OF MUNICIPAL FLEET	4	4	4	12
49.	SUMMAT	TRAINING OF MUNICIPAL INTERNS	5	5	5	15
50.	IZINGODLA	PROFESSIONAL SERVICES	4	4	4	12
51.	ODG TECHNOLOGIES	PROFESSIONAL SERVICES	5	5	5	15
52.	MCHUNU REPAIRS	REPAIRS OF MUNICIPAL FLEET	5			

**MSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT
FINANCIAL YEAR 2019-2020**

				5	5	15
53.	AMAZWE SECURITY	SECURITY SERVICES	4	4	4	12
54.	SIYEJABULA TRADING	SECURITY SERVICES	4	4	4	12
55.	S & M KUHLE	SUPPLY AND DELIVERY OF STAFF UNIFORM	5	4	4	13
56.	EAST COAST DISTRIBUTORS – FIRE KING	SUPPLY AND SERVICE OF FIRE EXTINGUISHER	4	4	4	12
57.	COOPERS TOWING	TOWING SERVICES	3	3	3	9
58.	MASCOR	SERVICES OF MUNICIPAL VEHICLES	5	5	5	15
59.	NEWCASTLE OFFICE SHOP	SUPPLY AND DELIVERY OF STATIONERY	4	4	4	12
60.	TSW CONSTRUCTION	SERVICE AND MAINTANANCE OF MUNICIPAL FLEET	3	2	1	6
61.	BONGINKOSI TRADING ENTERPRISE	CONSTRUCTION OF MAGWAZA FAMILY TWO ROOM HOUSE	4	5	4	13
62.	A1 ELECTRIFICATION	DOUGLAS PHASE TWO ELECTRIFICATION	5	5	5	15
63.	SHANTIS ELECTRICAL	EZINGULUBENI ELECTRIFICATION PHASE 3	5	5	5	15
64.	SAMI-CIVILS JV TWO GROUNDS	CONSTRUCTION OF MBABANE COMMUNITY HALL BIG	3	2	2	7
65.	MGWENYE HOLDINGS JV MARLEY CONSTRUCTION	CONSTRUCTION OF EZINTANDANENI COMMUNITY HALL -STEEL	4	5	4	13
66.	MGWENYE HOLDINGS JV MARLEY CONSTRUCTION	CONSTRUCTION OF EZINTANDANENI COMMUNITY HALL -STRUCTURE	4	5	4	13
67.	MAYENZEKE ENHLE (PTY) LTD	SUPPLY AND INSTALLATION OF BURGLAR GUARDS IN WARD 08 COMMUNITY HALLS	4	4	4	12
68.	NKULUZAVU TRADING CC	SUPPLY AND INSTALLATION OF	4	4	4	12

**MSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT
FINANCIAL YEAR 2019-2020**

		STEEL FILE CABINETS				
69.	HBZ TRANSPORT AND PROJECTS	CONSTRUCTION OF COMMUNITY HALLS DOUBLE TOILETS	4	4	3	11
70.	MHLABA NKOSINATHI (PTY) LTD	CONSTRUCTION OF MKHIZE FAMILY TWO ROOM WARD	4	5	5	14
71.	SINAKHO-KONKE SUPPLIERS	CONSTRUCTION OF TWO ROOM MNGUNI VIMBA WARD	4	4	3	11
72.	PHATHWAKAHLE TRADING ENTERPRISE	CONSTRUCTION OF MKHIZE QINISENI TWO ROOM WARD	4	4	3	11
73.	BONGINKOSI TRADING ENTERPRISE	CONSTRUCTION OF THATHEZAKHE MNTUNGWA TWO ROOM	4	5	4	13
74.	MAZALANKOSI TRADING ENTERPRISE	CONSTRUCTION OF XIMBA TWO ROOM	4	4	4	12
75.	MTEZMANI INVESTMENTS (PTY) LTD	CONSTRUCTION OF MTHABELA TWO ROOM	4	5	5	14
76.	SKHESHENI TRADING	CONSTRUCTION OF NTOMBENHLE ZUMA TWO ROOM	5	5	4	14
77.	HOPE OF TOMORROW TRADING	CONSTRUCTION OF POMEROY CHRISTIAN SCHOOL	4	4	3	11
78.	HBZ TRANSPORT AND PROJECTS	CONSTRUCTION OF SITHOLE TWO ROOM	4	5	5	14
79.	KHUBAS CATERING SUPPLIERS & CONSTRUCTION	CONSTRUCTION OF MUKELISIWE ZONDO TWO ROOM	3	4	4	11
80.	MHLABA NKOSINATHI (PTY) LTD	CONSTRUCTION OF NSELE GWEVA TWO ROOM	4	5	5	14

**MSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT
FINANCIAL YEAR 2019-2020**

81.	. NZUZO AND ZENZO TRADING	CONSTRUCTION OF PHILANI ZAKWE FAMILY TWO ROOM	3	4	4	11
82.	. KLGZA BUSINESS ENTERPRISE	CONSTRUCTION OF ZONDI FAMILY TWO ROOM	4	4	4	12
83.	. KLGZA BUSINESS ENTERPRISE (PTY) LTD	CONSTRUCTION OF ZONDO FAMILY TWO ROOM	4	4	4	12
84.	. UMGENQE SISTERS (PTY) LTD	CONSTRUCTION OF ZONDO FAMILY TWO ROOM	3	4	4	11
85.	. BABA KA DI PROJECTS	CONSTRUCTION OF MAJOLA MABHIZA TWO ROOM	4	4	4	12
86.	SHESEVULA TRADING	CONSTRUCTION OF BANGAGANI CRECHE	4	5	5	14
87.	ANGCWELISWE PROJECTS	CONSTRUCTION OF EKUNINGELENI CRECHE	4	5	5	14
88.	JAMA KASOBHUZA	CONSTRUCTION OF KWAMPHALENI CRECHE	3	4	4	11
89.	FIRST CLASS TRANSPORT CC	CONSTRUCTION OF MAKHANKANE CRECHE WARD	5	5	5	15
90.	NOKUTHOBA TRADING	CONSTRUCTION OF SHABASE CRECHE	3	4	4	11
91.	LULWANGLES TRADING (PTY) LTD –	RENOVATION OF SOMVELI TWO CLASSROOMS IN WARD	5	5	5	15
92.	GXUMESAKENI TRADING PTY LTD	CONSTRUCTION OF KOSIBIYA TWO CLASSROOMS	3	4	3	10
93.	MARLEY CONSTRUCTION	CONSTRUCTION OF TWO ROOM HOUSE	4	4	4	12
94.	MGWENYE HOLDINGS	CONSTRUCTION OF HHOLWANE COMMUNITY HALL	4	5	5	14
95.	NOMBOZA	CONSTRUCTION OF	3	4	4	11

**MSINGA MUNICIPALITY ANNUAL PERFORMANCE REPORT
FINANCIAL YEAR 2019-2020**

	CONSTRUCTION AND TRADING	KWAGUDLINTABA COMMUNITY				
96.	YEMUKELA SUPPLIERS	CONSTRUCTION OF SIMO MYEZA COMMUNITY HALL	3	4	4	11
97.	LOKUHLE SECURITY & ASSETS	CONSTRUCTION OF BAMBANANI TWO CLASSROOMS	3	4	4	11

A municipal service can be provided by the Municipality by entering into a Service Delivery Agreement in terms of Section 76(b) of the Municipal Systems Act with an external service provider. The Municipality is responsible for monitoring and assessing the implementation of the agreement, including the performance of the service provider in accordance with section 41 of the Municipal Systems Act.

This section sets out the framework on monitoring and reporting on the performance of service providers in terms of Chapter 8 of the Municipal Systems Act and Section 116 of the Municipal Finance Management Act. While departments have mechanisms in place to monitor the work done by service providers, there is no standard guideline set by the Municipality.

5. NOTIFICATION OF SERVICE PROVIDERS

All service providers or prospective service providers during their annual meeting are informed of newly adopted system of:

- ✚ an assessment and reporting of the service provider's performance.
- ✚ setting of performance criteria in terms of the tender, the required deliverables and service level agreement.
- ✚ the use of the service provider performance reports when evaluating service providers for registration, pre-qualification, selective tender list, expressions of interest or awarding of a contract; and
- ✚ The exchange of information on service provider performance reports between government units/departments.

6. EVALUATING THE PERFORMANCE OF SERVICE PROVIDERS

The Council must approve the thresholds (size and types of service provider contracts) that need to comply with the requirements of this policy. The thresholds that need to be reviewed annually include:

- ✚ Contracts larger than R200 000 ❖ Contracts where the service providers are required to deliver a service, goods, and products.
- ✚ Contractors for infrastructure procurement.

The service provider must sign a service level agreement indicating the services to be delivered, the timeframes and the evaluation methodology. The service provider's performance must be assessed in the context of the project as a whole. The respective roles and obligations of the Municipality and service provider under the contract must be considered.

Persons preparing or reviewing the performance of a service provider must consider whether satisfactory progress or completion of a project has been affected by any matters which are:

- ✚ Outside the service provider's control, or
- ✚ The result of some action by the Municipality.

The service provider's performance must therefore be evaluated against set performance criteria, after taking into account matters beyond the service provider's control.

7. PRESCRIBED PROCEDURES TO EVALUATE SERVICE PROVIDERS

The following procedures need to be followed:

- ✚ The requirements of this policy must be included in the contract of the service provider.
- ✚ The performance of the service provider under the contract or service level agreement must be assessed monthly by the Reporting Officer.
- ✚ The assessment must be filed in the contract file or captured onto the database when a database is available.
- ✚ The Reporting Officer must complete the Service Provider Assessment Form on the database at the end of each quarter and on completion or termination of the contract.
- ✚ The annually assessment must be completed within 15 working days after the end of each quarter.
- ✚ The Reporting Officer must provide a copy of the assessment to the Service Provider at the end of each annually assessment period and on completion or termination of the contract.
- ✚ Supply Chain Management Unit will review the annually Service Provider assessments within 20 days after the end of each quarter and submit a summary report to Council.
- ✚ The Accounting Officer need to develop the necessary forms and report structures to be utilised to manage the above processes. The forms and reporting requirements need to be reviewed on a regular basis.

In the instance of under-performance:

- ✚ The Municipality will facilitate support interventions to service providers in the identified areas of underperformance.
- ✚ Service providers who have been identified as underperforming in identified areas must be informed of these support interventions.
- ✚ The impact of support interventions must be monitored by the Reporting Officer.
- ✚ The records of the support interventions must be documented, signed by both parties, and appropriately filed.



S.L SOKHELA
ACCOUNTING OFFICER

DATE: 31 / 03 / 2021

**ANNEXURE 2: AUDITED ANNUAL FINANCIAL
STATEMENTS 2019-20**



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

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity

Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)

Nature of business and principal activities

The provision of services to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Mayoral committee

Executive Mayor

Cllr BP Ngcobo

Deputy Mayor

Cllr SG Masimula

Speaker

Cllr TL Kunene

Councillors

Cllr K Sithole (Deceased)

Cllr M.W Sokhela

Cllr T Mntungwa

Cllr J.V Langa

Cllr T.M Ndlovu

Cllr S.C Mpungose

Cllr N.M Mabaso

Cllr L.E Danisa

Cllr B.P Madondo

Cllr P Dladla

Cllr M Sithole

Dr. F.J Sikhakhane

Cllr G.B Sikhakhane

Cllr B Dumakude

Cllr M.S Khoza

Cllr MA Mntungwa

Cllr S Magubane

Cllr A.S Shezi

Cllr N.C Sikhosona

Cllr B.L Ntuli

Cllr Z.S Magwaza

Cllr D.M Ndlovu

Cllr S.R Sokhulu

Cllr M.M.S Myeza

Cllr B Mthethwa

Cllr L.D Ngubane (Resigned)

Cllr S.K Radebe

Cllr N.P Xulu

Cllr N Majoji

Cllr S Ximba

Cllr Z.E Shange

Cllr T.M Mabaso

Cllr M.E Ngobe

Cllr M Buthelezi

Cllr TB Mbatha

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

General Information

Grading of local authority

2

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

General Information

Chief Finance Officer (CFO)	Nene TM
Accounting Officer	SL Sokhela
Business address	R 33 Main Road Tugela Ferry 3010
Postal address	Private Bag X530 Tugela Ferry 3010
Phone number	033 493 8000
Website	www.umsinga.gov.za
Bankers	ABSA
Auditors	Auditor - General South Africa Registered Auditors

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

Index

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

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Statement of Financial Performance	8
Statement of Changes in Net Assets	9
Statement of Cash Flow	10
Statement of Comparison of Budget and Actual Amounts	11 - 12
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GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
UIF	Unemployment Insurance Fund
SARS	South African Revenue Service
PAYE	Pay As You Earn

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

Approval of Annual Financial Statements

I am responsible for the presentation of the annual financial statements, which are set out on pages 7 to 66, in terms of Section 126(1) of the Municipal Finance Management Act (Act No. 56 of 2003) and which I have signed on behalf of the municipality.

I certify that the salaries, allowances and benefits of Councillors; as disclosed in note 22 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act (Act No. 20 of 1998) and the Minister of Provincial and Local Government's determination in accordance with this Act.

The accounting officer is responsible for the presentation and fair presentation of these annual financial statements in accordance with Standards of Generally Recognised Accounting Practice (GRAP) in a manner required by the local government: Municipal Finance Management Act, (Act No. 56 of 2003), including any interpretations, guidelines and directives issued by the Accounting Standards Board.

It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the statement of affairs of the municipality as at the end of the financial period and the results of its operations and cash flows for the period then ended.



SL Sokhela
Accounting Officer

uMzinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

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

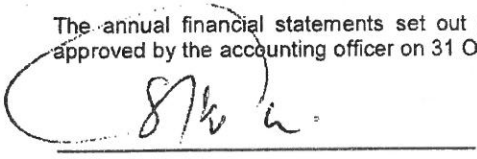
The accounting officer is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2021 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 gazette No.41335 of 15 December relating to the upper limits of the salaries, allowance and benefits of all municipal council members and directors was used to pay the salaries and allowances to councillors and directors in the current financial.

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 7.

The annual financial statements set out on pages 7 to 66, which have been prepared on the going concern basis, were approved by the accounting officer on 31 October 2020 and were signed on its behalf by:


SL Sokhela
Accounting Officer

uMzinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand		2020	2019 Restated*
	Notes		
Assets			
Current Assets			
Receivables from exchange transactions	7	697 943	540 633
VAT receivable	8	5 457 334	5 412 957
Consumer debtors	9	4 758 967	4 345 679
Cash and cash equivalents	10	59 422 945	30 158 156
		70 337 189	40 457 425
Non-Current Assets			
Property, plant and equipment	3	228 054 378	205 058 664
Intangible assets	4	720 376	187 041
Heritage assets	5	260 000	260 000
		229 034 754	205 505 705
Total Assets		299 371 943	245 963 130
Liabilities			
Current Liabilities			
Payables from exchange transactions	13	33 215 745	24 433 758
Unspent conditional grants and receipts	11	1 309 273	559 273
Provisions	12	941 843	497 931
		35 466 861	25 490 962
Non-Current Liabilities			
Employee benefit obligation	6	847 000	740 000
Provisions	12	4 577 750	4 139 712
		5 424 750	4 879 712
Total Liabilities		40 891 611	30 370 674
Net Assets		258 480 332	215 592 456
Reserves			
Revaluation reserve		260 000	260 000
Accumulated surplus		258 220 332	215 332 454
Total Net Assets		258 480 332	215 592 456

* See Note 34

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

		2020	2019 Restated*
	Notes		
Revenue			
Revenue from exchange transactions			
Service charges	15	387 047	174 276
Rental of facilities and equipment	16	654 822	915 886
Other revenue	19	316 434	501 706
Interest received	20	5 833 019	5 609 406
Total revenue from exchange transactions		7 191 322	7 201 274
Revenue from non-exchange transactions			
Revenue			
Property rates	21	16 814 335	18 476 181
Donation received	18	97 668	-
Transfer revenue			
Government grants & subsidies	22	221 089 000	190 976 333
Total revenue from non-exchange transactions		238 001 003	209 452 514
Total revenue	14	245 192 325	216 653 788
Expenditure			
Employee related costs	23	(71 432 688)	(56 957 100)
Remuneration of councillors	24	(13 120 629)	(12 040 400)
Depreciation and amortisation	25	(29 151 645)	(25 890 018)
Finance costs	26	(592 466)	(77 000)
Lease rentals on operating lease	17	(1 249 229)	(1 062 389)
Bad debt written off	9	-	(4 779 010)
Contributions to allowance (Impairment)	9	(6 597 225)	(194 715)
Free basic services	27	(467 441)	(440 040)
Contracted services	28	(43 061 110)	(43 852 973)
General Expenses	29	(36 869 446)	(38 287 451)
Total expenditure		(202 541 879)	(183 581 096)
Surplus before actuarial gains		42 650 446	33 072 692
Actuarial gains		24 000	115 000
Surplus for the year from continuing operations		42 674 446	33 187 692
Profit on disposal of asset		213 432	54 543
Surplus for the year		42 887 878	33 242 235

* See Note 34

uMsinga Local Municipality

(Registration number KZN 244)

Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	650 000	183 230 286	183 880 286
Prior year adjustments	-	(4 221 516)	(4 221 516)
Balance at 01 July 2018 restated	650 000	179 008 770	179 658 770
Changes in net assets			
Surplus for the year as previously reported	-	32 108 506	32 108 506
Changes in revaluation surplus arising from changes in existing decommissioning, restoration and similar liabilities	3 849 713	-	3 849 713
Total changes	3 849 713	32 108 506	35 958 219
Opening balance as previously reported	4 499 713	211 117 276	215 616 989
Adjustments			
Revaluation of Heritage assets (Mayor's chain)	260 000	-	260 000
Correction of Revaluation surplus	(4 499 713)	4 499 713	-
Prior year adjustments	-	(284 535)	(284 535)
Balance at 01 July 2019 as restated*	260 000	215 332 454	215 592 454
Changes in net assets			
Surplus for the year	-	42 887 878	42 887 878
Total changes	-	42 887 878	42 887 878
Balance at 30 June 2020	260 000	258 220 332	258 480 332
Notes	5		

* See Note 34

uMsinga Local Municipality

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Statement of Cash Flow

	Notes	2020	2019 Restated*
Cash flows from operating activities			
Receipts			
Property rates and refuse removal		9 632 604	16 590 057
Government grants & subsidies		242 664 000	211 676 333
Interest income		5 830 585	5 609 406
Other Income		316 434	501 706
Rentals		469 658	915 886
VAT Received		13 874 409	3 901 164
Cash generated from operations		272 787 690	239 194 552
Payments			
Employee costs and Councillors		(79 331 726)	(68 805 501)
Cash paid to suppliers		(83 080 907)	(99 078 993)
INEP Payment		(21 575 000)	(20 700 000)
		(183 987 633)	(188 584 494)
		-	-
Net cash flows from operating activities	31	88 800 057	50 610 058
Cash flows from investing activities			
Purchase of property, plant and equipment	3	(59 047 095)	(54 954 975)
Proceeds from sale of property, plant and equipment	3	316 825	124 300
Purchase of other intangible assets	4	(805 000)	-
Net cash flows from investing activities		(59 535 270)	(54 830 675)
Net increase / (decrease) in cash and cash equivalents		29 264 789	(4 220 617)
Cash and cash equivalents at the beginning of the year		30 158 156	34 378 773
Cash and cash equivalents at the end of the year	10	59 422 945	30 158 156

* See Note 34

uMsinga Local Municipality

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	500 000	(116 471)	383 529	387 047	3 518	
Rental of facilities and equipment	516 855	184 460	701 315	654 822	(46 493)	
Fines, penalties and forfeits	112 360	(112 360)	-	-	-	
Other income	588 766	129 000	717 766	316 434	(401 332)	45.1
Interest received - investment	5 396 640	700 360	6 097 000	5 833 019	(263 981)	45.2
Total revenue from exchange transactions	7 114 621	784 989	7 899 610	7 191 322	(708 288)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	19 364 981	(490 981)	18 874 000	16 814 335	(2 059 665)	45.3
Donation received	-	-	-	97 668	97 668	
Transfer revenue						
Government grants & subsidies	193 182 000	810 000	193 992 000	221 089 000	27 097 000	
Total revenue from non-exchange transactions	212 546 981	319 019	212 866 000	238 001 003	25 135 003	
Total revenue	219 661 602	1 104 008	220 765 610	245 192 325	24 426 715	
Expenditure						
Employee related costs	(61 768 597)	(10 150 403)	(71 919 000)	(71 432 688)	486 312	
Remuneration of councillors	(12 071 483)	(720 176)	(12 791 659)	(13 120 629)	(328 970)	
Depreciation and amortisation	(23 015 997)	-	(23 015 997)	(29 151 645)	(6 135 648)	45.4
Finance costs	(500 000)	-	(500 000)	(592 466)	(92 466)	45.5
Lease rentals on operating lease	(1 300 000)	-	(1 300 000)	(1 249 229)	50 771	45.6
Bad debts written off	(3 000 000)	-	(3 000 000)	(6 597 225)	(3 597 225)	45.7
Free basic services	(500 000)	-	(500 000)	(467 441)	32 559	
Contracted Services	(57 149 276)	3 198 477	(53 950 799)	(43 061 110)	10 889 689	45.8
General Expenses	(41 207 380)	1 226 419	(39 980 961)	(36 869 446)	3 111 515	45.9
Other materials	(17 570 986)	4 708 803	(12 862 183)	-	12 862 183	
Total expenditure	(218 083 719)	(1 736 880)	(219 820 599)	(202 541 879)	17 278 720	
Surplus for the year	1 577 883	(632 872)	945 011	42 650 446	41 705 435	
Actuarial gains	-	-	-	24 000	24 000	
Surplus for the year from continuing operations	1 577 883	(632 872)	945 011	42 674 446	41 729 435	
Profit on disposal of assets	-	-	-	213 432	213 432	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	1 577 883	(632 872)	945 011	42 887 878	41 942 867	

uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2020

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Property rates and refuse	8 885 164	-	8 885 164	9 632 604	747 440	46
Other income	1 217 981	201 100	1 419 081	316 434	(1 102 647)	46
Grants	242 604 000	(150 000)	242 454 000	242 664 000	210 000	46
Interest income	5 396 640	(300 000)	5 096 640	5 830 585	733 945	46
Vat received	-	-	-	13 874 409	13 874 409	46
Rentals	-	-	-	469 658	469 658	46
	258 103 785	(248 900)	257 854 885	272 787 690	14 932 805	
Payments						
Employee and suppliers costs	(194 867 722)	(5 736 880)	(200 604 602)	(162 412 633)	38 191 969	46
INEP Payment	-	-	-	(21 575 000)	(21 575 000)	46
Finance Charges	(500 000)	-	(500 000)	-	500 000	46
Transfer Grant	(300 000)	150 000	(150 000)	-	150 000	46
	(195 667 722)	(5 586 880)	(201 254 602)	(183 987 633)	17 266 969	
Net cash flows from operating activities	62 436 063	(5 835 780)	56 600 283	88 800 057	32 199 774	
Cash flows from investing activities						
Purchase of property, plant and equipment	(60 770 313)	1 180 999	(59 589 314)	(59 047 095)	542 219	46
Proceeds from sale of property, plant and equipment	-	-	-	316 825	316 825	46
Purchase of intangible assets	-	-	-	(805 000)	(805 000)	46
Net cash flows from investing activities	(60 770 313)	1 180 999	(59 589 314)	(59 535 270)	54 044	
Net increase in cash and cash equivalents	1 665 750	(4 654 781)	(2 989 031)	29 264 787	32 253 818	
Cash and cash equivalents at the beginning of the year	30 158 156	-	30 158 156	30 158 156	-	
Cash and cash equivalents at the end of the year	31 823 906	(4 654 781)	27 169 125	59 422 943	32 253 818	

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Accounting Policies

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.

The principal accounting policies adopted in the preparation of these annual financial statements are set out below:

GRAP 1 Presentation of Financial Statement

GRAP 2 Cash Flow Statements

GRAP 3 Accounting Policies, Changes in Accounting Estimates and Errors

GRAP 5 Borrowing Costs

GRAP 6 Consolidated and Separate Financial Statements

GRAP 9 Revenue from Exchange Transactions

GRAP 12 Inventories

GRAP 13 Leases

GRAP 14 Events after the Reporting Date

GRAP 16 Investment Property

GRAP 17 Property, Plant and Equipment

GRAP 19 Provisions, Contingent Liabilities and Contingent Assets

GRAP 21 Impairment of non-cash generating asset

GRAP 23 Revenue from Non-exchange transactions

GRAP 24 Presentation of budget information

GRAP 25 Employee Benefits

GRAP 26 Impairment of cash generating assets

GRAP 31 Intangible Assets

GRAP 100 Discontinued Operations

GRAP 104 Financial Instruments

GRAP 106 Transfer of Functions between Entities Not Under Common Control

GRAP 20 – Related Party Disclosure

GRAP 103 – Heritage Assets

GRAP 108 - Statutory Receivables

GRAP 109 – Accounting by Principals and Agents

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 Going concern assumption

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

1.3 Significant judgements and sources of estimation uncertainty

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

Debtors 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 a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

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

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 12 - Provisions.

Useful lives of property, plant and equipment

The municipality's management determines the estimated useful lives and related depreciation charges for the assets. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Allowance for doubtful debts

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

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.3 Significant judgements and sources of estimation uncertainty (continued)

Impact of Covid- 19

Municipal management considered uncertainty on service delivery which have been caused by the outbreak of covid 19 pandemic. Several sections of the financial statements such as revenue, provision for bad debts calculations, receivables collection rate, expenses and going concern have been affected by the effect of the pandemic. Management also understand that if the number of affected people increased drastically soon, then the nation will be taken back to lock down which will affect service delivery of the municipality.

1.4 Property, plant and equipment

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

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.

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

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

Item	Depreciation method	Average useful life
Buildings	Straight line	10-30 years
Roads and pavings	Straight line	10-30 years
Air conditioners	Straight line	5 - 7 years
Furniture and fixtures	Straight line	3 -10 years

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Accounting Policies

1.4 Property, plant and equipment (continued)

Vehicles and tractors	Straight line	3-10 years
Office equipment	Straight line	3-10 years
IT equipment	Straight line	3-5 years
Machinery and equipment	Straight line	3-10 years
Radio	Straight line	3-5 years
Electricity	Straight line	5-25 years
Pedestrian Malls	Straight line	10-30 years
Recreational facilities	Straight line	5-10 years
Sewerage	Straight line	20-30 years
Landfill site	Straight line	21 years
Tools and loose gear	Straight line	5 years
Water network	Straight line	20 years

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

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

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

The municipality assesses at each reporting date whether there is any indication that the municipality expectations about the residual value and the useful life of an asset have changed since the preceding reporting date. If any such indication exists, the municipality revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

Items of property, plant and equipment are derecognised when the asset is disposed of or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the municipality holds for rentals to others and subsequently routinely sell as part of the ordinary course of activities, are transferred to inventories when the rentals end and the assets are available-for-sale. Proceeds from sales of these assets are recognised as revenue. All cash flows on these assets are included in cash flows from operating activities in the cash flow statement.

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 3).

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 3).

1.5 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

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Accounting Policies

1.5 Intangible assets (continued)

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

An intangible asset is recognised when:

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

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

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

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.

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

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

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

Item	Depreciation method	Average useful life
Licenses	Straight line	1-5 years

1.6 Heritage assets

Heritage assets should initially be measured at cost or fair value. Where heritage assets are acquired for no cost or nominal cost, its cost should be measured at its fair value as at date of acquisition.

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Accounting Policies

1.6 Heritage assets (continued)

For subsequent measurement the entity has a choice between the cost model and the revaluation model. If the fair value of a class of heritage assets can be measured reliably all the assets in that class should be measured using the revaluation model. The only exception is if the fair value of a specific heritage asset in that class cannot be determined reliably, then GRAP 103 allows an entity to measure that asset under the cost model until such time as the fair value can again be reliably determined.

Heritage assets are not depreciated.

1.7 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.

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

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

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

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

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

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

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

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Accounting Policies

1.7 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- derivatives;
- combined instruments that are designated at fair value;

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Accounting Policies

1.7 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.

Initial recognition

The entity recognises a financial asset or a financial liability in its statement of financial position when the entity becomes a party to the contractual provisions of the instrument.

The entity recognises financial assets using trade date accounting.

Subsequent measurement

The entity measures a financial asset and financial liability initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

The entity measures a financial asset and financial liability initially at its fair value.

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

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Accounting Policies

1.7 Financial instruments (continued)

Investments

The entity measures all financial assets and financial liabilities after initial recognition using the following categories:

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

All financial assets measured at amortised cost, or cost, are subject to an impairment review.

Trade and other receivables

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, the municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Trade payable and borrowings

The entity does not reclassify a financial instrument while it is issued or held unless it is:

- combined instrument that is required to be measured at fair value; or
- an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

1.8 Statutory receivables

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.

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1.8 Statutory receivables (continued)

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

1.9 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the municipality assesses the classification of each element separately.

Finance leases - lessor

The municipality recognises finance lease receivables as assets on the statement of financial position. Such assets are presented as a receivable at an amount equal to the net investment in the lease.

Finance revenue is recognised based on a pattern reflecting a constant periodic rate of return on the municipality's net investment in the finance lease.

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.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

1.10 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.

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1.10 Impairment of cash-generating assets (continued)

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.

1.11 Employee benefits

Defined contribution plans

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

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

Defined benefit plans

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

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

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

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

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

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

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

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

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

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1.12 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

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 .

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

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

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

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

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Accounting Policies

1.12 Provisions and contingencies (continued)

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

1.13 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.

1.14 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.

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

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, in surplus or deficit, 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.

1.15 Revenue from non-exchange transactions

Non-exchange transactions are defined as transactions where the entity receives value from another entity without directly giving approximately equal value in exchange.

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.

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.

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1.15 Revenue from non-exchange transactions (continued)

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

Grants, transfers and donations

Government grants are recognised as revenue when:

- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality,
- the amount of the revenue can be measured reliably, and
- to the extent that there has been compliance with any restrictions associated with the grant.

The municipality assesses the degree of certainty attached to the flow of future economic benefits or service potential on the basis of the available evidence. Certain grants payable by one level of government to another are subject to the availability of funds. Revenue from these grants is only recognised when it is probable that the economic benefits or service potential associated with the transaction will flow to the entity. An announcement at the beginning of a financial year that grants may be available for qualifying entities in accordance with an agreed programme may not be sufficient evidence of the probability of the flow. Revenue is then only recognised once evidence of the probability of the flow becomes available.

Restrictions on government grants may result in such revenue being recognised on a time proportion basis. Where there is no restriction on the period, such revenue is recognised on receipt or when the Act becomes effective, whichever is earlier.

When government remit grants on a re-imbursement basis, revenue is recognised when the qualifying expense has been incurred and to the extent that any other restrictions have been complied with.

1.16 Borrowing costs

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

1.17 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.

1.18 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.

1.19 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA as:

- (a) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of this Act, and which has not been condoned in terms of section 170; of this Act; or
- (b) in accordance with, a requirement of the Municipal Systems Act, and which has not been condoned in terms of that Act; State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) expenditure incurred by a municipality in contravention of, or that is not in accordance with, a requirement of the Public Office-Bearers Act, 1998 (Act No. 20 of 1998); or any provincial legislation providing for procurement procedures in that provincial government.

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1.19 Irregular expenditure (continued)

- (c) expenditure incurred by a municipality or municipal entity in contravention of, or that is not in accordance with, a requirement of the supply chain management policy of the municipality or entity or any of the municipality's by-laws.

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.

1.20 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

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

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

1.21 Retirement benefits

The municipality provides retirement benefits for its employees and councillors. The contributions to fund obligations for the payment of retirement benefits are charged against revenue in the year they become payable. The defined benefit funds, which are administered on a provisional basis, are actuarially valued triennially on the projected unit credit method basis. Deficits identified are recognised as a liability and are recovered through lump sum payments or increased future contributions on a proportional basis to all participating municipalities. Specific actuarial information in respect of individual participating municipalities is unavailable due to centralised administration of these funds. As a result, defined benefit plans have been accounted for as if they were defined contribution plans.

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1.22 Assets under construction

The cost of property, plant and equipment that is under construction as of the reporting date is recognised as an asset if
(a) it is probable that future economic benefits or service potential associated with the item(s) will flow to the municipality, and

(b) the cost or fair value of the item(s) can be measured reliably.

Assets under construction consists of expenditure for the construction of buildings, certain land improvements, infrastructure assets and networks and any other capital projects that are under construction as of the reporting date. Expenditure comprises of direct labour, material and overhead, if appropriate.

2 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 entity; or

the number of production or similar units expected to be obtained from the asset by the entity.

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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">GRAP 19, Provision, Contingent Liability and Contingent Assets	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 20, Related Party Disclosure	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 109: Accounting by Principles and Agents	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 103 Heritage Assets	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 108 Statutory Receivables	01 April 2020	Unlikely there will be a material impact

2.2 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2020 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none">IGRAP 20: Accounting for Adjustments to Revenue	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 1 (amended): Presentation of Financial Statements	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 34: Separate Financial Statements	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 35: Consolidated Financial Statements	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 36: Investment in Associates and Joint Ventures	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 37: Joint Arrangements	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 38: Disclosure of Interests in the Other Entities	01 April 2020	Unlikely there will be a material impact
<ul style="list-style-type: none">GRAP 110 (as amended 2016): Living and Non-living Resources	01 April 2020	Unlikely there will be a material impact

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3. Property, plant and equipment

	2020			2019		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	23 719 577	(9 290 350)	14 429 227	21 493 609	(9 132 414)	12 361 195
Plant and machinery	1 534 759	(469 397)	1 065 362	1 036 604	(291 034)	745 570
Furniture and fixtures	3 863 159	(2 400 446)	1 462 713	3 125 442	(1 991 660)	1 133 782
Motor vehicles	29 552 594	(22 445 718)	7 106 876	29 968 812	(19 537 833)	10 430 979
Office equipment	4 882 865	(3 268 465)	1 614 400	3 425 467	(2 555 583)	869 884
Infrastructure	273 108 509	(118 877 502)	154 231 007	256 075 527	(97 166 062)	158 909 465
Community Assets	61 175 246	(13 598 454)	47 576 792	31 655 471	(12 263 113)	19 392 358
Refuse dump	4 845 269	(4 277 268)	568 001	4 139 711	(2 924 280)	1 215 431
Total	402 681 978	(174 627 600)	228 054 378	350 920 643	(145 861 979)	205 058 664

Reconciliation of property, plant and equipment - 2020

	Opening balance	Additions	Working in progress	Disposals	Landfill site Movement	Donation received	Depreciation	Total
Buildings	12 361 195	2 809 998	-	-	-	-	(741 966)	14 429 227
Plant and machinery	745 570	498 168	-	-	-	-	(178 376)	1 065 362
Furniture and fixtures	1 133 782	737 792	-	-	-	-	(408 861)	1 462 713
Motor vehicles	10 430 979	-	-	(101 386)	-	-	(3 222 717)	7 106 876
Office equipment	869 884	1 365 316	-	(2 008)	-	97 668	(716 460)	1 614 400
Infrastructure	158 909 465	12 806 990	4 226 145	-	-	-	(21 711 593)	154 231 007
Community Assets	19 392 358	5 472 707	24 047 068	-	-	-	(1 335 341)	47 576 792
Refuse dump	1 215 431	-	-	-	(79 426)	-	(568 004)	568 001
Total	205 058 664	23 690 971	28 273 213	(103 394)	(79 426)	97 668	(28 883 318)	228 054 378

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3. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Working in progress	Disposals	Landfill site Movement	Newly Identified assets	Depreciation	Total
Buildings	13 067 069	-	-	-	-	-	(705 874)	12 361 195
Plant and machinery	181 199	224 501	-	-	-	453 333	(113 463)	745 570
Furniture and fixtures	855 665	20 800	-	(1 271)	-	702 159	(443 571)	1 133 782
Motor vehicles	10 179 180	3 478 316	-	(99 639)	-	-	(3 126 878)	10 430 979
Office equipment	650 839	410 034	-	(1 213)	-	142 824	(332 600)	869 884
Infrastructure	149 067 578	19 841 024	9 875 705	-	-	-	(19 874 842)	158 909 465
Community Assets	8 330 193	8 991 592	2 588 233	-	-	-	(517 660)	19 392 358
Refuse dump	290 000	-	-	-	1 533 148	-	(607 717)	1 215 431
	182 621 723	32 966 267	12 463 938	(102 123)	1 533 148	1 298 316	(25 722 605)	205 058 664

Pledged as security

During the financial year ended 30 June 2020 it was noted that the municipality did not have any assets pledged as security:

Reconciliation of Work-in-Progress 2020

	Included within Infrastructure	Included within Community	Total
Opening balance	9 875 702	2 588 233	12 463 935
Additions	17 032 963	29 359 828	46 392 791
Transferred to completed items	(22 682 523)	(7 900 992)	(30 583 515)
	4 226 142	24 047 069	28 273 211

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	2020	2019	
3. Property, plant and equipment (continued)			
Reconciliation of Work-in-Progress 2019			
	Included within Infrastructure	Included within Community	Total
Opening balance	12 770 366	3 059 153	15 829 519
Additions	29 716 727	11 381 007	41 097 734
Transferred to completed items	(32 611 388)	(11 851 930)	(44 463 318)
	9 875 705	2 588 230	12 463 935
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			
Motor Vehicles		277 998	999 781
Buildings		800 055	320 384
Infrastructure		15 667 414	14 430 820
Plant and Machinery		1 091 380	886 929
Community		1 310 400	1 304 931
Furniture and fittings		177 761	80 245
		19 325 008	18 023 090

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4. Intangible assets

	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Intangible assets	2 075 966	(1 355 590)	720 376	1 270 966	(1 083 925)	187 041

Reconciliation of intangible assets - 2020

	Opening balance	Additions	Amortisation	Total
Intangible assets	187 041	805 000	(271 665)	720 376

Reconciliation of intangible assets - 2019

	Opening balance	Amortisation	Total
Intangible assets	354 576	(167 535)	187 041

5. Heritage assets

	2020			2019		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Mayors' Chain	260 000	-	260 000	260 000	-	260 000

Reconciliation of heritage assets 2020

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Figures in Rand

5. Heritage assets (continued)

	Opening balance	Total
Stamp collections, military insignia, medals, coin	260 000	260 000

Reconciliation of heritage assets 2019

	Opening balance	Revaluation increase	Total
Stamp collections, military insignia, medals, coin	-	260 000	260 000

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	2020	2019
6. Employee benefit obligations		
Defined benefit plan		
Carrying value		
Opening Balance	740 000	747 000
Current service cost	108 000	100 000
Interest Cost	75 000	77 000
Benefit payment	(52 000)	(69 000)
Actuarial gain	(24 000)	(115 000)
	847 000	740 000
Net expenses recognised in the statement of financial performance		
Current service cost	108 000	100 000
Interest cost	75 000	77 000
Benefit payment	(52 000)	(69 000)
Actuarial gain	(24 000)	(115 000)
	107 000	(7 000)

Nature of Liability

The employer's long service bonus awards consist of an obligation to pay out a bonus in the year of the employee attaining the required service. This obligation represents a liability to the employer and the value is represented by the present value of the total long service bonus awards expected to become payable under the employer's current policy. uMsinga Local Municipality offers Bonuses for 10 years of completed service to 30 years.

Long service accumulated leave must be taken within one year of earning such leave or may be wholly or partially cashed. uMsinga Local Municipality advised that in most cases, employees choose to exercise the option to wholly convert their accumulative leave bonus day into cash.

Valuation Method

The Projected Unit Credit funding method has been used to determine the past-service liabilities at the valuation date and the projected annual expense in the year following the valuation date.

Long Service Award Liability

Long service benefits are awarded in the form of several leave days awarded once an employee has completed a certain number of years in service. We have converted the awarded leave days to a percentage of annual salary by assuming there are 250 working days per year. The expected value of each employee's long service award is projected to the next interval by allowing future salary growth.

The calculated award values are then discounted at the assumed discount interest rate to the date of calculation. We also allowed for mortality, retirements, and withdrawals from service.

The accrued liability is determined on the basis that each employee's long service benefit accrues uniformly over the working life of an employee up to the end of the interval at which the benefit becomes payable. Further it is assumed that the current policy for awarding long service awards remains unchanged in the future.

Valuation of Assets

As at the valuation date, the long service leave award liability of the municipality was unfunded, i.e. no dedicated assets have been set aside to meet this liability. We therefore did not value any assets as part of our valuation.

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2020

2019

6. Employee benefit obligations (continued)

Valuation Assumption

In estimating the liability for long service leave benefits several assumptions are required. GRAP 25 places the responsibility on management to set these assumptions, as guided by the principles set out in GRAP 25 and in discussion with the actuary.

The most relevant actuarial assumptions used in this valuation are discussed below.

Financial Variables

The two most important financial variables used in our valuation are the discount rate and salary inflation. We have assumed the following values for these variables:

Financial Variable	Assumed Value 30-06-2020 (Current Valuation)	Assumed Value 30-06-2019 (Current Valuation)
Discount Rate	Yield Curve	Yield Curve
CPI (Consumer Price Inflation)	Difference between nominal and real yield curve	Difference between nominal and real yield curve
Normal Salary Increase Rate	Equal to CPI+1%	Equal to CPI+1%
Net Effective Discount Rate	Yield Curve Based**	Yield Curve Based**

Discount Rate

We use the nominal and zero curve as at **30 June 2020** supplied by the JSE to determine our discounted rates and CPI assumptions at each relevant period. For example, a liability which pays out in 1 year will be discounted at a different rate than a liability which pays out in 30 year.

The Net Effective Discount Rate is different for each relevant time period of the yield curves' various durations and therefore the Net effective Discount Rate is based on the relationship between the (yield curve based) Discount Rate for each relevant time period and the (yield curve based) Salary Inflation for each relevant time period.

Normal Salary Inflation Rate

We have derived the underlying future rate of consumer price index inflation (CPI inflation) from the relationship between the (yield curve based) Conventional Bond Rate for each relevant time period and the (yield curve based) inflation-linked Bond rate for each relevant time period. Our assumed rate of salary inflation was set as the assumed value of CPI plus 1%. The salaries used in the valuation include an assumed increase on 1 July 2020 of **6.25%**. The next salary increase was assumed to take place on 01 July 2021.

Average Retirement Age

The average retirement age for all active employees was assumed to be 63 years. This assumption implicitly allows for ill-health and early retirements.

Normal Retirement Age

The normal retirement age (NRA) for all active employees was assumed to be **65** years.

Mortality Rates

Mortality before retirement has been based on the SA 85-90 mortality tables. These are the most commonly used tables in the industry.

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	2020	2019
6. Employee benefit obligations (continued)		
Sensitivity Analysis		
The valuation is only an estimate of the cost of providing Long service leave award benefits. The actual cost to the Municipality will be dependent on actual future levels of assumed variables and the demographic profile of the membership.		
To illustrate the sensitivity of our results to changes in certain key variables, we have recalculated the liabilities using the following options:		
- 20% increase/decrease in the assumed level of withdrawal rates.		
- 1% increase/decrease in the normal salary cost inflation.		
7. Receivables from exchange transactions		
Accrued interest income	2 434	-
Building Deposit	300 000	300 000
Sundry Debtors (Rentals)	395 509	240 633
	697 943	540 633
8. VAT receivable		
VAT	5 457 334	5 412 957

The municipality is registered with the South African Revenue Services (SARS) for VAT on the payment basis, in accordance with Section 15(2) of the VAT No.89 of 1991.

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	2020	2019
9. Receivables/Consumer debtors		
Gross balances		
Rates	42 396 783	36 700 203
Refuse	438 447	3 916 421
Other	81 765	68 868
	42 916 995	40 685 492
Less: Allowance for impairment and Bad debt written off		
Rates	(37 808 712)	(27 610 212)
Refuse	(276 351)	(3 888 764)
Other	(72 965)	(61 827)
Bad debt written off	-	(4 779 010)
	(38 158 028)	(36 339 813)
Net balance		
Rates	4 588 071	4 310 981
Refuse	162 096	27 657
Other	8 800	7 041
	4 758 967	4 345 679
Included in above is receivables from exchange transactions		
Refuse	162 096	27 657
Other	8 800	7 041
	170 896	34 698
Receivables from exchange transactions disclosed in note 7		
Accrued interest income	2 434	-
Building deposit	300 000	300 000
Sundry debtors (Rental)	395 509	240 633
	697 943	540 633
Included in above is receivables from non-exchange transactions (taxes and transfers)		
Rates	4 588 071	4 310 981
	4 758 967	4 310 981
Net balance		
Rates		
Current (0 -30 days)	947 826	1 227 275
31 - 60 days	929 459	1 068 347
61 - 90 days	913 684	1 005 566
91 - 120 days	901 864	1 002 404
121 - 365 days	38 703 950	32 396 611
	42 396 783	36 700 203

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Notes to the Annual Financial Statements

	2020	2019
9. Receivables/Consumer debtors (continued)		
Refuse		
Current (0 -30 days)	33 340	7 052
31 - 60 days	33 340	6 874
61 - 90 days	31 806	6 874
91 - 120 days	31 806	6 856
121 - 365 days	308 155	3 888 765
	438 447	3 916 421
Other (specify)		
Current (0 -30 days)	1 760	1 760
31 - 60 days	1 760	1 760
61 - 90 days	1 760	1 760
91 - 120 days	1 760	1 760
121 - 365 days	74 725	61 828
	81 765	68 868

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	2020	2019
9. Receivables/Consumer debtors (continued)		
Summary of debtors by customer classification		
Households		
Current (0 -30 days)	45 251	231 457
31 - 60 days	45 251	230 698
61 - 90 days	45 251	230 698
91 - 120 days	45 251	230 667
121 - 365 days	9 578 377	8 756 856
	<u>9 759 381</u>	<u>9 680 376</u>
Less: Allowance for impairment	(9 533 218)	(8 816 937)
	226 163	863 439
Industrial/ commercial		
Current (0 -30 days)	506 551	373 128
31 - 60 days	506 551	337 093
61 - 90 days	496 517	301 380
91 - 120 days	493 963	301 380
121 - 365 days	13 507 507	13 237 983
	<u>15 511 089</u>	<u>14 550 964</u>
Less: Allowance for impairment	(13 014 524)	(11 914 343)
	2 496 565	2 636 621
National and provincial government		
Current (0 -30 days)	431 124	631 501
31 - 60 days	412 757	509 190
61 - 90 days	405 482	482 123
91 - 120 days	396 216	478 973
121 - 365 days	16 000 947	14 352 364
	<u>17 646 526</u>	<u>16 454 151</u>
Less: Allowance for impairment	(15 610 287)	(15 608 533)
	2 036 239	845 618
Total		
Current (0 -30 days)	982 925	1 236 087
31 - 60 days	964 559	1 076 981
61 - 90 days	947 250	1 014 201
91 - 120 days	935 430	1 011 020
121 - 365 days	39 086 831	36 347 203
	<u>42 916 995</u>	<u>40 685 492</u>
Less: Allowance for impairment	(38 158 028)	(36 339 813)
	4 758 967	4 345 679
Reconciliation of allowance for impairment and Bad Debt Written Off		
Balance at beginning of the year (Impairment)	(31 560 803)	(31 366 089)
Contributions to allowance (Impairment)	(6 597 225)	(194 714)
	(38 158 028)	(31 560 803)

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2020

2019

9. Receivables/Consumer debtors (continued)

The creation and release of allowance for impaired receivables have been included in the operating expenses in the statement of financial performance. Amounts charged to the allowance account are generally written off when there is no expectation of the recovering additional cash. Consumer debtors are impaired as a result of non collectability of the debtors due to the fact that people do not have title deeds and no basic services are offered including sewer system and refuse remove.

10. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	59 422 945	30 158 156
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The following bank accounts listed below were opened and closed during the year under audit:

Standard Bank - Investment Account - Account Number 3484660130-17
Standard Bank - Investment Account - Account Number 3484660130-18
Standard Bank - Investment Account - Account Number 3484660130-19
Standard Bank - Investment Account - Account Number 3484660130-20
Standard Bank - Investment Account - Account Number 3484660130-21
Standard Bank - Investment Account - Account Number 3484660130-22
Standard Bank - Investment Account - Account Number 3484660130-23
Standard Bank - Investment Account - Account Number 3484660130-24
Standard Bank - Investment Account - Account Number 3484660130-25
Standard Bank - Investment Account - Account Number 3484660130-26
Standard Bank - Investment Account - Account Number 3484660130-27
Standard Bank - Investment Account - Account Number 3484660130-28

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Notes to the Annual Financial Statements

	2020			2019		
10. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
Absa Bank Primary Account - Greytown Branch Account Number 4053635886	7 614 781	(142 441)	492 312	7 614 781	(142 441)	492 312
FNB Bank - Investment Account - Account Number 74105142017	-	-	14 001 434	-	-	14 001 434
FNB Bank - Investment Account - Account Number 62499591777	1 339 458	1 055 586	316 680	1 339 458	1 055 586	316 680
FNB Bank - Investment Account - Account Number 62124265837	-	-	5 303	-	-	5 303
Absa Bank - Investment Account - Account Number 2064443721	-	899 936	7 946 940	-	899 936	7 946 940
Absa Bank - Investment Account - Account number 2076957671	-	673 370	8 000 000	-	673 370	8 000 000
Liberty Life - Investment Account - Account Number 60586132	-	-	1 460 274	-	-	1 460 274
Liberty Life - Investment Account - Account Number 60586157	-	-	359 305	-	-	359 305
Liberty Life - Investment Account - Account Number 60586164	-	-	359 305	-	-	359 305
Liberty Life - Investment Account - Account Number 60586171	-	-	359 305	-	-	359 305
Liberty Life - Investment Account - Account Number 60586189	-	-	359 305	-	-	359 305
Life Life - Investment Account - Account Number 60586196	-	-	359 305	-	-	359 305
Life Life - Investment Account - Account Number 60586206	-	-	359 305	-	-	359 305
FNB Bank - Investment Account - Account Number 62778819303	6 273 275	5 111 213	-	6 273 275	5 111 213	-
Standard Bank - Investment Account - Account Number 3484660130-12	-	152 448	-	-	152 448	-
Standard Bank - Investment Account - Account Number 3484660130-14	-	1 381 781	-	-	1 381 781	-
Standard Bank - Investment Account - Account Number 3484660130-15	-	10 550 826	-	-	10 550 826	-
Standard Bank - Investment Account - Account Number 3484660130-16	-	10 475 437	-	-	10 475 437	-
Standard Bank - Investment Account - Account Number 3484660130-29	1 481 802	-	-	1 481 802	-	-

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Notes to the Annual Financial Statements

				2020		2019
10. Cash and cash equivalents (continued)						
Standard Bank - Investment Account - Account Number 3484660130-30	10 346 226	-	-	10 346 226	-	-
Standard Bank - Investment Account - Account Number 3484660130-31	11 211 256	-	-	11 211 256	-	-
FNB Bank - Investment Account - Account Number 74836198420	5 187 405	-	-	5 187 405	-	-
FNB Bank - Investment Account - Account Number 74820036652	15 968 742	-	-	15 968 742	-	-
Total	59 422 945	30 158 156	34 378 773	59 422 945	30 158 156	34 378 773

11. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Construction of shelters grant	559 273	559 273
Spluma Grant	750 000	-
	1 309 273	559 273

uMsinga Local Municipality

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Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020	2019
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12. Provisions

Reconciliation of provisions - 2020

	Opening Balance	Additions	Utilised during the year	Total
Landfill site rehabilitation	4 139 711	517 466	(79 427)	4 577 750
Performance bonus provision	497 931	941 843	(497 931)	941 843
	4 637 642	1 459 309	(577 358)	5 519 593

Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Total
Landfill site rehabilitation	5 038 014	-	(898 300)	4 139 714
Performance bonus provision	615 976	390 321	(508 366)	497 931
	5 653 990	390 321	(1 406 666)	4 637 645

Non-current liabilities	4 577 750	4 139 711
Current liabilities	941 843	497 931
	5 519 593	4 637 642

The Provision for rehabilitation of land fill site relate to the legal obligation to rehabilitate the land used for waste disposal in accordance with the National Environment Management Act No 107 of 1998 and Environment Conservation Act No 73 of 1989. It is calculated as present value of the expenditure expected to be incurred to settle the future obligation during rehabilitation of the land.

The landfill site disclosure provision is calculated as the net present value of future cashflows based on the expected remaining useful life of the landfill site and on the size of the area that has been used for the waste disposal as of 30 June 2020. The size of the Umsinga Landfill site used up until now is approximately 5600M2. The remaining life of the landfill site is estimated at 3 years.

Performance bonus

The provision is to provide for performance bonuses of the section 57 employees.

The provision is calculated at 14% of the total remuneration in terms of the performance agreements at reporting date which is usually paid out within a year.

13. Payables from exchange transactions

Accrual Expenditure	2 829 042	96 221
Accrued leave pay	7 197 176	5 771 414
Employee Cost	9 768	8 887
KZN Department of Housing	5 934 932	6 683 657
Unallocated debit orders	27 817	-
Payments received in advanced	3 403 648	2 878 040
Retention & Surety	7 710 887	4 743 859
Salga Subscription	228 320	1 015 210
Trade payables	5 874 155	3 236 546
	33 215 745	24 433 758

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	2020	2019
14. Revenue		
Service charges	387 047	174 276
Rental of facilities and equipment	654 822	915 886
Other income	316 434	501 706
Interest received - investment	5 833 019	5 609 406
Property rates	16 814 335	18 476 181
Donation received	97 668	-
Government grants & subsidies	221 089 000	190 976 333
	245 192 325	216 653 788
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	387 047	174 276
Rental of facilities and equipment	654 822	915 886
Other income	316 434	501 706
Interest received - investment	5 833 019	5 609 406
	7 191 322	7 201 274
The amount included in revenue arising from non-exchange transactions is as follows:		
Revenue		
Property rates	16 814 335	18 476 181
Donation received	97 668	-
Transfer revenue		
Government grants & subsidies	221 089 000	190 976 333
	238 001 003	209 452 514
15. Service charges		
Refuse Removal	387 047	174 276
16. Rental of facilities and equipment		
Premises		
Facilities and equipment	654 822	915 886
Rental income includes: Municipal property, community assets (halls), market stalls and ploughing assets. The lease terms range between 1 – 5 years.		
17. Lease rentals on operating lease		
Lease rentals on operating lease		
Contractual amounts	1 249 229	1 062 389
The Municipality entered into an operating lease agreement as from 20 October 2017 for a period of 3 years with Konica Minolta, leasing photocopier machines and a monthly rental expense is accounted for in the Statement of Financial Performance. The average lease term is 3 years with 0% escalation. The rental is fixed for the duration of the contract.		
18. Donations Received		
Office equipment	97 668	-

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Notes to the Annual Financial Statements

	2020	2019
18. Donations Received (continued)		
Donation income relates to seventeen (17) CPU's and twenty (20) monitors sponsored personal computers for uMsinga Local Municipality for the purpose of establishing community-based ICT resource centre from the National Application Centre.		
19. Other revenue		
Other income	316 434	501 706
Other income includes: Rates clearance income, library printing income and sales of tender documents.		
20. Investment revenue		
Interest revenue		
Interest Received	5 833 019	5 609 406
21. Property rates		
Rates		
Residential	505 154	2 533 028
Commercial	6 432 831	5 529 696
State	10 336 757	11 824 656
Municipal	158 294	352 824
Less: Rebates	(618 701)	(1 764 023)
	16 814 335	18 476 181
Rates are levied on an annual basis over 12 monthly installments with the final date for payment being 30 June 2020, in terms of provision of the rates policy, which makes provisions for rebates.		
Valuations		
Residential	18 027 000	25 296 000
Commercial	232 882 000	714 094 000
State	511 181 000	187 609 000
Municipal	56 916 000	17 154 000
Other	1 268 204 000	721 447 000
	2 087 210 000	1 665 600 000

Valuations on land and buildings are performed every 5 years. The last general valuation came into effect on 1 July 2019. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

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	2020	2019
22. Government grants and subsidies		
Operating grants		
Equitable share	163 783 000	145 573 000
Finance Management Grant (FMG)	1 900 000	1 900 000
Extended Public Works Programme	3 905 000	4 394 000
Disaster Relief Covid-19	960 000	-
Library Grant	1 119 000	2 394 333
	171 667 000	154 261 333
Capital grants		
Municipal infrastructure grant	49 422 000	36 715 000
	221 089 000	190 976 333
Equitable Share		
In terms of the Constitution of South Africa, this grant is used to subsidise provision for basic services and for the municipality's operations.		
Municipal Infrastructure Grant (MIG)		
Current-year receipts	49 422 000	36 715 000
Conditions met - transferred to revenue	(49 422 000)	(36 715 000)
	-	-
The grant is for the implementation of projects approved by MIG. No funds were withheld.		
Finance Management Grant (FMG)		
Current-year receipts	1 900 000	1 900 000
Conditions met - transferred to revenue	(1 900 000)	(1 900 000)
	-	-
This grant was used for implementation of MSCOA, physical verification of assets, Municipal Finance Management Programme, and payments of finance interns. No funds were withheld.		
Sportsfields Grants		
Current-year receipts	-	1 333 333
Conditions met - transferred to revenue	-	(1 333 333)
	-	-
Construction of Shelters Grant		
Balance unspent at beginning of year	559 273	316 680
Current-year receipts	-	228 982
Conditions met - transferred to revenue	-	13 611
	559 273	559 273

There are ongoing engagements between the municipality and the Department of Human Settlement in relation to the existence of this liability.

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	2020	2019
22. Government grants and subsidies (continued)		
Spluma Grant		
Current-year receipts	750 000	-
	<u>750 000</u>	<u>-</u>

The purpose of a Scheme is to regulate land use and to promote orderly development in accordance with the Municipality's integrated development plan.

Extended Public Works Programme

Current-year receipts	3 905 000	4 394 000
Conditions met - transferred to revenue	(3 905 000)	(4 394 000)
	<u>-</u>	<u>-</u>

This grant is for the salaries and operational costs of the contract employees for Extended Public Works Programme. No funds were withheld.

Library Grant

Current-year receipts	1 119 000	1 061 000
Conditions met - transferred to revenue	(1 119 000)	(1 061 000)
	<u>-</u>	<u>-</u>

The Library grant is to ensure all library stuff are being paid, promote information literacy and maintaining and upgrading the library standard and all necessary requirements aligned with the daily operations. No funds were withheld.

Disaster Relief Covid-19

Current-year receipts	960 000	-
Conditions met - transferred to revenue	(960 000)	-
	<u>-</u>	<u>-</u>

This grant was used for the COVID19, for cleaning material and persona, protective clothing. No funds were withheld.

Integrated National Electrification Programme (COGTA)

Current-year receipts	1 575 000	-
Conditions met - transferred to revenue	(1 575 000)	-
	<u>-</u>	<u>-</u>

The municipality has entered an arrangement with ESKOM for construction of powerlines for the areas within area of the municipality. The municipality is an agent to the transaction as all the powerlines are handed over back to ESKOM upon completion. Eskom would determine the specifications and approve the designs before construction. The project would be inspected by Eskom upon completion before it can be handed over. The Municipality has responsibility to appoint the contractor and/or service provider that is registered with ESKOM. The arrangement would improve the lives of the local communities. Thus, the grant is not recognised as revenue.

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	2020	2019
22. Government grants and subsidies (continued)		
Integrated National Electrification Programme (INEP)		
Current-year receipts	20 000 000	20 700 000
Conditions met - transferred to revenue	(20 000 000)	(20 700 000)
	<u>-</u>	<u>-</u>

The municipality has entered an arrangement with ESKOM for construction of powerlines for the areas within area of the municipality. The municipality is an agent to the transaction as all the powerlines are handed over back to ESKOM upon completion. Eskom would determine the specifications and approve the designs before construction. The project would be inspected by Eskom upon completion before it can be handed over. The Municipality has responsibility to appoint the contractor and/or service provider that is registered with ESKOM. The arrangement would improve the lives of the local communities. Thus, the grant is not recognised as revenue.

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	2020	2019
23. Employee related costs		
Basic	53 771 470	42 634 533
Bonus	2 305 966	2 126 978
Long-service awards	64 265	163 399
Medical aid - company contributions	1 233 949	1 147 032
Overtime payments	1 207 816	1 817 198
Performance bonus provision	171 760	77 768
Travel, motor car, accommodation and subsistence	4 429 262	4 501 992
UIF	347 808	334 366
	63 532 296	52 803 266
Remuneration of Municipal Manager		
Annual Remuneration	588 878	587 816
Acting Allowance	-	87 250
Car Allowance	506 826	280 356
Area Allowance	50 682	34 433
Performance Bonus	138 579	96 385
Contribution to UIF, Medical and Pension Funds	12 989	13 323
Other	382 158	114 000
	1 680 112	1 213 563
Remuneration of Chief Finance Officer		
Annual Remuneration	483 500	446 522
Car Allowance	416 131	288 389
Area Allowance	41 613	28 839
Contribution to UIF, Medical and Pension Funds	11 033	9 805
Other	260 732	100 222
Performance Bonus	113 781	-
	1 326 790	873 777
Remuneration of Director: Planning		
Annual Remuneration	483 500	72 520
Car Allowance	416 131	48 376
Area Allowance	41 613	4 838
Performance Bonus	18 963	-
Contributions to UIF, Medical and Pension Funds	9 644	1 662
Other	207 496	27 360
	1 177 347	154 756
Remuneration of Director: Community		
Annual Remuneration	483 500	427 394
Car Allowance	416 131	280 722
Area Allowance	41 613	27 998
Contributions to UIF, Medical and Pension Funds	10 498	9 046
Other	198 020	65 244
Performance Bonus	104 299	-
	1 254 061	810 404

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	2020	2019
23. Employee related costs (continued)		
Remuneration of Director: Corporate and Human Resources		
Annual Remuneration	483 500	474 293
Car Allowance	416 131	314 402
Area Allowance	41 613	30 487
Bonus	-	24 096
Contributions to UIF, Medical and Pension Funds	10 593	10 165
Other	230 626	66 625
Performance Bonus	113 781	-
	1 296 244	920 068
Remuneration of Director: Technical Services		
Annual Remuneration	483 500	78 146
Car Allowance	416 131	78 146
Area Allowance	41 613	7 815
Contributions to UIF, Medical and Pension Funds	9 644	1 902
Other	195 987	15 257
Performance Bonuse	18 963	-
	1 165 838	181 266

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	2020	2019
24. Remuneration of Councillors		
Executive Mayor	953 797	837 872
Deputy Executive Mayor	433 170	415 961
Speaker	740 876	630 976
Mayoral Committee Members	2 032 473	1 723 420
Councillors	8 960 313	8 432 171
	13 120 629	12 040 400
Executive Mayor		
Annual Remuneration	645 853	597 729
Travel Allowance	215 006	188 882
Cellphone Allowance	40 800	40 800
Other Allowances	45 201	3 600
Employer Contribution	6 937	6 861
	953 797	837 872
Deputy Executive Mayor		
Annual Remuneration	288 148	283 724
Travel Allowance	96 050	84 297
Cellphone Allowance	40 800	40 800
Other Allowances	4 932	3 956
Employer Contribution	3 240	3 184
	433 170	415 961
Speaker		
Annual Remuneration	516 516	441 128
Travel Allowance	172 172	140 123
Cellphone Allowance	40 800	40 800
Other Allowances	5 786	3 600
Employer Contribution	5 602	5 325
	740 876	630 976
Mayoral Committee Members		
Annual Remuneration	1 325 671	1 128 132
Travel Allowance	441 892	356 638
Cellphone Allowance	204 000	204 000
Other Allowances	45 922	20 859
Employer Contribution	14 988	13 791
	2 032 473	1 723 420
Councillors		
Annual Remuneration	5 687 572	5 397 670
Travel Allowance	1 902 410	1 705 167
Cellphone Allowance	1 122 000	1 152 600
Other Allowances	181 459	107 312
Employer Contribution	66 872	69 422
	8 960 313	8 432 171

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Notes to the Annual Financial Statements

	2020	2019
24. Remuneration of Councillors (continued)		
In-kind benefits		
During the year under review the Executive Mayor and Speaker were on full-time, whilst the deputy mayor remained part-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor, makes use of the council owned vehicle. The Mayor has 3 contracted bodyguards and one driver, the Deputy Mayor has 3 contracted bodyguards whilst the Speaker has 3 bodyguards.		
25. Depreciation and amortisation		
Property, plant and equipment	28 883 318	25 722 482
Intangible assets	268 327	167 536
	29 151 645	25 890 018
26. Finance Cost		
Other interest paid	592 466	77 000
Other interest paid relates to finance costs charged on provision for landfill site as follows 2020 R 517 464.00 (2019 R 0,00) and provision for long service award as follows 2020 R 75 000, (2019 R 77 000,00).		
27. Free basic services		
Electricity	467 441	440 040
28. Contracted services		
Consultant and Professional Services	12 536 534	7 365 630
Contractors	3 492 694	13 658 451
Information Technology Services	1 200 398	368 408
Outsourced Services	6 506 476	4 437 394
Repairs and Maintenance	19 325 008	18 023 090
	43 061 110	43 852 973

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Notes to the Annual Financial Statements

	2020	2019
29. General expenses		
Admin fees	4 880 376	4 063 060
Auditors remuneration	1 327 642	2 217 065
Bank charges	282 363	199 077
Community assistance expenses	12 702 390	11 290 281
Computer expenses	1 266 222	-
Conference and seminars	-	69 319
Operational running costs	798 876	1 409 610
Entertainment	18 559	124 839
FMG expenses	573 241	1 451 807
Inhouse electrification project	1 533	-
Learnership and internship expenses	50 000	35 970
Licences	1 123 165	613 815
Management services	2 449 427	1 308 895
Motor vehicle expenses	-	222 401
Training and Education	1 601 112	-
Protective clothing	2 534 682	1 648 230
Seating allowance traditional leaders	-	10 172
Special projects	1 016 656	1 040 647
Subscriptions and membership fees	477 462	1 089 930
Subsistence and travel	1 356 144	6 755 872
Telephone and fax	1 125 096	1 596 046
Ward committees	3 284 500	3 140 415
	36 869 446	38 287 451
30. Auditors' remuneration		
Fees	1 327 642	2 217 065
31. Cash generated from operations		
Surplus	42 887 878	33 242 235
Adjustments for:		
Depreciation and amortisation	29 151 645	25 890 018
Profit on sale of assets	(213 432)	(54 543)
Donations received	(97 688)	-
Finance charges	592 466	77 000
Actuarial gains	(24 000)	(115 000)
Debt impairment	-	4 779 010
Bad debts written off	6 597 225	194 715
Movements in retirement benefit assets and liabilities	107 000	(7 000)
Movements in provisions	881 951	(1 016 347)
Changes in working capital:		
Receivables from exchange transactions	(157 310)	(521 295)
Consumer debtors	(413 288)	(6 442 415)
Payables from exchange transactions	8 781 987	(2 518 221)
VAT	(44 377)	(6 586 369)
Unspent conditional grants and receipts	750 000	(1 090 740)
	88 800 057	45 831 048

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	2020	2019
32. Commitments		
Authorised capital expenditure		
Already contracted for but not provided for		
• Property, plant and equipment	19 988 694	18 332 849
Total capital commitments	19 988 694	18 332 849
Authorised operational expenditure		
Already contracted for but not provided for		
• Expenditure 1	21 472 004	9 835 649
Total operational commitments	21 472 004	9 835 649
Total commitments		
Total commitments		
Authorised capital expenditure	19 988 694	18 332 849
Authorised operational expenditure	21 472 004	9 835 649
	41 460 698	28 168 498
This committed expenditure relates to capital and operational expenses, which will be financed by available bank facilities, retained surpluses, existing cash resources and funds internally generated.		
Operating leases - as lessee (expense)		
Minimum lease payments due		
- within one year	1 685 134	741 459
- in second to fifth year inclusive	-	1 685 134
	1 685 134	2 426 593

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33. Related party

Relationships

Accounting Officer

Sokhela S.L

Executive Major

Deputy Mayor

Speaker

Cllr BP Ngcobo

Cllr SG Masimula

Cllr TL Kunene

Councillors

Cllr K Sithole (Deceased)

Cllr M.W Sokhela

Cllr Mntungwa

Cllr JV Langa

Cllr TM Ndlovu

Cllr SC Mpungose

Cllr NM Mabaso

Cllr LE Danisa

Cllr BP Madondo

Cllr P Dladla

Cllr Sithole

Dr FJ Sikhakhane

Cllr GB Sikhakhane

Cllr B Dumskude

Cllr MS Khoza

Cllr MA Mntungwa

Cllr S Magubane

Cllr AS Shezi

Cllr NC Sikhosana

Cllr BL Ntuli

Cllr ZS Magwaza

Cllr DM Ndlovu

Cllr SR Sokhulu

Cllr MMS Myeza

Cllr B Mthethwa

Cllr LD Ngubane (Resigned)

Cllr SK Radebe

Cllr NP Xulu

Cllr N Majazi

Cllr S ximba

Cllr ZE Shange

Cllr TM Mabaso

Cllr ME Ngobe

Cllr M Buthelezi

Cllr TB Mbatha

Directors

Mr TM Nene

Miss MS Xulu

Mr MV Ntanzu

Mr SZN Mguni

Mrs BP Hlubi

Please note that all directors and councillor's remuneration have been disclosed above on note number 23 and 24.

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	2020	2019
33. Related party (continued)		
Related party transactions		
Expenses recognised		
Ispsheshethwa Holdings	5 000	-
Amazwe Cleaners and Trading	98 100	-
HBZ Transport and Projects	429 019	-
DMN Co-Operative Limited	100 645	-
Mlaba's Trading and Projects	19 500	-
Dlulas Easy Build Hardware	30 000	-
Maboniza Services	117 320	-
Maodeni	19 140	-
Msinga Transport Services	147 400	-
Siya Zenzela Trading	72 830	-
Nqoboluvuno Trading	55 320	-
Mosinda trading enterprise	163 043	-
Micho Khathide Tradings	266 824	-
Siyejabula Trading	114 153	-
Maodeni	145 385	-
Msinga transport services	147 400	-

The above mentioned transactions were made to companies that are close related to municipality officials

Name of person employed by the municipality	Position/ job title at the municipality	Related Supplier name
Lungisani Blessing Ntuli	Ordinary councilor	Ispsheshethwa Holdings
Daugras Mletheni Ndlovu	MPAC chairperson	Amazwe Cleaners
Thokozani Moses Mabaso	Ordinary councilor	HBZ Transport and Projects
Thokozani Moses Mabaso	Ordinary councilor	DMN Co-Operative Limited
Simosenkosi Innocent Sikhakhane	Security guard	Mlaba's Trading and Projects
Mavis Nobuhle Mabaso	Ordinary councilor	Dlulas Easy Build Hardware
Christine Khethiwe Ziqubu	Communications manager	1Maboniza Services
Zamo Lorraine Zondi	Security Guard	Siya Zenzela Trading
Sizwe Malembe	Security Guard	Nqoboluvuno Trading
TT Dlamini	KZN: HEALTH	Mosinda trading enterprise
Mzowandayo Michael Sokhela	Ordinary Councillor	Micho Khathide Tradings
Welcome Mkhokiseni Mpanza	Ordinary Councillor	Siyejabula Trading
Gertrude Buhle Sikhakhane	Ordinary Councillor	Amadlakhe Trading
Mandlakhe Emmanuel Ngobe	Ordinary Councillor	Amadlakhe Trading
Precious Zamakhoza Khoza	PA to Director Corporate	Maodeni
Mhawukeleni Wellington Sokhela	Ordinary Councillor	Msinga transport services

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34. Prior Period Error

The comparatives for 2018/2019 have been restated due to the following errors:

In the previous financial year an amount of R 17 459 258.00 relating to the capital work in progress was previously disclosed as infrastructure. This amount has since been reclassified as a stand-alone capital work in progress in the PPE disclosure note of the annual financial statements. The reclassification had no impact on the profit/loss previously recorded and is merely to correct the disclosure.

In the previous financial year, it was noted that the depreciation expenditure, profit for the year and the carrying value of Motor Vehicles was overstated by an overall net effect amount of R 66 531.00 due to the incorrect recognition of the depreciation of disposed vehicles that were auctioned off during the previous year. The depreciation on the disposed vehicles were recorded for the full financial year and not only up to the date of disposal. This has been corrected during the current financial year.

In the previous financial year receipts from the sale of motor vehicle amounting to R 124 300.00 was incorrectly classified as sale of goods, the receipt has since been reclassified into the profit on sales of asset account in the current financial year.

In the previous financial year working in progress was overstated by R 4 995 323 as it included the following completed projects: Infrastructure R 3 888 383.00 and R Community 1 106 940.00. We have since reclassified the completed projects into their respective categories. The reclassification also affected depreciation and the additional depreciation was recalculated as follows community asset R 3 007,03 and infrastructure R 1 571,31.

In the previous financial year there was a miss classification between the Furniture & Fitting and Office Equipment costs of R 26 698,82 (were the Furniture and Fitting cost account was overstated by R 26 699.00 which belong to the Office Equipment cost account). This has since been reclassified in the previous financial and the depreciation was recalculated with a net effect of R 1 146,47.

In the previous financial year the municipality had incorrectly disclosed/classified all omitted assets (which amounted to R 1 298 316.00) as revaluations and this has since been updated accordingly into omissions.

In the previous financial year, the municipality had previously misclassified (understated the expenditure cost incurred) community assistance expenditure incurred as free basic services (thus overstating the free basic services expenditure incurred). The total value of the misclassification amounted to R 5 411 575.00. The error has since been rectified and the financial records were amended accordingly. The reclassification had no impact on the profit/loss previously recorded and is merely to correct the disclosure.

In the previous financial year, the municipality had previously understated the following accounts: free basic service expenditure, accruals, and VAT. The value of the impact was Free basic services (R 83 670.00), Accruals (R 96 220.50) and VAT (R 12 550.50).

In the previous financial year, the municipality had previously misclassified the Mayor's chain (heritage asset) as furniture and fixture with the cost of R 76.96 and net carrying value of R 4.33. This has since been rectified and the asset was reclassified accordingly as a heritage asset. It was also noted that the asset was undervalued, and a revaluation was performed, which valued the asset at R 260 000.00. Both the reclassification and the correction of error had no impact on the profit/loss previously recorded and is merely to correct the disclosure.

During the previous financial year end the municipality had erroneously disclosed the revaluation model accounting policy, with regards to its Property, Plant and Equipment. During the annual financial statements review process the error was identified, and the accounting policy was removed. The removal of the accounting policy had no effect with regards to the change in accounting estimates since the assets were always accounted for on the cost model.

During the prior year ended 30 June 2019, it was noted that actuarial gains of R 115 000.00 for the year was previously misclassified into the basic salary. We have since processed a reclassification entry to separately disclose the actuarial gains.

In the previous financial year ended 30 June 2019, the municipality had erroneously disclosed/classified landfill site movement of R 2 951 413 as revaluation surplus, the municipality has since corrected the error and disclosed/classified the

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34. Prior Period Error (continued)

Landfill site movement as landfill site movement. The error was also corrected by removing the movement from the revaluation surplus into the accumulated reserves.

In the previous financial year ended 30 June 2019, the municipality had erroneously disclosed/classified the previously omitted/newly identified assets (assets that were identified on the floor during the asset verification and were not on the fixed asset register/accounting records) as revaluation surplus (such assets amounted to R 1 298 316). The error has since been addressed and the assets have been removed from the revaluation reserves into the accumulated surplus.

During the previous financial year end the municipality had incorrectly classified the free basic services expenditure amount to R 55 560 as consultant and professional services, the municipality has since corrected the misclassification and reclassified the expenditure incurred as free basic services.

During the previous financial year end the municipality had incorrectly classified the free basic services expenditure amount to R 164 910 as electricity expenditure, the municipality has since adjusted prior year annual financial statements to reclassify the expenditure into the free-basic services expenditure.

In the previous financial year, the municipality had erroneously named the municipality's operational running costs as an electricity account. The municipality has since amended the name of the account to Operational running costs as it contains both electricity and water expenditure.

In the previous financial year ended 30 June 2019, it was noted that the municipality has incorrectly double accounted for the employee cost benefit finance charge, therefore both the employee cost and finance cost were overstated by the value of R 77 000.00. This has since been corrected and the annual financial statements have been amended accordingly.

In the previous financial year ended 30 June 2019, it was noted that the municipality had incorrectly raised landfill site provision which did not agree to the management's experts present value calculation, the error amounted to the value of R 517 466.00 (accounts affected was the finance charge and landfill site provision). This has since been amended in the municipality's annual financials.

In the prior years the municipality had incorrectly classified landfill site movements and into the revaluation reserves (amounting to R 4 499 713.00), the error has since been corrected and the entire prior years revaluation reserves has been reclassified into the accumulated surplus.

In the prior year, the landfill site depreciation was incorrectly calculated and overstated by R772 188,14. This error has been corrected.

In the previous financial year, the municipality had understated its employee and councillors cost, this was due to the error in the system that was used to compile the annual financial statements (with a net effect of R 7 001.00). This had no effect on the overall profit/surplus for the year that was disclosed in the Statement of changes in net assets. This has since been amended accordingly.

During the financial year ended 30 June 2019, it was noted that the municipality had previously overstated the landfill site movement by an amount of R 1 418 265.00, this has since been adjusted accordingly.

In the prior year it was noted that the municipality did not disclose the unauthorized expenditure that was identified during the year ended 30 June 2019 with the total value of R 11 681 260.00. This has since been amended and included in the Annual financial statements.

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Notes to the Annual Financial Statements

			2020	2019	
34. Prior Period Error (continued)					
Statement of financial position					
2019					
	Note	As previously reported	Correction of error	Re-classification	Restated
Infrastructure (Cost - including WIP)	3	259 770 697	(1 106 940)	(2 588 233)	256 075 524
Community assets (Cost - Including WIP)	3	27 960 301	1 106 940	2 588 233	31 655 474
Infrastructure (Accumulated depreciation)	3	(97 164 491)	(1 571)	-	(97 166 062)
Community assets (Accumulated depreciation)	3	(12 260 106)	(3 007)	-	(12 263 113)
Motor vehicle (Cost)	3	30 729 841	(761 029)	-	29 968 812
Motor vehicle (Accumulated depreciation)	3	(20 232 332)	694 499	-	(19 537 833)
Furniture & Fixture (Cost)	3	3 152 141	-	(26 776)	3 125 365
Office equipment (Cost)	3	3 398 769	-	26 776	3 425 468
Revaluation	3	4 249 729	260 000	(4 249 729)	260 000
revaluation reserves		4 499 713	-	(4 499 713)	-
Newly Identified assets	3	-	-	1 298 316	1 298 316
Landfill site movement	12	-	-	2 951 413	2 951 413
Heritage asset - Mayors chain	5	-	260 000	-	260 000
VAT	8	5 400 407	12 551	-	5 412 958
Accrual	13	-	96 221	-	96 221
Landfill Site Provision		4 657 178	(517 464)	-	4 139 714
Accumulated surplus		-	-	4 499 713	4 499 713
Landfill Site accumulated depreciation		(3 696 469)	772 188	-	(2 924 281)
		210 465 378	812 388	-	211 277 689

Statement of financial performance

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		2020	2019			
34. Prior Period Error (continued)						
2019						
	Note	As previously reported	Correction of error	Miscalculation due to system error	Re-classification	Restated
Sales of assets		124 300	-	-	(124 300)	-
Profit and loss on sale of disposal - Proceeds		-	-	-	124 300	124 300
Depreciation		(26 659 709)	(2 498)	-	-	(26 662 207)
Transfer to profit and loss account - cost		-	(761 029)	-	-	(761 029)
Transfer to profit and loss account - Accumulated Depreciation		-	691 272	-	-	691 272
Transfer to profit and loss account - Building Cost		-	(584 030)	-	-	(584 030)
Transfer to profit and loss account - Building Accumulated depreciation		-	584 030	-	-	584 030
Free basic services		(5 547 657)	(83 670)	-	5 191 287	(440 040)
Community assistance expenditure		(5 878 524)	-	-	(5 411 757)	(11 290 281)
Consultant and Professional Services		(7 421 190)	-	-	55 560	(7 365 630)
Electricity Account		(1 574 520)	-	-	164 910	(1 409 610)
Finace cost		(671 464)	517 464	-	77 000	(77 000)
Employee Cost		(56 870 338)	-	28 238	(115 000)	(56 957 100)
Actuarilalgains		-	-	-	115 000	115 000
Employee Cost		-	-	-	(77 000)	(77 000)
Remuneration for councillors		(12 019 163)	-	(21 237)	-	(12 040 400)
Landfill site depreciation		(1 379 904)	772 188	-	-	607 716
Landfill site movement		2 951 413	(1 418 265)	-	-	1 533 148
Surplus for the year		(114 946 756)	(284 538)	7 001	-	(114 008 861)

35. Risk management

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

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.

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

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36. Going concern

On 11 March 2020, the World Health Organisation declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. This led the President of South Africa to impose a nation-wide lockdown which has caused the municipality to partly close their operations (The municipality was still partly operating during the lockdown as a result of the municipality being deemed an essential service provider by the South African Government. However, most of the staff were working remotely from home) for an extended period from 27 March 2020. While the disruption is currently expected to be temporary, there is uncertainty around the duration as well as the recovery timeline. Therefore, while the municipality expects this matter may negatively impact its business, cash flow, results of operations and financial position, the related financial impact cannot be reasonably estimated at this time. Notwithstanding the operational and financial effects of the nation-wide lockdown, the accounting officer and the municipal councillors believe that the municipality has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on a going concern basis. Management considers key financial metrics and approved medium-term budget, together with the municipality's dependency on grants from national and provincial government, to conclude that the going concern assumption used in the compiling of its annual financial statement, is appropriate. The accounting officer and the municipal councillors are not aware of any new material changes that may adversely impact the municipality. The accounting officer and the municipal councillors are also not aware of any material non-compliance with statutory or regulatory requirements or any pending changes to legislation which may affect the municipality.

37. Events after the reporting date

The municipality is not aware of any other material events which occurred after the reporting date and up to the date of this report, that requires disclosure in these financial statements.

38. Unauthorised expenditure

Opening balance as previously reported	(11 681 260)	-
Opening balance as restated	(11 681 260)	-
Add: Expenditure identified - current	(10 959 309)	-
Add: Expenditure identified - prior period	-	(11 681 260)
Closing balance	(22 640 569)	(11 681 260)

Unauthorized expenditure arises from the over expenditure that was identified during the comparison of the budget and the actual expenditure incurred as listed below.

Unauthorised expenditure: Budget overspending

Remuneration for councillors	(328 970)	(2 659 821)
Depreciation	(6 135 648)	(3 876 250)
Bad debt	(3 597 225)	(4 973 725)
Intangible asset	(805 000)	-
Finance cost	(92 466)	(171 464)
	(10 959 309)	(11 681 260)

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39. Contingent Liabilities

For the year ended 2018/19 Steyns chartered accountants incorporated (Steyns chartered accountants incorporated is a former Internal Auditor suing the Municipality for breach of contract. He claims that the municipality breached an agreement by deciding to terminate his contract and he is suing for the outstanding amount which was left in the contract (The cancellation is a result of an audit query raised by the Auditor-General.) has filed a claim of R 211,140 which attracts interest at 10,25 % per annum, calculated from 31 March 2018 till the date of final payment, for unfair dismissal. Further, he seeks recoupment of the cost of the lawsuit and attorney fees, the amount of which is unknown at it is dependent on the length of the lawsuit. The municipality is represented by Shepstone & Wylie Incorporated.

Current Status: Pre-Trial stages, which includes drafting of the discovery affidavit and the exchange thereof thereafter we will apply for trial dates.

The expenditure so far equals to R92 912.53.

The plaintiff Mr Hlela, was traveling from Greytown via R33 when a pothole caused a damage to his vehicle. He alleges that the damage he suffered is a result of the municipality's failure to repair the road. Therefore, he is suing municipality for all the costs he incurred repairing his vehicle. He has filed a claim of R 8 860.90 which attracts interest at 15,5 % per annum, calculated from the date of judgement to the date of payment. The municipality defended the matter by drafting a plea informing him of 'Mis joinder' advising him that he should be suing the department of transport instead. The municipality is represented by Shepstone & Wylie Incorporated.

Current Status: The matter has been filed in uMsinga Magistrate Court.

The expenditure so far equals to R11 716.20.

Th former Chief Financial Officer of the municipality, is suing for breach of contract to the value of R 600 000. He disputes that the Municipality did not act according to the law when they cancelled his contract. There has since been a pre-arbitration meeting with the representatives of Prestprops, where the following was confirmed: The appointment of Adv WAJ Nicholson as the arbitrator and Dates for the filing of pleadings (2 December 2019). Prestprops filed their statement of claim and the municipality also instructed Advocate Broster S.C. to draft answering statements on their behalf. The municipality is represented by Garlicke and Bousfield Incorporated.

Current Status: waiting for Prestprops representatives to take next step.

On the 19th of October 2020, the municipality received a court summons from VOX Communications. Vox claims that there are unpaid monies by the municipality to the value of R 10 663.65 bearing an interest of 7% p.a a tempora morae from date of demand to date of final payment, for the information and communication technology services rendered.

40. Fruitless and wasteful expenditure

Opening balance as previously reported	5 881	15 700
Opening balance as restated	5 881	15 700
Add: Expenditure identified - current	132 899	5 881
Less: Amount written off by council - prior period	(5 881)	(15 700)
Closing balance	132 899	5 881

Fruitless and wasteful expenses arises from late payment of third parties accounts.

41. Irregular expenditure

Opening balance as previously reported	-	9 531 645
Opening balance as restated	-	9 531 645
Less: Amount written off by council- prior period	-	(9 531 645)
Closing balance	-	-

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Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

	2020	2019
42. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government(SALGA)		
Current year subscription / fee	228 320	1 015 210
Audit fees		
Current year subscription / fee	1 327 642	2 217 065
PAYE and UIF		
Opening balance	11 276 384	8 412 950
Amount paid - current year	(11 276 384)	(8 412 950)
	-	-
Pension and Medical Aid Deductions		
Opening balance	12 993 004	10 863 403
Amount paid - current year	(12 983 236)	(10 854 516)
	9 768	8 887
The balance of R 9768.00 for 2020 and (R 8887.00 2019) relates to an outstanding balance for the Discovery Health which is a debit order and it only debits on the 2nd or 3rd of the following month.		
VAT		
VAT receivable	5 457 334	5 412 957
VAT output payables and VAT input receivables are shown in note 7.		
All VAT returns have been submitted by the due date throughout the year.		
Councillors' arrear consumer accounts		
For the financial period ended 30 June 2020, there were no rates or services arrears owed by any councillor. Further, during the financial year there are no councillors which were outstanding for more than 90 days.		
43. Deviations from the supply chain management regulations		
Diviation - current period	983 850	802 356
Amount approved by council	(983 850)	(802 356)
Nature of deviation		
Sole Supplier	855 143	-
Emergency	96 708	85 180
Other	-	717 176
	951 851	802 356

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Annual Financial Statements for the year ended 30 June 2020

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2020

2019

44. Contingent asset

During the year of 2017/2018 an amount of R 1 250 000 was paid to Khansela CC and an amount of R 300 000 was paid to Aphile CC. These payments were made to the suppliers without any order, invoice or goods delivery note. To determine their authenticity they were referred to the Internal Audit unit for investigation. Subsequently during the year of 2018/2019 the Municipality has since appointed an investigating company by the name of Nexia SAB&T to investigate the matter. The municipality believes that there is a high likelihood that these amounts (totaling R 1 550 000) will be reimbursed to the municipality.

During the previous financial year, the Municipality made an erroneous payment to Mpandla Trading of R1,295,723.23 and has failed to recover the money over the past period. The Municipality as such, has since taken legal action in an attempt to recover the money. If successful, the amount shall be paid back to the Municipality in the possible near future.

45. Reasons for material differences: Financial performance

45.1 Other income

Based on the nature of the income (rate clearance certificates; printing of building plans; town planning and printings from the library etc.), it is dependent on the demand and availability of the service. During the financial year there was a break-in at the library that forced it to closure and the influence of the pandemic lockdown which affected its revenue. Due to the pandemic lockdown the municipality took a knock on the closure of the services being provided e.g. tender documents sales; rate clearance certificated; town planning applications etc.

45.2 Interest received - investment

Interest on investments is based on the fluctuation of the interest rates / economic stability. COVID 19 pandemic lockdown forced the municipality to utilise and have access to cash which resulted in the municipality to invest less therefore less interest income on investments then expected.

45.3 Property rates

The difference is due to the budget not factoring in the data cleansing exercise that was performed towards the end of previous financial year that resulted in a write off on debtors (Unknown account holders and duplicated accounts and municipal properties).

45.4 Depreciation

Difference is due to the additions and/or acquisitions that were made during the financial year and was not anticipated by the municipality during the budget preparation.

45.5 Finance Cost

The variance is fair.

45.6 Lease rentals on operating lease

The variance is fair.

45.7 Bad debts written off

The actual debt impairment is more than the budget due to the unpaid accounts that were identified during the impairment exercise that can only be done at the end of the financial year.

45.8 Contracted services

The municipality had under budgeted for contracted services, due to the majority of the contracted service cost being ad hoc services.

45.9 General expenses

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2020

2019

The municipality spent more than 65 percent of the approved budget. However, the municipality needs to fast track the budget implementation to avoid under-expenditure.

46. Reasons for material differences: Cashflow movements

46.1 Rates

The budget was realistic as the municipality achieved 108 percent of the budget which is reasonable.

46.2 Other Income

The municipality could not achieve the set target due to steady economic growth and Covid-19 lockdown in the last quarter of the financial year.

46.3 Grants

The amount spent shows accurate budget which is good.

46.4 Interest

The set target could not be achieved as a result of a reduction in interest rates since the third quarter of the financial year.

46.5 Vat

The municipality did not budget for Vat recovery in the 2020 financial year and which was an oversight. The Vat recovery process on the other side has yielded some positive returns.

46.6 Rentals

The budgeted amount was unrealistic as the municipality had less properties to lease out.

46.7 Employee related

Employee related costs are always estimated and based on the labour unions and government negotiations.

46.8 INEP Payments

This amount was budgeted for under capital acquisitions. However, this form of reporting separated the items.

46.9 Finance charges

The anticipated provision for landfill site rehabilitation came less than the opening balance and which was not anticipated.

46.10 Transfer grant

No grants were issued.

46.11 Purchase of equipment

This difference is fair.

46.12 Proceeds from sale of property

The municipality did not anticipate the sale of assets.

46.13 Purchase of intangible assets

The municipality did not anticipate the purchase of assets.

ANNEXURE 3: AG AUDIT REPORT 2019-20



Auditor-General of South Africa

Msinga Municipality
Audit report 2019-20

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

Report on the audit of the financial statements

Opinion

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

Basis for opinion

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 34 to the financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2020.

Material impairment allowance for consumer debtors

8. As disclosed in note 9 to the financial statements, the municipality recognised a contribution to the impairment allowance for consumer debtors of R6,60 million for the current financial year, as the recoverability of these amounts were doubtful.

Other matter

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

Unaudited disclosure note

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

Responsibilities of the accounting officer for the financial statements

11. 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.
12. 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

13. 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.
14. 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

15. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for selected development priority presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.
16. 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/measures included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
17. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the basic service delivery development priority presented in the municipality's annual performance report for the year ended 30 June 2020.
18. 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.
19. I did not raise material findings on the usefulness and reliability of the reported performance information for the basic service delivery development priority.

Other matters

20. I draw attention to the matters below.

Achievement of planned targets

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

Adjustment of material misstatements

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

Introduction and scope

23. 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.
24. The material findings on compliance with specific matters in key legislation are as follows:

Annual financial statements

25. The annual financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of expenditure, VAT receivable, cash and cash equivalents, prior period errors and commitments were identified by the auditor in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

26. Reasonable steps were not taken to prevent unauthorised expenditure of R10,96 million, as disclosed in note 38 to the financial statements, as required by section 62(1)(d) of the MFMA. The majority of this expenditure, was caused mainly by incorrect budgeting on non-cash items.
27. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R132 899 as disclosed in note 40 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of this expenditure was caused by interest incurred on late payments of accounts.

Procurement and contract management

28. Awards were made to providers who were in the service of the municipality, in contravention of section 112(j) of the MFMA and SCM regulation 44. Furthermore, the provider failed to declare that he/she was in the service of the municipality, as required by SCM regulation 13(c).
29. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e).

Other information

30. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the financial statements, the auditor's report and the selected development priority presented in the annual performance report that have been specifically reported in this auditor's report.
31. 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.
32. 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.
33. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

34. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on compliance with legislation included in this report.
35. The financial statements contained material misstatements that were subsequently corrected. These were mainly due to the inadequate application of the financial reporting framework to ensure that they were supported by accurate, reliable and complete information.
36. Management did not adequately monitor and review compliance with laws and regulations.

Other reports

37. I draw attention to the following engagement conducted by various parties, that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.

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 priority and on the municipality's compliance with respect to the selected subject matters.

Financial statements

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

Communication with those charged with governance

3. I communicate with the accounting officer regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.
4. I also confirm to the accounting officer that I have complied with relevant ethical requirements regarding independence, and communicate all relationships and other matters that may reasonably be thought to have a bearing on my independence and, where applicable, the actions taken to eliminate threats or the safeguards applied.

38. An independent forensic investigator was appointed by the municipality to conduct a probe into payments that were made to suppliers allegedly without supporting documentation. The forensic report covered the 2016-17 and 2017-18 financial years. The forensic report, which was presented to council, was referred to the South African Police Service (SAPS) for a criminal investigation. SAPS has since referred the matter to the Hawks for further investigation.

Auditor-General

Pietermaritzburg

31 March 2021



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence