



NDLAMBE MUNICIPALITY

ANNUAL REPORT

2022/2023

Ndlambe Municipality
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www.ndlambe.gov.za



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CHAPTER ONE: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 MAYOR'S FOREWORD

It is an honour and a great pleasure to present, on behalf of Ndlambe Municipality and all its stakeholders whom have played a vital role in the performance of the municipality, the draft Annual Report for the 2022/2023 financial year.

The municipality has not been immune to the challenges facing other municipalities, provincial governments and national government as the socio-economic challenges continue to present themselves in different forms such as unemployment, social and economic equality and poverty. Despite the stubbornness of these challenges, the municipality's efforts in addressing these challenges supersedes the impact these challenges have had on communities. It is rather commendable that the municipality has continued, through good and efficient governance, to fulfill its core mandate of delivering services to the people despite the many potential hindrances.

These assiduous efforts by the municipality were as a result of, inter alia, the municipality re-visiting, refining and re-crafting its strategic objectives to ensure that they are informed by lessons learnt in the past and that they are aligned to the current socio-economic state. These strategic objectives are aligned with the Provincial Growth and Development Strategy, the National Development Plan, the National Spatial Development Plan and the National Key Performance Areas. The strategic goals and priorities are incorporated into the strategic and operational plans of all directorates as well as the relevant individual performance plans. By so doing, it is to ensure that every effort towards the execution of duties is consistently directed towards achieving the set targets and desired outcomes.

These targets are a product of the Integrated Development Plan (IDP). There is always a temptation to the administration and councillors to deviate from the IDP willy nilly. However the level in which IDP has been institutionalised makes it very difficult for them to do so. In fact even the communities are now realising the importance of IDP hence their active participation during IDP formulation. Various stakeholders are involved in all the stages of IDP process plan which culminates into Mayoral Imbizo and strategic plan. During the latter process strategic objectives forms part of the scorecard of senior managers which makes it easy to track compliance and performance. Good performance is rewarded by incentivising it through performance bonuses and non-performance is remedied through performance development plan. For almost a decade no senior manager got less than 100% although they strive to achieve 130% and more.

The below-mentioned strategic goals and guiding objectives of the municipality should be used as a yardstick when reading and interrogating this draft Annual Report:

Strategic Goal 1	1. A premier place to work and do business
Strategic Objectives	1.1. Improve the governance of the Municipality
	1.2. Improve financial viability of the municipality
	1.3. Develop state-of-the-art innovative physical and technological infrastructure

	1.4. Create a comfortable remote working environment and develop new economy skills
Strategic Goal 2	2. Destination of choice for laid-back living for families
Strategic Objectives	2.1. Provide sustainable, efficient, cost effective, adequate and affordable services to all our citizens
	2.2. Provide efficient and effective public & private health services
	2.3. Create a pleasant, safe and secure living environment for all our citizens
	2.4. Mainstreaming of vulnerable groups into our growing society
Strategic Goal 3	3. Tourist destination of choice for people who love natural and cultural heritage, adventure, and water sports
Strategic Objectives	3.1. Preserve the natural beautiful environment, cultural heritage, and biodiversity
	3.2. Develop a cultural heritage, and biodiversity economy
	3.3. Develop and support adventure and extreme water sports
	3.4. Enable more events which attract visitors to NLM

The Performance Management System monitors the implementation of the strategic goals and budget. Key performance indicators and targets were assigned to each of the strategic outcomes. These indicators have been measured and monitored throughout the year and all relevant information was captured and stored on an electronic performance management system. The aim is to continuously monitor performance to serve as an early warning system and take corrective measures where necessary.

It is recognized that continued efforts must be placed on maintaining and improving existing performance in all areas. Every effort must be made to maintain a culture of service delivery and to maintain and enhance sound fiscal and administrative functioning at all costs. We and those that come after us will endeavor to ensure that the municipality continues to perform, while providing the community with the required and expected levels of service delivery, local economic development, infrastructure development, fiscal control and sustainability and good governance within all spheres. Every effort will be made to meet and sustain community needs at all identified levels – as dictated and defined by the constraints of available infrastructure and resources.

The achievement of service delivery targets and deliverables is obviously also required to be viewed together with the municipality's financial performance and our ability to comply with a whole suite of municipal legislation. One of the most important contributors to a municipality's financial health is how well its ratepayers and customers pay their municipal accounts. However, the recovery of debt in areas

where Eskom provides power directly to the people remains a problem. Without adequate revenue, not even the most basic services can be rendered properly, nor can infrastructure such as roads and electricity, water and sewerage networks be maintained or upgraded.

The Municipality has done well in terms of basic service delivery. 100% of the registered urban residential properties have access to minimum service delivery levels or above. There are therefore some informal sites and backyard dwellers that do not have formal access to services. As a municipality we go as far as providing services in the form of gel stoves and gel as a source of energy for the informal communities. Informal settlements are also provided with skip bins for purposes of refuse collection. The municipality continued to support registered indigent and poor households in the form of a monthly subsidy on their household accounts to cover the basic fees with regards to sewerage, refuse removal, water and electricity. Indigent households received 50 kWh of free electricity, 6kl of water and free refuse removal per month. They are also provided with free access to sanitation and free rates if the value of the property is less than R350 000.

Vandalism and theft are unfortunately a growing problem in parts of the municipal area and this is costing the municipality a substantial amount annually. The time has come for a major educational drive to address this problem and to convince communities that vandalism is to their own detriment. The assistance and co-operation of ward councillors and ward committee members will be invaluable in this regard. The municipality continues to improve on its public participation initiatives not because of compliance but for the purpose of enhancing good governance. These enhanced public participation strategies are applied in the form of Ward Committees, Community Development Workers, Ward-based Planning, Community Outreach Programmes in the form of Mayoral Imbizos, forums and Report Back meetings to give update on service delivery issues raised.

CONCLUSION

The 2022/23 financial year was a challenging period for the local government sphere, especially with the power crisis that forced the municipality to find alternative ways to continue providing services. Testament to the professionalism and dedication of all the municipality's staff members who never allowed these hindrances taking place to distract them from their responsibilities, or diminish their determination, to serve the people of Ndlambe Municipality.

I would like to express my gratitude to the Executive Committee and all the Councillors for their contribution and commitment towards realizing the Vision and making a difference in the lives of all in Ndlambe. I would also like to thank the Management team and staff members for their support during the year. Most importantly, I wish to thank the ratepayers, civic organisations and all stakeholders and individuals who continue to support us in our endeavours to change our local municipality for the better. Without your commitment and support, the achievements to be outlined in this report would not have been possible.

CLLR K C NCAMISO


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MAYOR

1.2 MUNICIPAL MANAGER FOREWORD

This report provides the overview on the performance and progress made by Ndlambe Local Municipality (NLM), in fulfilling its strategic objectives and priorities, as aligned with the IDP, Budget, as well as Provincial and National strategic directives. The report contains highlights of the programmes and projects that were successfully delivered by Ndlambe Local Municipality (NLM) in order to enhance service delivery to the community and all stakeholders.

Without being pendentic on the legal framework that mandates local government to assist and be in charge of service delivering to the people. Section 151 of the Constitution of the Republic of South Africa of 1996 pronounces on the establishment of municipalities in the territory of the Republic. Furthermore section 152 of the Constitution prescribes the objects of local government. Section 156 of the same legislation outlines powers and functions of municipalities. The Municipal Systems Act No. 32 of 2000 provides core principles, mechanisms and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities. Section 154 of the Constitution provides for corporative governance which mandates the national and provincial spheres of government to support local government during its endeavours to deliver services to the people as it is this sphere that is in the coal face. It is for that reason that in the succeeding paragraphs specific service delivery matters will be outlined.

The five (5) year Integrated Development Plan (IDP) is revisited annually and after evaluating highlighted priorities and current plans available – not to mention the available Budget and resources/ infrastructure for the year – an annual set of IDP strategic objectives are created for each financial year. These then represent a realistic set of IDP strategic objectives for the current year. In order to ensure that these are successfully achieved, a Service Delivery and Budget Implementation Plan (SDBIP) for the organization as a whole (reflected within each Directorate) is created – aligned to both Budget and IDP. It is not only important to align the three aspects but to have an MSCOA compliant budget. The municipality is one of the few that complies with MSCOA when doing a budget.

From the SDBIP, performance targets are created for each s56 Director and this is aligned to each SDBIP, the IDP and Budget. This then culminates into the scorecards for each directorate. In each instance it is ensured that the service delivery targets created are aligned to the level above which ultimately means alignment with the IDP, Budget and SDBIP.

Ndlambe municipality is one of the few municipalities that has a very stable political and administrative environment. This can be attributed to the fact that council maintained the same section 56 and 57 managers for-almost 5 (five) terms and very quick to fill in senior managers position. Even currently all those positions are filled. This is but one factor and there are many more others that have contributed to this stability.

In terms of performance the municipality has recorded major progress in delivering the objectives of the IDP. This will be explicitly substantiated in detail in subsequent sections of this report, in particular the Organisational Scorecard section. The capacity and support received through intergovernmental cooperation also enabled us to discharge our constitutional responsibilities with reasonable efficiency. Some of the significant projects implemented included the following:

PROJECT	BUDGET	EXPENDITURE TODATE	BALANCE	%	COMMENTS
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Kenton on Sea & Bushmans river project : Marselle 500 housing project: Bulk sewer infrastructure	R 3 148 199.68	R 3 148 200.01	R 0	100 %	Project Completed
Upgrading of Rhuneli Drive in Port Alfred	R 4 139 405.93	R 4 144 110.69	R 0	100 %	Project Completed
Upgrading of Mangele street in Kenton on Sea	R 2 029 869,41	R 2 029 869,41	R 0	100 %	Project Completed
Upgrading of Kwanokqubela main road	R 5 893 283.80	R 6 203 274.54	R 0	100 %	Project Completed

Despite many achievements, challenges always abound and as a result the following areas will receive particular focus:

Water – especially during festive season in particular in Port Alfred, Bushmansrivermouth and Kenton-On-Sea which areas are visited the most by tourists during this period. Alexandria water supply remains a challenge and the municipality aims to increase water capacity to the area hence the upgrade of the Cannon Rocks RO plant, finishing up of Amatola contract 14 & 15 project and the boreholes water from neighbouring farmer to the reservoir. Amatola Water is given support by a technical team composed of Ndlambe, Department of Water and Sanitation and Local technical people from both Bushmansrivermouth and Kenton-On-Sea.

Port Alfred is going through acute water challenges due to drought. The Department of Water and Sanitation and Co-operative Governance and Traditional Affairs funded an RO plant for Port Alfred which amounted to R100 million (one hundred million rands). A private company is also selling RO plant water to the municipality. Boreholes do augment water to Port Alfred. Trucks are also carting water especially to high lying areas. The Sarel Hayward dam is steadily getting water from the weir through an additional dedicated pump.

Sanitation – the sewage system of the municipality is aging at a very fast pace. It is unfortunate that the municipality has water challenges because it follows that one will have problems with sewerage. The recycling of sewerage in the Port Alfred RO plant is negatively affected by the inadequate sewerage caused by the drought and spillage in the system. The rivers are at risk of being contaminated by sewerage and that becomes a health hazard to river users, species and has a back lashon tourism. The Department of Water and Sanitation has injected R85 million which must be used to improve sewerage infrastructure so that the water reclamation can be started.

Roads are continuously maintained however it is very difficult to keep pace with the rate in which they are aging given our financial situation. Council has taken a stance to pave roads, and this is ongoing and is visible in Ndlambe as whole. A portion of MIG is used to pave roads.

SMME development – the municipality does not compromise in giving work to the SMME's as part of local economic development and job creation despite the many challenges this puts on the administration.

Electricity - The municipality has outsourced the maintenance of electricity, and the service provider is doing well. Indigent households are provided with free electricity which is 50KW per month and 6 kilo

litres of water each month. Houses in particular squatter areas have been provided with gel stoves in the meantime as means of alternative energy. Department of Human Settlement has funded the municipality to upgrade informal settlements with electricity, standpipes and roads. Loadshedding primarily has affected service delivery especially on water and sewerage.

Building Control remains a serious challenge in the area especially in the townships where people are building without following the building regulations and as a result of this there is a potential that the municipality may be losing a lot of revenue and the households who are contravening the building regulations are exposed to danger because they are living in houses that have not been approved by the relevant authorities. The municipality is channelling all efforts to overcome this challenge as it is one of the highest risk areas. The fact that the Department of Human Settlements do not fully involve the municipality when building RDP houses is another challenge hence houses are dilapidated.

Cemeteries – the municipality is also facing a challenge of cemeteries which are becoming full at a very fast rate due to the HIV/AIDS and COVID-19 pandemic, which is and has been rife in the townships in particular and the fast rate of urbanisation. However, the relevant department is busy with the necessary process to acquire land for graveyards. Other methods of burying the dead especially in the township where these are foreign e.g. the burying of two people over each other in one grave, cremation etc. to prolong the lifespan of these graveyards are introduced and encouraged. The municipality has budgeted for EIA in Port Alfred and is about to initiate the process. Kenton on Sea has got no land that is owned by the municipality. The land can only be secured by purchasing from neighbouring private owners.

Waste Management remains a huge challenge for the municipality. The costs associated with managing the sites are quite huge. We are hoping that our partnership with the Federation of Canadian Municipalities will bring about some form of assistance when it comes to the waste management. The municipality having done cost benefit analysis resolved that this service be outsourced in particular landfill site management. This is over a period of three (3) years. However, a long term lasting solution is to secure yellow fleet so that the municipality can have capacity to manage its waste properly. Council has to consider a portion of Municipal Infrastructure Grant (MIG) for this purpose as COGTA is now considering applications in this regard. Clean governance is one of the fundamental requirement that justifies a well run municipality and the spinoffs of that is the attraction of funds / grants from other spheres of government.

Ndlambe municipality prides itself of getting an unqualified audit report in 2022/2023. The municipality is liquid and as result of that it can pay its creditors within 30 days especially the big ones like ESKOM, Telkom and Amatola Water. The municipality has no loans or used any bank credits as a result of not being able to service its debt. As much as the collection rate is 87% on average the municipality is liquid although it is striving to achieve 95% which is a norm for assurance on liquidity.

The municipality has identified eighteen (18) high risk areas, however only five (5) high risk areas will be lifted. Those are supply chain management, traffic services and revenue, infrastructure – water losses, revenue – indigent, fleet management. There are control measures put in place which tuned. Responsible employees are identified. Those responsible employees in turn appoint risk champions who will deal with this on daily basis and report back to those who delegated in intervals. The internal audit unit submit progress report to the Audit Committee from time to time. The risk register is a moving target in the sense that what may be a risk currently may not be in the future or vice versa hence reviewal of the risk is very important. A truncated register is depicted below.

No:	Division/Section	Fraud Risk Description	Root cause	Current Control processes in place to mitigate the risk exposure	Action to Improve Management of the Risk Exposure
1	SCM - Procurement	Possible cover coating flouting of the procurement process	1. Decentralised procurement process 2. Collusion	1. Units request quotes independently 2. SCM module activated (covers SOD element)	1. Centralisation of procurement process 2. SCM awareness/refresher training
2	Traffic Department	Bribing of traffic officers	1. Greed 2. There is opportunity to conduct fraud 3. Collusion between traffic officers and commuters/drivers on the road 4. Unethical behavior	1. Prenumbered traffic fine books 2. Traffic bylaws / Road traffic Act 3. Traffic officers in place 4. Working in teams	1. Continuous implementation of traffic teams 2. Training of traffic officers on legislation
3	Infrastructure - Water Losses		1. Inability by communities to afford water and electricity 2. Inaccurate reading of meters 3. Possible Collusion by officials 4. Unethical conduct 5. Vandalism 6. Aged infrastructure 7. Inadequate raw water sources that leads to water carting	1. Reconciliation conducted (Meter readers 2. Plumbers in place for water leaks 3. Replacement of old water meters 4. Replacement of cables 5. Replace old electricity meters 6. Use of prepaid system 7. Analysis of purchases 8. Analysis of reading (conventional meters)	1. Install water management device 2. Continuous monitoring of water meters
4	Revenue - Indigents	Illegal Connections	1. Employees receiving kickbacks 2. Applicants submitting fraudulent applications 3. No system in place to verify the authenticity of information submitted	1. Segregation of duties is in place 2. Checklist guiding what should be on the indigent application is in place 3. Indigent Policy	
5	Fleet Management	Fraudulent Applicants receiving indigent benefits	Abuse of municipal assets (fleet)	1. Lack of supervision on allocation and movement of fleet 2. No standardised procedure for fleet management 3. Non alignment of trips to job cards	1. Fleet Manager is in place 2. Log books are in place 3. Incident and accident reports are completed and submitted 4. Fleet management policy 5. Tracking system in place
					1. Establish a Loss Control Committee 2. Benchmark fleet control system 3. Review/Update and enforce fleet management policy 4. Procurement of new tracking system

The importance and relevance of an annual report in an accountable, participatory and developmental orientated local government as a valuable assessment tool cannot be over-emphasised. The 2022/2023 financial year has come to an end, as required by section 127 of the Municipal Finance Management Act, 2003 (Act 56 of 2003), we must table a draft annual report within the prescribed time frames. The report is not only a compliance matter but it provides a fair presentation of the performance of the municipality under review.

I would therefore like to thank all for having contributed to making 2022/2023 a great success. I would like to record my sincere appreciation of the political leadership from the Mayor, the Executive Committee, the Speaker, Councillors, the Audit and Performance Committee, management, staff and all stakeholders for their support and positive contribution and commitment.

ADV R DUMEZWENI



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MUNICIPAL MANAGER

1.3 MUNICIPAL OVERVIEW

The Ndlambe municipality, as a Category B municipality performs such municipal functions as enshrined in the Constitution of the Republic of South Africa, 1996. In particular these are listed in Schedule 4 part B & Schedule 5 part B. These include:

Air pollution	Water & sanitation services limited to potable water supply systems and domestic waste-water and sewerage disposal systems
Building regulations	Beaches and amusement facilities
Electricity	Billboards and display of advertisements in public places
Fighting services	Cemeteries and funeral parlours
Local tourism	Cleansing
Municipal Planning	Control of public nuisances
Municipal Health Services	Control of undertaking that sell liquor to the public
Jetties & Piers	Facilities for accommodation, care and burial of animals
Stormwater management system	Fencing and fences
Trading regulations	Traffic and parking
Licensing and control of undertaking that sell food to the public	Municipal roads
Local amenities	Noise pollution
Local sport facilities	Pounds
Municipal parks and recreation	Public places
Refuse removal, refuse dumps and solid waste disposal	Street trading
Street Lighting	

Ndlambe municipality also performs other functions that may be delegated to it by another sphere of government.

The Ndlambe municipal area falls within the Eastern Coastal Zone (one of the areas within the Sarah Baartman District Municipality that has similar geographical characteristics and requires similar geographical guidance). This area can be described as an area with:

- A pristine coastal area;
- Well preserved river mouths and inter-tidal areas;
- Diverse vegetation;
- A relatively low density development along the coast; and
- Major tourism potential

The following is the presentation and analysis of key Ndlambe municipal population and household statistics as provided in the Stats SA Community Survey, 2016. A comparison of this data with Census 2011 is provided in the next page.

SUMMARY OF KEY DEMOGRAPHIC AND SOCIO-ECONOMIC HIGHLIGHTS OF NDLAMBE MUNICIPALITY

Demographics	2011		2016	
	Number	Percent	Number	Percent
Population	61 176		63 180	
Population growth				0.6
Population profile				
Black African	47 557	77.7	52 697	83.4
Coloured	4 473	7.3	5 077	8
Indian or Asian	144	0.2	136	0.2
White	8 704	14.2	5 271	8.3
Population density				
Population by home language				
Afrikaans	7 137	11.9	6 102	9.8
English	7 475	12.5	4 963	8
IsiXhosa	43 721	72.9	50 486	81.3
IsiZulu	171	0.3	115	0.2
Sesotho	169	0.3	34	0.1
Other	1 269	2.1	391	0.6
Number of households	19 875		20 818	
Households size	3.1		3	
Gender				
Male	29 035	47.5	30 096	47.6
Female	32 141	52.5	33 084	52.4
Age				
0 - 14	15 438	25.2	17 697	28
15 - 34	19 269	31.5	20 192	32
35 - 64	20 382	33.3	17 373	27.5
65 +	6 087	9.9	7 919	12.5

Household Services	2011		2016	
	Number	Percent	Number	Percent
Access to housing				
Formal	16 153	83.6	18 589	89.3
Traditional	727	3.8	856	4.1
Informal	2 185	11.3	1 315	6.3
Other	265	1.4	58	0.3
Access to water				
Access to piped water	18 796	95.7	18 721	89.9
No Access to piped water	841	4.3	2 097	10.1
Access to sanitation				
Flush toilet	11 978	66.3	15 977	76.7
Chemical	337	1.9		0
Pit toilet	5 021	27.8	2 116	10.2
Bucket	162	0.9	174	0.8
None	579	3.2	828	4
Energy for lighting				
Electricity	16 966	86.7	18 506	90.8
Other	2 608	13.3	1 881	9.2
Energy for cooking				
Electricity	15 221	77.7	17 846	86.1
Other	4 368	22.3	2 887	13.9
Access to refuse removal				

Removed by local authority at least once a week	15 440	78.6	18 544	89.1
Removed by local authority less often	474	2.4	121	0.6
Communal refuse dump	260	1.3	352	1.7
Own refuse dump	2 496	12.7	1 230	5.9
No rubbish disposal	582	3	512	2.5

Employment	2011		2016	
	Number	Percent	Number	Percent
Employed	15 184			
Unemployed	6 593			
Employment by industry				
Formal				
Informal				
Private				
Households				
Economically active population	21 777			
Labour force participation rate		54.9		
Absorption rate		38.3		
Unemployment rate		30.3		
Employment at municipality	2014		2015	
Full-time	2011309		2404156	
Part-time				
Number			Number	Percent
Percent				
L cation (20+)	0		2	
Level of education	309	9.7	447	7.4
No schooling	3 841		2 998	
Some primary	8 052	20.2	7 212	17.8
Completed primary	2 544	6.4	2 817	6.9
Some secondary	13 271	33.3	15 047	37.1
Grade 12/Matric	8 109	20.4	9 479	23.4
Higher	3 706	9.3	2 974	7.3
Other	276	0.7	59	0.1

Rating of quality of municipal 2011 2016 2016				
services		Percent		Percent
Dependency ratio		54.2		58.7
	Number		Number	
		0		0
		90.3		91
Sanitation (good)			12 073	62.9
Refuse removal (good)			13 966	70.3
Agriculture		2011	2016	
			Number	Percent
Agricultural households			2 602.00	12.5
Cattle				
10-Jan			307	72.1
11 - 100			51	12
100+			68	16
Total			426	100
Sheep				
10-Jan			26	51
11 - 100			25	49
100+			0	0
Total			51	100
Goat				
10-Jan			142	44.9
11 - 100			159	50.3

100+			15	4.7
Total			316	100
Type of agric activity				
Livestock production			1 111.00	51
Poultry production			850	43.3
Vegetable production			1 072.00	70.4
Other			590	9.9

Free Basic Services		2014		2015		Infrastructure		2011		2016	
		Number	Percent	Number	Percent			Number	Percent	Number	Percent
Indigent Households		9 298		9 618		Access to telephone lines		3 591	18.3	2 409	12.1
Water		9 298		8 108		Access to cellular phones		15 769	80.4	18 030	87.9
Electricity		6 315		6 339		Access to Internet		5 871	29.9	1 863	9.3
Sewerage & Sanitation		4 352		4 343							
Solid Waste Management		8 379		8 414							

SOURCE: Stats SA, Census 2011 & Community Survey 2016

POPULATION

Population by age group and gender

Age	Male	Female	Total	%Male	%Female
0 - 4	3006	2796	5802	4.9	4.6
5 - 9	2593	2538	5131	4.2	4.1
10 - 14	2261	2243	4504	3.7	3.7
15 - 19	2469	2464	4933	4	4
20 - 24	2549	2408	4957	4.2	3.9
25 - 29	2509	2571	5080	4.1	4.2
30 - 34	2032	2266	4298	3.3	3.7
35 - 39	2014	2218	4232	3.3	3.6
40 - 44	1767	2269	4036	2.9	3.7
45 - 49	1571	1998	3569	2.6	3.3
50 - 54	1477	1906	3383	2.4	3.1
55 - 59	1223	1526	2749	2	2.5
60 - 64	1052	1362	2414	1.7	2.2
65 - 69	814	1039	1853	1.3	1.7
70 - 74	734	1003	1737	1.2	1.6
75 - 79	424	588	1012	0.7	1
80 - 84	282	453	735	0.5	0.7
85 +	258	492	750	0.4	0.8
Total	29035	32140	61176	47.5	52.5

SOURCE: Stats SA, Census, 2011

The Census 2011 data suggests a total population of 61 176 compared to the Census 2001 data which suggested a total population of 57 241, as compared to the 2005 backlog study figures of 58 927 and a total number of households of 18 913. The Socio Economic Profile of Cacadu estimates the population of Ndlambe Municipality at 63 000. The community survey (STATS SA – 2007) concurred with this population figure. When one compares Census 2011 population data with Census 2001, the population of Ndlambe has increased by a margin of 3935 persons and this represents a percentage increase of 1,2 per cent. This could be attributed to an influx of people from the surrounding areas to look for job opportunities in the new industries that have emerged in the municipal area. Also, the Thornhill housing development has attracted some individuals who were living outside Ndlambe to come back and settle in their newly built RDP homes. Another contributor to this population growth is the migration of people

from inland towns and cities to the coast. This influx also impacts negatively on the unemployment rate which currently stands at 30.3 per cent with youth unemployment rate standing at 39 per cent.

The bulk of the migration patterns being experienced within the Municipality are due to holiday makers (approximately 33 000) in the peak season. The influx of seasonal holiday makers equates to approximately 56% of the permanent resident population and places tremendous pressure on the available infrastructure of the area. There is a small migration impact on the agricultural sector related to the harvesting of chicory and pineapples, which has no effect on the immediate service delivery as these activities take place on private land. It does, however, impact on the Municipality in the longer term as some migrant labour decides to remain once the seasonal work is completed.

Although undocumented, the Municipality is also dealing with an influx of farm workers to urban centres as well as people from neighbouring municipalities seeking new economic opportunities. This is placing increasing pressure on the housing delivery program and efforts to eradicate informal settlements.

NUMBER OF HOUSEHOLDS

Household size by population group of head of the household

	Black African	Coloured	Indian or Asian	White	Other	Total
1	3837	174	14	987	39	5051
2	2779	212	22	1714	54	4781
3	2491	226	12	443	24	3196
4	2138	232	1	349	6	2726
5	1290	155	4	97	3	1549
6	745	93	1	38	1	878
7	485	56	1	11	1	554
8	244	15	1	2	0	262
9	140	10	0	3	0	153
10+	167	14	0	0	0	181
Total	14316	1187	56	3644	128	19331

SOURCE: Stats SA, Census, 2011

Based on the above data, the average household size is 3.2 persons per household. Of the total number households, 42.6 per cent are female headed. Given the high percentage of female headed households the municipality's planning and projects should be targeted at reaching out to these households. Furthermore, there is a need for the municipality to engage relevant sector departments, such as Social Development and Women, Children and People with Disability, in this regard.

1.4 SERVICE DELIVERY OVERVIEW

SERVICE DELIVERY INTRODUCTION

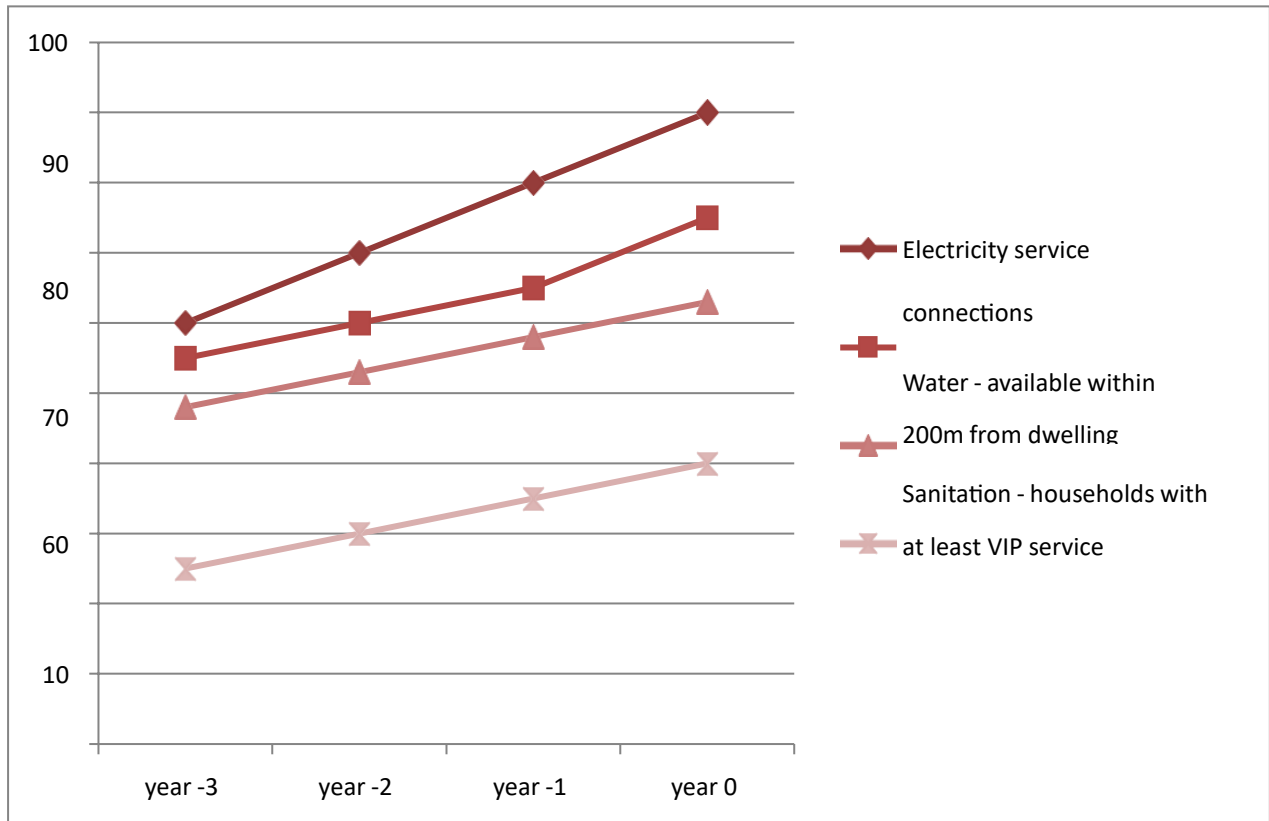
Basic service delivery achievements have been noteworthy and are continuing. Council has acknowledged that the biggest stumbling block to transformation and development within the municipal area has been suitable access to sufficient water. Council then embarked on a multi-year strategy to improve the water supply to the consumer base of Ndlambe Municipality. Implementation of these projects is underway. Other recent service delivery achievements include the various improvements and upgrades to various Wastewater Treatment Works, Technical upgrades to sewerage systems maintenance competency within staff.

Challenges include the following:

- Increasing unemployment Levels;
- Increasing migration from rural agricultural sector to urban nodes

- Cost of service delivery when revenue base is considered;
- Ageing infrastructure operating in physically aggressive environment.

PROPORTION OF HOUSEHOLDS WITH ACCESS TO BASIC SERVICES



COMMENT ON ACCESS TO BASIC SERVICES

It is a well-known fact that the reliability of the yields and the quality of the water from the respective water sources is in general inadequate. Furthermore the capacity of the bulk infrastructure is also inadequate especially during peak holiday seasons when holiday makers flock to the coastal resort town and the demand for municipal water supply cannot be met. This challenge is being addressed through grant funded projects. The present status quo results in many of the households in the area augmenting the Municipal supplies by establishing private rainwater harvesting facilities, which Council encourages and enforces within the building plan application process. All formal erven have access to basic services, which includes, water, sanitation, electricity refuse removal and road access. There are various levels of service but in all cases the minimum levels of service are exceeded.

CHAPTER 2: GOVERNANCE

2. INTRODUCTION TO GOVERNANCE

Governance is examined under the following four (4) components:

- Component A: Political and Administrative Governance
- Component B: Intergovernmental Relations Component
- C: Public Accountability and Participation
- Component D: Corporate Governance

Each of these components is required to function optimally and the high levels of interaction and interdependence that is required to occur between these components, will impact positively on organizational & operational effectiveness overall.

2.1 COMPONENT A: INTRODUCTION TO POLITICAL AND GOVERNANCE

By necessity and design, formal political and administrative frameworks and infrastructure have been created both internally and externally in order to facilitate operational performance. To this end the required policy has been created and updated; structures (political and administrative) have been created and implemented, procedures and compliance prescriptions have been developed to aid and direct day-to-day operations; and an infrastructure and support system has been created. All of these ensure that operations occur in a sound and effective manner. In every instance, efforts are continuously made to meet community needs in an ordered and structured manner, while ensuring optimum levels of efficiency and effectiveness.

Ndlambe Municipality's operational focus is determined by its strategic objectives as reflected within its Integrated Development Plan (IDP). These objectives are initially translated into the performance targets that are reflected within the Service Delivery and Budget Integration Plan (SDBIP). These targets are translated further on an operational level by being cascaded into operational and management targets within the relevant performance scorecards within each directorate. This process facilitates that performance targets are monitored and met over a designated period of time and in the manner prescribed. The successful achievement of these objectives is dependent on the available resources i.e. operational, human and financial.

FUNCTIONS OF THE POLITICAL ARM:

- Advocating and protecting the needs of the community and in this manner, facilitating the possibility of a better quality of life for all; and
- Communicating effectively and involving all members of the community in decision– making wherever practical and possible, in order to give new meaning to the concept of a “people-centred government”

FUNCTIONS OF THE ADMINISTRATIVE ARM:

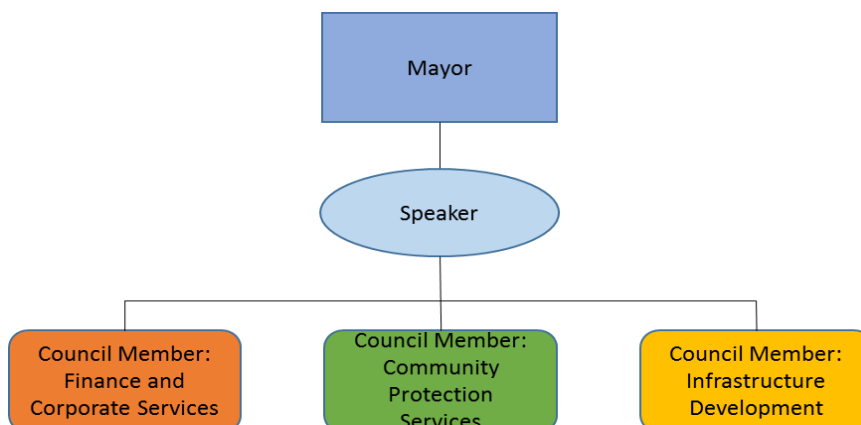
- Ensuring that there is sufficient infrastructure (human capital, resources, policies and procedures) in order to ensure that the strategic objectives can be met through effective management and control of operations, service delivery and matters of compliance; and
- Providing a supportive and administrative role and function overall.

2.1.1 Political Governance

Introduction to Political Governance

As per the Municipal Structures Act, Act No. 117 of 1998, Ndlambe Municipality has a Collective Executive System. In terms of this and as depicted within the diagram below, it presents as a democratically elected Category B municipality with a structure that is categorized by elected Ward Councillors and Proportional Representative Councillors.

POLITICAL STRUCTURE OF THE MUNICIPALITY



Portfolio Councillors are allocated to oversee the functioning of each directorate including the Office of the Municipal Manager, thus enhancing the oversight role. By so doing, formal decision making is enhanced. In this manner, Councillors are better placed to make “informed decisions” and appropriate recommendations to Council for final approval where necessary.

COUNCILLORS

The Council has 20 seats (10 Proportional Representative (PR) Councillors and 10 Ward Councillors). All seats in the Council are filled. The Speaker is the Chairperson of Council. The party-political and demographic representation of Councillors is reflected in the table below:

Political Party	Number of Councillors	Gender of Distribution	
		Male	Female
African National Congress (ANC)	11	9	2
Democratic Alliance (DA)	6	4	2
Economic Freedom Fighters (EFF)	3	2	1
TOTAL	20	15	5

The Mayor of the Ndlambe Local Municipality is the Hon Cllr KC Ncamiso and the speaker is Cllr A Marasi. The Portfolio Councillor for Infrastructure Development is Cllr. S Dyakala, Community and Protection Services is Cllr. N Memani and the Portfolio Councillor for Finance is Cllr. S Venene and Corporate Services is Cllr Ncamiso.

LIST OF COUNCILLORS AND POLITICAL PARTY REPRESENTATIVES:

Initials and Surname	Political Party
Councillor K C Ncamiso (Mayor)	African National Congress
Councillor A L Marasi (Speaker)	African National Congress
Councillor A Nyumka	African National Congress
Councillor P Khungwayo	African National Congress
Councillor Z Myali	African National Congress
Councillor S Kolosa	African National Congress
Councillor M Sweli	African National Congress
Councillor T Dyakala	African National Congress
Councillor S Zweni	African National Congress
Councillor A Bukani	African National Congress
Councillor S Melani	African National Congress
Councillor S Venene	Democratic Alliance
Councillor N Haynes	Democratic Alliance
Councillor Y P Kani	Democratic Alliance
Councillor T Mbekela	Democratic Alliance
Councillor E Walker	Democratic Alliance
Councillor W Johannes	Democratic Alliance
Councillor X Runeli	Economic Freedom Fighters
Cllr M Mgweba	Economic Freedom Fighters
Cllr N Memani	Economic Freedom Fighters

ADMINISTRATIVE RESPONSIBILITIES OF COUNCILLORS/COUNCIL

- Attendance of Council meetings (quarterly) and Special Council meetings (convened to address urgent issues – requiring urgent attention/action);
- Political decisions are taken regarding service delivery;
- Provision of an oversight role regarding Council;
- Compliance with Chapter 3 of the Municipal Systems Act, (Act No. 32 of 2000). It is legislated and understood that the executive and legislative authority of a municipality lies with the Council and Council is required to take all the decisions of the municipality subject to s59.

COMMITTEES OF COUNCIL EXECUTIVE COUNCIL (EXCO)

Councillor K C Ncamiso	Mayor, Chairperson & Portfolio Head: Corporate Services	African National Congress
Councillor T Dyakala	Portfolio Head: Infrastructural Development	African National Congress
Councillor S Venene	Portfolio Head: Finance	Democratic Alliance
Councillor N Memani	Portfolio Head: Community and Protection Services	Economic Freedom Fighters

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)

Councillor A Nyumka	Chairperson	African National Congress
Councillor N Haynes	Member	Democratic Alliance
Councillor M Sweli	Member	African National Congress
Councillor M Mgweba	Member	Economic Freedom Fighters
Councillor A Bukani	Member	African National Congress

Functions of MPAC

- Provision of an oversight role in respect of the administration and executive committee of the council;
- Reviewing the municipal / municipal entity's quarterly, mid-year and annual reports and providing an oversight report on the Annual Report for consideration by Council;
- Assisting Council to maintain oversight over the implementation of the Supply Chain Management Policy;
- Examining the financial statements and audit reports of the municipality and municipal entities (considering improvements from previous statements and reports);
- Evaluating the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- Promoting good governance, transparency and accountability on the use of municipal resources;
- Examining the Mid-Year Review documents in line with the Integrated Development Plan (IDP); and
- Recommending or undertaking any investigation that falls within the scope of this committee's responsibilities/ area of competence.

To fulfil its functions MPAC may/is required to:

- Seek / have access to any information required from any councillor/employee;
- Report to council on the activities of the committee;
- Perform any other function assigned to the committee through a resolution of Council;
- Call upon the accounting officer of the municipality or the chairperson of the municipal entity to provide information or clarity;
- Request the support of the internal and external auditors when necessary;
- Engage directly with the public and consider public comments when received;
- Have permanent referral with regard to the following reports:
 - Mid-year /In-year s72reports
 - Annual Financial Statements
 - Reports of Auditor General and audit committee
 - Any other financial audit report from the municipality
 - Information on compliance in terms of sections 128 and or sections 133 of the MFMA
 - Information in respect of any disciplinary action taken in terms of MFMA on matters serving or having been served before the committee; and
 - Performance information of the municipality.

Note:

- As with the previous year, the annual work plan was drafted and implemented;
- Oversight was provided as prescribed and in terms of any other issues deemed necessary;
- The oversight report for 2021/2022 as part of the Annual Report will be drafted and tabled to Council. This report will incorporate comments and recommendations on management's action plans developed in order to address findings raised by the Auditor General in its audit report

AUDIT COMMITTEE

Committee Responsibilities and Performance

- The Audit Committee was established in terms of s166 of the MFMA 56 of 2003 and is comprised of four (4) independent members;
- This Committee is bound by the Council approved Audit Committee's Charter;

- The Committee performs an advisory function and role for the municipality and is directly accountable to Council. In this regard, it plays a key role in ensuring that there is accountability and transparency within the organization;
- The quarterly performance information is required to be reviewed in terms of compliance;
- The unaudited financial statements are required to be reviewed prior to submission to the Auditor – General as per prescriptions of compliance;
- The committee is required to provide an objective view on the effectiveness of the municipality's risk management processes during each quarter in terms of compliance and specific feedback is then required to be provided to the Accounting Officer and Council in this regard;
- The committee is responsible for oversight on the integrity of financial controls, combined assurance, compliance management and meaningful integrated reporting to stakeholders;
- The committee is required to discharge its responsibilities by using workdone/information received from the internal audit unit and other information presented to it by the management at its quarterly meetings;
- The committee minutes contain comments, resolutions and reports on work performed by the internal audit and the committee, and these are required to be approved during the quarterly meetings; and
- Approved internal audit reports are required to be distributed quarterly to the Accounting Officer, the Mayor and the chairperson of the Municipal Public Accounts Committee (MPAC) for notification and to management for action.

The Audit Committee was constituted as follows:

MEMBER	POSITION
Adv. S Gugwini Peter	Chairperson
Prof. W Plaatjies	Ordinary Member
Ms R Shaw	Ordinary Member

Note: A Manager: Internal Audit and 2 Internal Auditors facilitate the audit function in- house.

WARD COMMITTEES ESTABLISHMENT AND FUNCTIONALITY

Ward Committees were established in terms of section 73 of the Municipal Structures Act 117 of 1998.

PURPOSE

As per s74 of the Municipal Structures Act 117 of 1998, the purpose of these committees is to assist Municipal Councils in ensuring that ward issues are properly communicated to Council and are catered for should there be a need for a budget to address such issues. These meetings are required to provide opportunities to report to the Speaker on issues of interest to the municipality which are taking place in their wards. This has assisted the municipality in ensuring that public participation is enhanced and accountability of the municipality is not compromised.

During 2022/2023 Ward Committee meetings were held in all 10 wards on different dates and for each quarter. These meetings were attended by community members. Issues raised by ward committees are reported quarterly to the Executive Committee and Council. From the results thereof, it appears that these meetings and this method of communication appears successful with issues being resolved. This system ensures that council is kept current on all issues raised within Ward Committee meetings.

WARD COMMITTEES AND THEIR MEMBERS

WARD 1	
Nr.	Name and Surname
1.	Lulu R Jikolo
2.	Boyce Wandisile Jonga
3.	Sithembele Moko
4.	Boyce Stefano
5.	Mzolisi Centani (Cengani?)
6.	Jan Paul Smit
7.	P M Stutt
8.	Luyanda E.Z.Z Titi
9.	Zameka Dlakwe
10.	Siphosethu Njoli

WARD 2	
Nr.	Name and Surname
1.	Nobesuthu Vuso
2.	Catherine Coetzee
3.	Ian King
4.	Trevor Moko
5.	Hendrik September
6.	Thembisile Ketelo
7.	Ziyanda Funani- Magubela
8.	Lonwabo Mkhale
9.	Nomasomi Lawu
10.	Boniswa Kana

WARD 3	
Nr.	Name and Surname
1	Selda Masimla
2	Nomatslake Zozi
3	Akhona Gqupu
4	Nomangesi Tshukulane
5	Lindeka Nela
6	Thembisile Bili
7	Malibongwe Mangele
8	Susan Muirhead

WARD 4	
Nr.	Name and Surname
1.	Dumisa Kinqana
2.	Mvulakazi Magopheni
3.	Ntobeko Magwaxaza
4.	Nomachina Zweni
5.	Ntombise Dumezweni
6.	Phikisile Nkohla
7.	Shane Kelly
8.	Mzwandile Nobadula
9.	Adrian Purdon

WARD 5	
Nr.	Name and Surname
1.	Xolelani Nyamla
2.	Zameka Minyelela
3.	Bulelwa Draai
4.	Xolisile Krala
5.	Mtehetho Manyathi
6.	Sivuyile Memani
7.	Simon Blauw
8.	C Dewey
9.	C Boyd
10.	Siphokazi Mkrakra

WARD 6	
Nr.	Name and Surname
1.	Roslyn Baartjies
2.	Claude Marais
3.	Terri Harrewyn
4.	Clive Naido
5.	Bonilile Hendele
6.	Lionard Trolip
7.	Theodore Willemse
8.	Michael James Newlands
9.	Raymond Schenk
10	Bandile Nomlomo

WARD 7	
Nr.	Name and Surname
1.	Mila Hoyi
2.	Babalwa Vulindlu
3.	Thembisa Booi
4.	Thembekile George
5.	Nomawethu Feni.
6.	Thembisa Mpoli
7.	Linda Makinana
8.	Nkosiyethu Madotyeni
9.	Zukiswa Bavuma
10.	Xolelwa Konza

WARD 8	
Nr.	Name and Surname
1.	Anathi Mandilakhe Beja
2.	Zikhona Nesi
3.	Bongani Qhakamfana
4.	Nandipha Precious Sakata
5.	Noluvuyo Weba
6.	Nobendiba Ncumani
7.	Xolani Bukani
8.	Samkelo Buzani
9.	Sinethemba Matyumza
10.	Nomaxabiso Ngece

WARD 9	
Nr.	Name and Surname
1.	Luyanda Tambo
2.	Luvuyo Sonanzi
3.	Mziwethu Mafani
4.	Bonani Gareth Nginase
5.	Ntomboxolo Jali
6.	Lulama Maduba
7.	Bonani Mhomho
8.	Sandiswa Tokota
9.	Mandlakazi Plaatjie
10.	Mbulelo Kiti

WARD 10	
Nr.	Name and Surname
1.	Marilyn Pattenden
2.	Stuart Boucher
3.	Richard Pryce
4.	Clinton Millard
5.	Zweli Nkwinti
6.	Antony D. de Bruin
7.	Ann Edwards
8.	Stuart Furstenburg
9.	Daniel Lodewyk Slabbert
10.	Dawie Van Wyk

COMMUNITY DEVELOPMENT WORKERS (CDWs)

Community Development Workers are required to interact with the community and identify households in need and to ensure that community relationships are nurtured so that community participation, support and correct utilization of services occur as a result of effective marketing.

Functioning of CDW's

- All CDW's are required to undergo the appropriate training (ensuring that they clearly understand their role and purpose);
- Issues and observations noted, are forwarded monthly to the municipality via the Speakers Office.

CDW's report to the relevant government department by utilizing designated reporting mechanisms in an effort to obtain required support and assistance for particular households. CDW's report on their activities performed, while detailing challenges experienced within the communities in which they work – with a view to resolving these at higher levels.

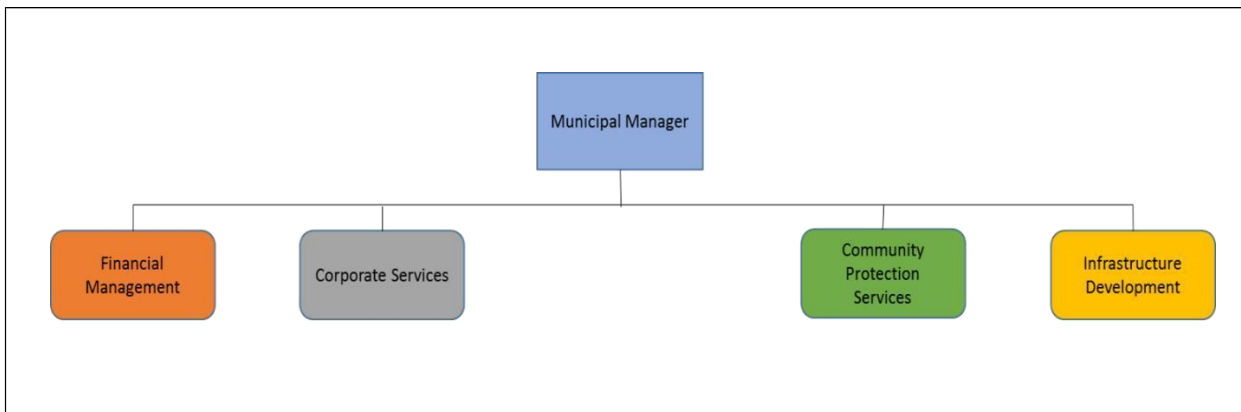
While this programme has achieved great success through its marketing campaigns, it is hampered by the lack of transport and telecommunications that would enable CDW's to ensure that the requested services reached the required families.

2.1.2 ADMINISTRATIVE GOVERNANCE STRUCTURE

Introduction to Administrative Governance

The functional structure representing administrative governance is reflected as follows:

Basic Organisational Structure



Within the Ndlambe Local Municipality, there are four departments that report to the municipal manager (Adv. Rolly Dumezweni) namely; Financial Management (CFO: Mr Mlungisi Klaas), Corporate Services (Director: Ms Lazola Maneli-Payi), Community Protection Services (Director: Ms Nombulelo Booyesen-Willy) and Infrastructure Development (Director: Dr Noluthando Vithi- Masiza).

The political leadership and the administration complement each other to achieve the objectives of the IDP. The organogram of the municipality showing filled, vacant funded and unfunded and proposed positions will be attached when the IDP goes to Council.

2.2 COMPONENT B: INTERGOVERNMENTAL RELATIONS

2.2.1 INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

It is recognized that organizations benefit from both individual and shared experiences. In this manner, opportunities are created for organizations to share and learn from each other and to develop more effective skills in handling day to day operations and specific challenges.

Efforts to improve and facilitate these relationships have led to the development of IGR (intergovernmental relations) structures which have been put in place and are driven at the local level. The IGR Forum has been established in order to formally promote and to improve this process. In order to govern and facilitate this process further, an Intergovernmental Relations Terms of Reference were developed by the municipality.

EXISTING AND FUNCTIONAL STRUCTURES

Additionally, the following structures exist to enhance IGR:

- District Municipal Managers Forum
- District Mayor;s Forum (DIMAFU)
- MUNIMEC Meetings
 - Attended by the Mayor and Municipal Manager

- Driven and Coordinated by the MEC for Co-operative Governance and Traditional Affairs (to evaluate the performance of government programmes)
- Presidential Hotline
The Presidential Hotline continues unabated. This hotline is to be commended for all its efforts and achievements over the last two years in particular; Regular monthly reporting on issues raised and resolved/failure to resolve have been provided as required.
- IDP Representative Forum
These are held in order to consult with Sector Departments and in order to link IDP processes; and it is to be noted that all required meetings were held as planned.

2.2.2 Intergovernmental Relations

National Intergovernmental Structures

All the programmes that are developed by Ndlambe Municipality are derived from the legislative policies that are approved by National and Provincial Government.

Provincial Intergovernmental Structures

Munimec meetings are attended as and when scheduled.

2.3 COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Every year formal opportunities are created in order to provide the public with opportunities to input into organizational objectives and the manner in which services need to be and are addressed. In addition, they are given opportunities to “interact” with information regarding service delivery, operational and financial performance (IDP and Budget meetings, SDBIP reporting, Performance and Annual Reports and the like). In this manner, a “people centered” organization is created – one in which the needs of the community are noted and plans are made to address these through processes of interaction and inclusion.

The IDP Process and Budget Plan are just a few of the structures that have been created in order to ensure that public participation occurs effectively—ensuring that the needs of the public are met.

2.3.1 Public Meetings, Communication, Participation and Forums

Historically, it is noted that the Communication Plan and Strategy was adopted and implemented successfully.

Communication continues through Ward Committee meetings, radio talk shows, social and printed media. Additionally, the Presidential Hotline and the manual receipt of complaints are also being utilized in order to address all complaints received from communities and other stakeholders.

In an effort to heighten the success of customer care initiatives, the municipality has established a Customer Care Unit to deal with issues and/or complaints raised by communities. Mayoral outreaches provide a forum for community complaints and it is here that many community complaints are received. The Customer Relations Officer register the complaints in the Complaints Register, facilitating that this is then formally handled.

Efforts to improve public participation and communication have involved the extensive use of other communication media. These include:

- Newspapers;
- Broadcast and social media such as: advertising of Mayoral Outreaches and in order to communicate with the community generally.
- IDP/Budget consultations occur in order to collect community needs and to report on needs. These meetings usually include ratepayers, community members, ward committees and other interest groups applicable to these wards.

Initiation Forum:

The initiation forum meets twice a year during the initiation seasons (June as well as December) to look into initiation-related issues, to provide training sessions and workshops for traditional nurses and traditional assistant nurses. The main aim is to ensure that the initiation period is free of any health-related issues and the avoidance of deaths.

Round Table Meetings:

Round table meetings are convened by Cogta on a quarterly basis. The main purpose of these meetings is to strengthen relations between the various spheres of government and sector departments, additionally the implementation of state-related programmes.

Communications Forum:

This forum meets quarterly in order to discuss issues relating to communications within the region. It consists of local municipal communicators, GCIS and local media representatives.

Ward Committees:

As s73 structures (as per s73 of the Municipal Structures Act, Act 117 of 1998) these have been created in order to facilitate ward communication with Council.

2.4 COMPONENT D: CORPORATE GOVERNANCE

CORPORATE GOVERNANCE OVERVIEW

Corporate Governance is required to ensure that all legislative prescriptions are adhered to and in so doing to ensure that the rights of all stakeholders are protected.

Governance and compliance issues are required to be managed in the strictest sense. The administrative arm and related/designated human resources are required to ensure that all prescriptions (legal / policy prescriptions) are adhered to as prescribed, in order to ensure that the organization functions effectively and minimizes/eradicates all identified aspects of risk.

2.4.1 Risk Management

Section 62(i)(c) of the Municipal Finance Management Act prescribes that formal risk management is a matter of compliance. In terms of this, it is required that all municipalities develop and adopt an effective, efficient and transparent system of risk management.

It is acknowledged that the failure to identify and manage identified risks will impact negatively on the organisation (financially and operationally). Costs and the negative impact of failing to manage cannot be justified, particularly if the risk had been noted and no appropriate action was taken. The lack of appropriate action would reflect as poor business practice and poor management overall. The “fall out” in respect of this would include extreme costs to the organisation, audit queries and possible audit qualifications. The Internal Audit Committee is required to provide oversight on matters of risk – especially in respect of the top five risks identified. This oversight is provided while evaluating the perceived and actual risk experienced. In a recognized manner, approved processes of measurement, reporting and control are undertaken to manage risk effectively.

2.4.2 Anti-corruption and fraud

Council adopted Anti-corruption and fraud policy which is reviewed from time to time so as to align it with amendments in legislations like Prevention and Combating of Corrupt Activities Act No.12 of 2004, Promotion of Access to Information Act (No.2 of 2000), Financial Intelligence Centre Act No. 38 of 2001 etc. Council has also adopted whistle blowing policy which is also reviewed from time to time.

Council has also established MPAC, Audit Committee and Disciplinary Board to do oversight and also investigate matters where there is suspected malice to the public purse. These committees report to Council which is the powerhouse. Council would appoint forensic investigation on some matters of serious nature. The case in point is when in June 2023 the municipal offices were burnt down, and it was suspected that this was an internal job.

The administration as led by the Municipal Manager appoints tribunals when employees are subjected to disciplinary hearings as directed by the South African Local Government Bargaining Council Collective Agreement. The case in point are the three employees who worked in the burnt traffic department offices. They were suspended and are subjected to disciplinary hearings. They are not the only ones. That is the modus operandi of the municipality to all employees including those that are involved in corruption and fraud.

The unfortunate thing is that the municipality do not have a hideout for whistleblowers except to protect those by remaining anonymous. There is also no security or protection of any kind, and this is a serious and dangerous gap in the execution of these policies. This is a matter that must be looked at closely by Council as much as it will be very expensive to execute.

2.4.3 Supply Chain Management

Supply Chain Management Policy – Paragraph 6(3)(a) and 6(4) Report

Extracted from the SCM Policy as approved by Council:

“6. Oversight role of the council

(3) For the purposes of such oversight, the accounting officer must –

*(a) within 30 days of the end of each **financial year**, submit a report on the implementation of this policy to the council through its mayor;*

(b) whenever there are serious and material problems in the implementation of this policy, immediately submit a report thereon to the council through its mayor.

*(4) The accounting officer must, within 10 days of the end of **each quarter**, submit a report on the implementation of this policy to the mayor.*

(5) The aforesaid reports must be made public in accordance with section 21A of the Municipal Systems Act.”

1. Staffing Matters

During the 2022/2023 Financial Year, the department still operated with three permanent staff members of the Unit continued to face many challenges, due mainly to an insufficient number of staff members in the Unit to carry out the full range of duties as set out in the Municipality's Supply Chain Management Policy. The municipality contracted one person to beef up the SCM Unit. The municipality is currently has filled the position of a Senior Buyer and in the process of filling Contracts Manager vacancy to strengthen capacity in the SCM unit.

To ensure sustained compliance with Best Practice processes, and to address to issues raised previously by the Auditor-General, the Logistics Clerk post was filled on a permanent basis. However, the Task Grading in respect of this new post has still not yet been completed. The post of Logistics Clerk remains the only currently occupied post which has yet to be task graded.

No firm indication has been provided by the Human Resources Section as to when this evaluation will be completed but it has been intimated by the HR Section of Ndlambe Municipality that the conclusion of the process is imminent.

2. Office Infrastructure

Training on the finer points of utilisation of the new VoIP telephone switchboard system has not yet been provided, and, as use is currently being made of low volume stand-alone units, it is also felt that, due to the requirements of the new Munsoft system, the SCMU is in need of a high-volume scanner/printer.

3. Decentralised Supply Chain Processes

It remains a challenge to, fully and comprehensively, comply with the administrative and reporting requirements of legislation due to the currently dispersed nature of responsibility for the various Supply Chain Management functions. Council Took a resolution to centralise, attempts are made to achieve this objective. One department was taken on board, training has been done, a commodity database is being developed.

4. Ndlambe Municipality Supplier Database

By amendment to the Supply Chain Management Policy, the municipality's supplier database, with effect from 1 July 2016, has become, de facto, the Central Supplier Database (see below).

5. Web Based Central Supplier Database (CSD)

With effect from 1 July 2016, Municipalities started using the CSD supplier number starting with (MAAA) which is auto generated by the Central Database System after successful registration and validation of the prospective provider as mandatory requirement as part of listing criteria for accrediting prospective provider in line with Section 14(1)(b) of the Municipal Supply Chain Management Regulations. This means that the requirement for Ndlambe Municipality to operate and maintain a separate supplier database has fallen away, as all organs of state (including municipalities) must, make exclusive use of suppliers who are registered on the CSD.

To this end:

- An amendment to the Supply Chain Management Policy of the municipality, in line with the recommendations of National Treasury regarding compulsory CSD registration, was approved by Council.
- SCMU officials have been assisting many local potential suppliers to register on the CSD.
- The Supply Chain Manager has been registering Ndlambe officials as users on the CSD so that user departments can search this database for potential suppliers. This is an ongoing process.

The response from, particularly local, current suppliers to the municipality has, regrettably, been extremely poor. Ongoing efforts to encourage registrations are being made but there exists a considerable risk that the municipality, in order to ensure ongoing service delivery, may be left with no other option than to transact with unregistered suppliers.

The current user-friendliness of the CSD has proved to be rather challenging, and suggestions are being made, on an ongoing basis, to National Treasury regarding possible improvements to this aspect of the system.

6. Minimum Competency Levels

Section 119(1) of the MFMA states that: "The accounting officer and all other officials of a municipality or municipal entity involved in the implementation of the supply chain management policy of the municipality or municipal entity must meet the prescribed competency levels."

Both the Head: Supply Chain Management and Acquisition Officer must therefore comply with the requirements of the National Treasury: Local Government: Municipal Finance Management Act: Municipal Regulations on Minimum Competency Levels in this regard. To date, both the SCM Head and Senior Buyer have not yet attained this requirement and the municipality is pushing them to comply.

7. Abakus System migration to the Munsoft System

MunSoft procurement system has been implemented partially, requisitions are done manually but requisitions are generated by the system. The manual requisitions are to be done electronically once the commodity database is developed.

8. Deviations from SCM Processes

Although tendering procedures and many other provisions of the Supply Chain Management Policy were adhered to, many deviations (as defined in Section 36 of the SCM Regulations and Para 39 of Ndlambe Municipality's SCM Policy), mostly relating to the Informal and Formal Written Quotation provisions, still occur on a regular basis. Concerted efforts are continually being made by the Supply Chain Management Unit to inform user departments of ways to decrease their reliance on using deviations to support acquisitions.

9. National Treasury MFMA Circular 77 – Model SCM Policy for Infrastructure Procurement and Delivery Management

In October 2015 this circular, which suggested a separation of supply chain management requirements for general goods and services from those for infrastructure delivery, was issued. A "model" Infrastructure Procurement and Delivery Management policy was also provided. As the current Supply Chain Management Regulations (Municipal Supply Chain Management Regulations per Notice 868 of 2005) do not make any provision for municipalities to have more than one Supply Chain Management Policy, no action, other than noting the contents of the circular, was taken. Implementation of the SPIDM as parallel procurement vehicle still remains a challenge.

10. National Treasury MFMA Circular 83 – Publication of information on the eTender Publication Portal

This circular, issued in July 2016, set out "requirements" by National Treasury (although a Circular is obviously not any form of Regulation) for municipalities and municipal entities to advertise, on the e-Tender Publication Portal (<http://www.etenders.gov.za/>), all their bids and publish notices of all awarded bids, cancellations and deviations, variations and extensions of existing contracts.

The circular also stated, inter alia, that:

- "Accounting Officers must utilise the Organ of State System Account Application Form on the Office of the Chief Procurement Officer (OCPO) website to request access rights on the eTender Publication Portal." No clarity has yet been provided to the SCMU regarding this matter.
- "The National Treasury will facilitate access to the system and provide training and support in collaboration with Provincial Treasuries." No indication as to when this training will be provided has been received by the SCMU.

The circular also does not make any mention of a commencement date of the requirements. No action, other than noting the contents of the circular, has therefore been taken by the SCMU.

2.4.4 By-Laws

The municipality has a number of by-laws that it needs to review but financial constraints have been experienced. During 2022/2023 the municipality did not review any by-laws but there has been discussion to do so in the foreseeable future.

- Spatial Planning and Land use Management Bylaw

- Street Trading Bylaw
- Stormwater management Bylaw
- Sporting Facilities Bylaw
- Roads and Traffic Bylaw
- Solid Waste Disposal
- Areodome Bylaw
- Commonage Bylaw
- Electricity Bylaw

2.4.5 Municipal Website

The municipality has a functional website, but it requires regular updating for ease of information access and to market the municipality. The website was developed in order to improve communication with communities. The website needs to be revisited and perhaps redesigned and updated timeously for purposes of meaningful information dissemination.

MUNICIPAL WEBSITE: CONTENT AND CURRENCY OF MATERIAL	
Documents published on the Municipality's Website	Yes /No
Full Council details	Yes
Contact details of the Municipal Manager	Yes
Contact details of the CFO	Yes
Physical address of the Municipality	Yes
Postal address of the Municipality	Yes
All budget-related documents:	Yes
All budget-related policies	Yes
Annual report	Yes
The annual performance agreements for the municipal manager and other senior managers are placed on the website.	Yes
The date these agreements were posted on the website is shown	Yes
All service delivery agreements	Yes
All long-term borrowing contracts	No
All supply chain management contracts above R30 000	No
An information statement of capital assets that have been disposed	No
Contracts which impose a financial obligation on the municipality beyond 3 years	No
All quarterly reports tabled in council	Yes
Public invitations for formal price quotations	Yes
Public invitations for competitive bids	Yes
The number of quarterly reports tabled to council on the implementation of the budget	No
Oversight reports	Yes
Monthly budget statement	No
Mid-year budget and performance assessment	Yes
The IDP is placed on the website	Yes
The SDBIP is placed on the website	Yes

Strategy (LED)	No
Delegations	No
Internal Audit charter	No
Audit Committee charter	No
Risk Management Policy	No

2.4.6 Public Satisfaction on Municipal Services

In an effort to provide opportunities for Customers to rate municipality and/or to complain, address issues of concern the following tools/opportunities are provided:

- Complaint boxes have been installed at designated Community Halls within the municipal jurisdiction;
- The Customer Care section has further developed a Customer Complaints Register for all external complaints (including calls, walk-ins and anonymous complaints).
- The Presidential Hotline is provided to ease the resolution and reporting of complaints; and
- The public are encouraged within all public participation initiatives to use these opportunities to discuss and resolve issues. Notwithstanding these efforts, the suggestion boxes are not fully utilised as the communities prefer face-to-face interactions with staff members at the Customer Care Unit.

CHAPTER THREE: SERVICE DELIVERY PERFORMANCE

3.1 COMPONENT A: BASIC SERVICES

3.1.1 WATER AND SANITATION

WATER

The Regulator for all Water and Sanitation Services is the Department of Water and Sanitation. Compliance monitoring and process control management oversight is done by this department.

Ndlambe Municipality is located within the Sarah Baartman District Municipality and is home to some 63 180 people. The Ndlambe Municipality (NM) is the legislated Water Services Authority for the area.

Ndlambe Municipality was appointed to act as both the Water Services Authority and Water Services Provider and fulfils both of these functions. However, the institutional arrangements profile consists of the following bulk & retail functions listed below.

Currently all the WSP functions and duties are conducted by either Water Services Providers, Water Services Support Service Agent or the Municipality itself and are as follows:

- Water Services Authority: Ndlambe Municipality, with Community Protection Services doing all water quality control monitoring operations.
- Water Services Provider: Ndlambe Municipality, with Infrastructural Development doing all water provision, with the exception of the following operations:
 - Alexandria Water Supply: P&S Consulting Engineers appointed to provide bulk water within a Water Services Support agreement.
 - Kenton/Bushmans Water Supply: Amatola Water Board appointed to provide bulk water within a Water Services Provider agreement.

All other Water Supply Systems are managed and operated by Ndlambe Municipality's Infrastructural Development Directorate, as the Water Services Provider. These include the following Water Supply Systems:

- Port Alfred Water Supply System
- Kleinemonde Water Supply System
- Bathurst Water Supply System

Ndlambe Municipality operates and maintains all water supply systems within both Water Services Authority and Water Services Provider functions, with the exception of the Amatola Water Board (previously Albany Coast Water Board) supply footprint (Boesmansriviermond & Kenton on Sea), where bulk water is supplied by the Amatola Water Board.

There are six (6) local water supply schemes which service the main settlements within the area. Port Alfred, Seafield and Bathurst are all fed mainly from surface water schemes whilst Boesmansriviermond, Kenton on Sea, Alexandria, Boknestrand and Cannon Rocks are supplied from ground water schemes. Boesmansriviermond and Kenton on Sea augment their groundwater supplies with desalinated water through the Reverse Osmosis plant situated at Boesmansriviermond. The towns of Cannon Rocks and Boknes receive Reverse Osmosis processed water from saline borehole sources.

Potable, treated water is piped to all formal urban communities within Ndlambe, and is available to the vast majority of households. However, some of the Bathurst areas such as farms still rely on rainwater and private boreholes except Trappes Valley and Martindale (Station and village) communities that are connected to boreholes. The farms that still rely on rain water will be considered by the municipality to be connected to boreholes for continuous supply of water and they will form part of the IDP.

Where informal settlements occur, such as the Braakfontein Farm commonage on the periphery of Alexandria, tankers transport water to strategically placed communal tanks, which are accessible to those that need water. The area of Bathurst is getting its water supply from the Golden Ridge dam and the abstraction of water from the Lushington River to ensure continuous supply of water for the area.

Port Alfred area is getting water from Sarel Hayward dam which is fed by Kowie River Weir, Central belt boreholes, East bank dunes, 2ML/day seawater reverse osmosis plant. There is also 3MI/day reclamation plant that is in place but is not yet in operation due to insufficient inflow from the wastewater treatment plant. However there are various projects that are in progress which aims at addressing the shortage of wastewater for the reclamation plant. The municipality again signed a contract with the service provider where the municipality will be getting 1ML/day seawater RO plant, this has also increased the water supply in the Port Alfred area.

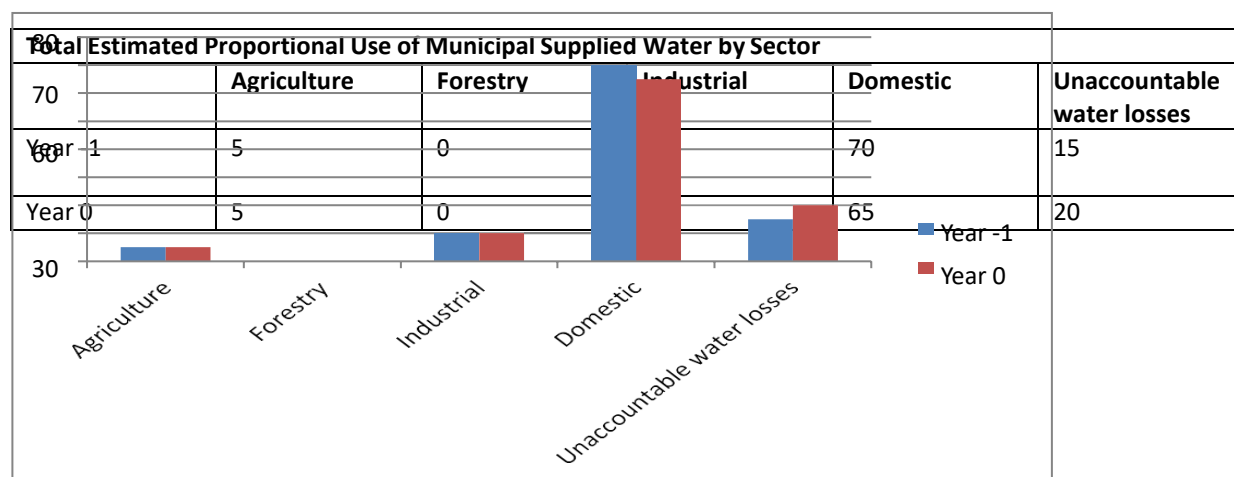
The high lying areas in Port Alfred are still struggling to get water continuously due to low levels from our sources, but the situation is better than before as residents can get water for longer duration than before. However for those high lying areas which do not receive water at all, they have communal water storage tanks that are placed on strategic areas and these tanks are filled through water tankers on a daily basis to ensure the availability of water. The aforementioned water tankers collect water from communities with more reliable water sources such as Cannon Rocks and Kleinemonde. The municipality has a minimum of 8 trucks that have been operating throughout the 2022/2023 financial, whereby two of the water trucks are Ndlambe internal trucks, five trucks were donated on temporary basis by either the Department of Water and Sanitation, Amatola Water or COGTA. The municipality would also hire additional trucks as and when the need would arise throughout the year.

Temporary dedicated line from Kowie river weir to Sarel Hayward dam is in place to continuously augment water to the Sarel Hayward dam. The municipality has a dedicated WCDM team that investigate water leaks throughout Ndlambe to minimize the water losses in conjunction with the existing maintenance teams who deals with daily maintenance issues and attending to water leaks in main water lines and reticulation network.

Through RBIG, MIG, OTP, WSIG & COGTA-MDGR funding, the municipality has managed to implement the following projects in the 2022/2023 financial year:

- Upgrade and equipping of East Bank dunes (Drilling and equipping of boreholes to supply East Bank reservoir which will increase water supply for the area)
- Water Conservation and Water Management (Installation of booster pumps, Zonal Valves, bulk water meters, air valves, pressure relief valves and security tampering proof) in various locations in Ndlambe.
- Water Supply augmentation (Develop 10 x well fields at Rufanes River).
- Drilling of 2 x boreholes at Mansfield dam and 5 x boreholes in Olive burn farm.

Bulk water services projects is also under construction to ensure there is enough bulk water available for the proposed housing projects in Thornhill and Marselle.

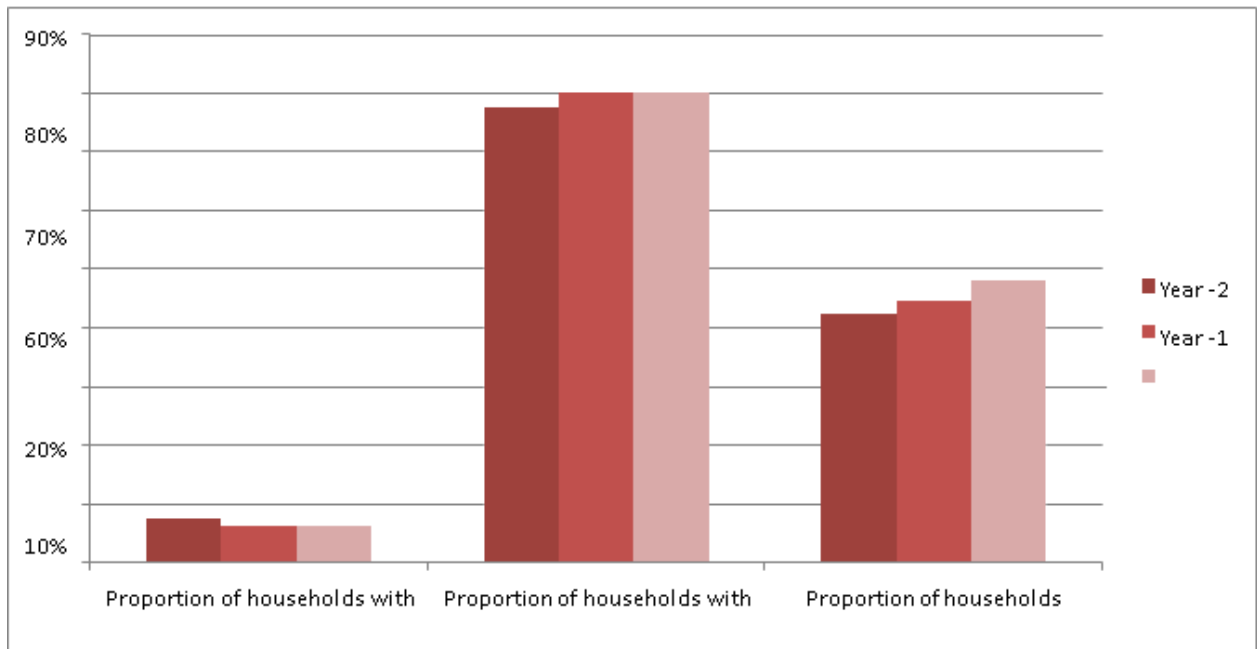


Water Service Delivery Levels				
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
Water: (above min level)				
Piped water inside dwelling	546	655	846	7432
Piped water outside yard (but not in dwelling)	865	456	486	9649
Using public tap (within 200m from dwelling)	486	465	546	1866
Other water supply (within 200m)				42
Minimum Service Level and above sub – total	1897	1576	1878	18989
Minimum Service Level and above percentage	80%	80%	76%	90%
Water: (below min level)				
Using public tap (more than 200m from dwelling)				560
Other water supply (more than 200m from dwelling)	486	486	486	757
No water supply				
Below Minimum Service Level sub-total	486	486	486	1317
Below Minimum Service Level Percentage	20%	20%	24%	26%
Total number of households*	2,476	2,384	2,062	1.876
*_ To include informal settlements				

Indigent Households – Water Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.

Formal Settlements						
Total Households	7696	8448	8905			9618
Households below minimum service level	0	0	0			0
Proportion of households below minimum service level	0	0	0			1866
Informal Settlements						
Estimated Total Households	1500	1000	1000			1000
Households below minimum service level	500	250	250			250
Proportion of households below minimum service level	33%	25%	25%			25%

ACCESS TO WATER



Water Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year 2		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(ii)	*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)
Service Objectives : To achieve Blue Drop status in all formal supplies within a sustainable, affordable and effective manner									
	Additional Households provided with minimum water supply during the year (Number of households (HHs) without supply at year end)	250 additional HHs (560 HHs outstanding) In Bathurst 304 H/H have been connected	284 additional HHs (560 HHs outstanding)	(200 HHs outstanding)	(100 HHs outstanding)	(837 HHs outstanding) 84 H/H were connected to the system	335 additional HHs (560 HHs outstanding) 19 H/H were connected to the system)	0 additional HHs (0 HHs outstanding)	0 additional HHs (0 HHs outstanding)
Improve reliability of water supply	Reduce the number of interruptions (Ints) in supply of one hour or more compared to the baseline of Year - 1 (40 interruptions of one hour or more during the 18/19yr)	TO% (25Ints) Note: There are 6 water supply systems.	AO% (20Ints)	T1% (30Ints)	T1% (20Ints)	A1% (40Ints) There were 3 water supply Interruptions within the 6 water supply systems.	T2% (30Ints)	T5% (25Ints)	T5% (20Ints)
Improve water conservation	Reduce unaccountable water levels compared to the baseline of Year - 1 (xxx kilolitres (KI) unaccounted for during the yr)	TO% (1000 x 10 ³ KI)Note : Bulk Water Meter Audit underway to establish unaccountable water	AO% (xxxx KI)	T1% (1000 x 10 ³ KI)	T1% (1000 x 10 ³ KI)	A1% (2 009 x 10 ³ KI) No new Bulk meter have been installed New Bulk meters has been installed (Drought Relief Projects) in order to improve the	A1% (1000 x 10 ³ KI) Ndlambe Municipality has established a WCDM team that consist of plumbers and general workers from internal staff	T5% (xxxx KI) Ndlambe Municipality has established a WCDM team that consist of plumbers and general workers from	T5% (xxxx KI)

						NRW report. Therefore, unaccountable should have a significant improvement.	Installation and Replacement of Zonal water meters, Zonal water valves and pressure regulating valves in Ndlambe Municipality and this will assist the municipality to identify the hot sport areas where water is being lost in the system. This project was implemented through WSIG funding.		
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Water Service Policy Objectives Taken from the IDP

Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target	Actual	Target	Actual		
(i)	(ii)	*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year (x)

Service Objectives : To achieve Blue Drop status in all formal supplies within a sustainable, affordable and effective manner

Augmentation of municipal Water Supply	Number of households provided with established rainwater tanks, guttering and downpipes.		No water tanks provided for the households. (informal settlements) have been provided with standpipes within 200m.		Number of households provided with established rainwater tanks, guttering and downpipes	No water tanks provided for the households. Bulk water provision is being upgraded to meet the demand. All areas without water reticulation (informal settlements) have been provided with standpipes within 200m. No households in formal settlements are without water.		No water tanks provided for the households. All Ndlambe areas, Rain water tanks are placed on strategic areas in order provide access to water especial during the drought season where most areas are struggling to get piped water in the 2020/21 financial year.	
Continuous supply of sufficient potable water that meet national compliance standards throughout Ndlambe	Water supplied as per DWA standards and guidelines		97%		Water supplied as per DWA standards and guidelines	95%			
Efficient utilisation of available resources	Reduction in accounted water and wasteful consumption within indigent households		Due to Bulk Water Meter Audit underway to establish unaccountable		Reduction in accounted water and wasteful consumption within	No new bulk meter has been installed New Bulk meters has been installed (Drought Relief Projects) in order to			

			water estimate is 10 – 15%		indigent households	improve the NRW report. Therefore, unaccountable water is estimated to be between 30-40%			
Increase investment in upgrading of existing infrastructure	Measured decrease in water supply shortfalls		Less than 10 days/annum		Measured decrease in water supply shortfalls	20 days/annum			
Increase investment in maintenance of existing infrastructure	Assets maintained to extend longevity of system with maintenance and repairs expenditure		21 Pump stations were maintained and other assets as per the need.		Assets maintained to extend longevity of system with maintenance and repairs expenditure	21 Pump stations were maintained and other assets as per the need. (All 21 pumps and other related infrastructure is maintained throughout the year)			Refurbishment of Kenton on sea WWTW (KOS) at an amount of R 2 444 516.54. Refurbishment of existing sanitation pumps in Alexandria, Marselle, Klipfontein, Kenton and Port Alfred at an amount of R 4 716 840.28

Sanitation Policy Objectives Taken from the IDP

Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
		Target	Actual	Target	Actual	Actual	Target	Actual	
(i)	(ii)	*Previous year (iii)		*Previous Year	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year

			(iv)	(v)					(x)
Service Objectives : Reticulated waterborne sewerage for all Ndlambe households to increase by 10% per annum									
Reticulated waterborne sewerage for all Ndlambe households to increase by 10% per annum	Decrease in households using septic tanks, pit latrines and conservancy tanks							2448	
	Increase in investment in upgrading existing infrastructure by 10% per annum		No sewer project was implemented in financial year 2017/18			No sewer project was implemented in financial year 2019/20		Spent R 46 Million from Bucket eradication in Nemato and R17Million MIG allocation in Marselle.(.... FY) Upgrade of sewer pipeline in Carnation Street at an amount of R 2 627 541.59	
Service Objectives: To achieve Green Drop status in all formal supplies within a sustainable, affordable and effective manner									
	Improvement in Green drop scorecard from previous evaluation	50-60%	The results have improved from average of 33% to 45.53%	50-60%	50-60%	No Recent audit has been done since 2014. Therefore the score remains	50-60%	33% to 45.53%	

						the same although improvements has been made on site.			
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Employees: Water Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	26	30	26	4	
4-6	31	34	31	3	
7-9	8	8	8	0	
10-12	1	2	1	1	
13-15	0	0	0	0	
16-18	3	3	3	0	
19-20	0	0	0	0	
Total	69	77	69	8	2%

SANITATION:

Ndlambe Municipality operates and maintains all sewerage systems within both Water Services Authority and Water Services Provider functions. Water-borne sewerage is available to the majority of households.

The Ndlambe Municipality Council has determined that water-borne sewerage be the minimum level of service to the consumer base. This decision, although well intended, places tremendous strain on the available water resources. Leaking toilets have been identified as a leading reason for water loss. Astute management practice is being instilled within the unit responsible for operation and maintenance of these systems.

There are five (5) wastewater treatment works being fed from water-borne sewerage systems which service the following communities:

1. Wentzel Park, Alexandria and Kwanonqobela
2. Marselle and Harmony Park
3. Ekuphumleni
4. Port Alfred and Nemato
5. Nolukhanyo

The provision of sewerage services excluding reticulation infrastructure includes a large proportion of the households in Ndlambe. Water-borne sanitation services are not available to several communities, who rely on conservancy tanks and septic tank sewerage systems. Ndlambe provides the service for the removal of sewerage using a fleet of sanitation vacuum tankers. These vehicles and their operational staff are under continuous pressure to deliver services. Breakdowns, due to an aged fleet, create backlogs and a dissatisfied consumer base.

The following communities still rely either solely on septic tank / soakaway systems or conservancy tanks or to some lesser degree:

1. Cannon Rocks
2. Boknes
3. Boesmansriviermond
4. Riversbend
5. Kenton-On-Sea
6. Seafield
7. Bathurst
8. Port Alfred and Nelson Mandela Township

These households are serviced by a fleet of sanitation tankers, several of which are well beyond their expected operating lifespan. Financial constraints dictate that Ndlambe must make decision to deal with this fleet. Ndlambe Municipality has managed to purchase sanitation vacuum tankers on the following financial years:

2018/19 – 2 trucks

2020/21 – 2 Trucks

2021/22 – 3 Trucks

The municipality currently has six sanitation trucks but most of the time only three running due to the age and breakdowns on the two trucks. However, the municipality would also hire additional trucks as and when the need would arise throughout the year.

All municipal toilet facilities, change rooms and other ablution facilities not connected to water-borne sewerage pipes are serviced by this fleet. Blockages are also attended to, often resulting from the inappropriate utilisation of the service. It is the objective of the Council to achieve and sustain “Green Drop” status throughout all of Ndlambe. This is a compliance monitoring system which is managed and implemented by the Department of Water and Sanitation. This quality and service goal is being achieved by improving management performance, which should lead to acceptable discharge water quality.

The limited water in the Port Alfred area resulting to most blockages experienced and the municipality is working hard to attend to these within accepted time.

The municipality has also embarked on the following sanitation projects in the 2022/23 financial year to address the sewerage infrastructure challenge that are encountered in Ndlambe:

- Marselle 500 housing project: Bulk sewer infrastructure.
- Thornhill Ministerial Housing Project MIG: Balance phase 2 Contract 1 Link Sanitation Infrastructure.
- Upgrade of Internal Bulk sewer and Reticulation at Station hill – Port Alfred – house connection.
- Pumping Main and Gravity line from Mbabela and Mswela pump station.
- Gravity Sewer Line from Wharf Street to Thornhill pump station.
- Upgrading of Sewer System in Port Alfred - Phase 1.

The refurbishment of pump stations will reduce the occurrence of pump overflows and direct everything to the Wastewater treatment works designed for the disposal while the retrofitting will reduce water losses.

Part of the projects that were implemented through WSIG were the ‘Upgrading of Station Hill: Sewer Pipeline’ in carnation where the municipality was experiencing regular sewerage spillages. After the project was implemented all the spillages in the area are no longer existing. While the projects that aim to upgrade the various sewerage infrastructure in Port Alfred will assist in preventing sewer spillages and reticulating sufficient sewer effluent to the waste water treatment works.

Bulk sewer services projects is also under construction to ensure there is enough bulk sewer available for the proposed housing projects in Thornhill and Marselle.

COMMENT ON WATER AND SANITATION SERVICES PERFORMANCE OVERALL:

Performance of water services and the provision thereof has seen improvements on many fronts when one considers the IDP objectives and goals. Achieving targets are fund-related. Grants received are limited. Internal capital funds have not been available. The need exceeds the available funds, so the challenge has been to make a greater impact and improvements as much as possible within the available resource base.

The Municipality is committed to improving water service provision in its region despite the recent water service challenges, which include the following challenges and remedial action:

- Insufficient supply quantity to meet the growing demand
 - Remedial actions include various Water Conservation projects. Ndlambe Municipality has established a WCDM team that consist of plumbers and general workers from internal staff that has started piloting the conservation of water in areas of Alexandria, Marselle and Kenton on Sea. Water conservation and demand management practices are continually being assessed and improved, as funds become available.

- A drought relief and WCDM projects are continuously implemented, which are aimed at dealing the refurbishment of existing water infrastructure such as Meter & Valve replacement, pump station refurbishment.
- Aged infrastructure operating within extreme environmental conditions.
 - Remedial actions include that the entire infrastructural “as-built” within this sector is being assessed within a master plan.
- Poor quality of low-cost house plumbing leads to leaks and subsequent loss.
 - Remedial actions include loss control and the addressing of leaks in indigent households. This has been done on a wide scale throughout Ndlambe.
 - Future low-cost house design will focus on the quality of all water and sanitation fittings included in the house construction.
- Source quality, where the main phenomena affecting the quality of the water in the region is the materialization (or salination) of the water in the main catchments due to the geology (marine origin) of the area.
 - Remedial actions include the establishment and operation of Reverse Osmosis Technology, which, although expensive, is effective in addressing salinity issues and is now operational in Cannon Rocks, Boknes, Kenton-On-Sea and Boesmansriviermond.
- Massive peaks in demand, due to the transient nature of this consumer base.
 - Bulk storage reservoirs have been prioritised within the Water Services Plan. Funding channels have been provided and prioritised projects have begun implementation.
- The municipality continue to submit business plans in order deal with both water and sanitation infrastructure required projects.

It is the intention of the municipality to achieve and sustain “Blue Drop Status” within water services provision. This is a compliance monitoring system managed and implemented by the Department of Water and Sanitation, as the regulator. Ndlambe Municipality has, as a result of the above, identified a need for the development of an Infrastructure Master Plan for water services (water and sanitation). Funding has been allocated to the Ndlambe Municipality by the Development Bank of South Africa (DBSA). The objective of the project is to develop a water service infrastructure master plan with associated as built drawings of the existing infrastructure.

3.1.2 ELECTRICITY

Electrical supply, at a basic Level of Service, is achieved and continues to improve. Housing projects do not get the go-ahead for implementation until such time as bulk services are installed, which includes electricity supply. Escalating cost of supply is a worrying factor, as affordability and sustainability of supply is under pressure. The Ndlambe Municipal Electrical Network Audit Report was prepared and submitted, highlighting component requirements, backlogs and strategic planning for future supply provision parameters.

Ndlambe Municipality renders electrical services in the towns of Port Alfred and Alexandria. Eskom supplies electricity in bulk to both components. Port Alfred town has one 11-kilovolt-supply point and Alexandria has one 11-kilovolt- supply point. Eskom supplies electricity to the rural areas outside Ndlambe, also Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

Ndlambe Municipality buys electricity in bulk from Eskom and is responsible for the distribution thereof within its approved areas of supply, under license from the National Electricity Regulator. Electricity is

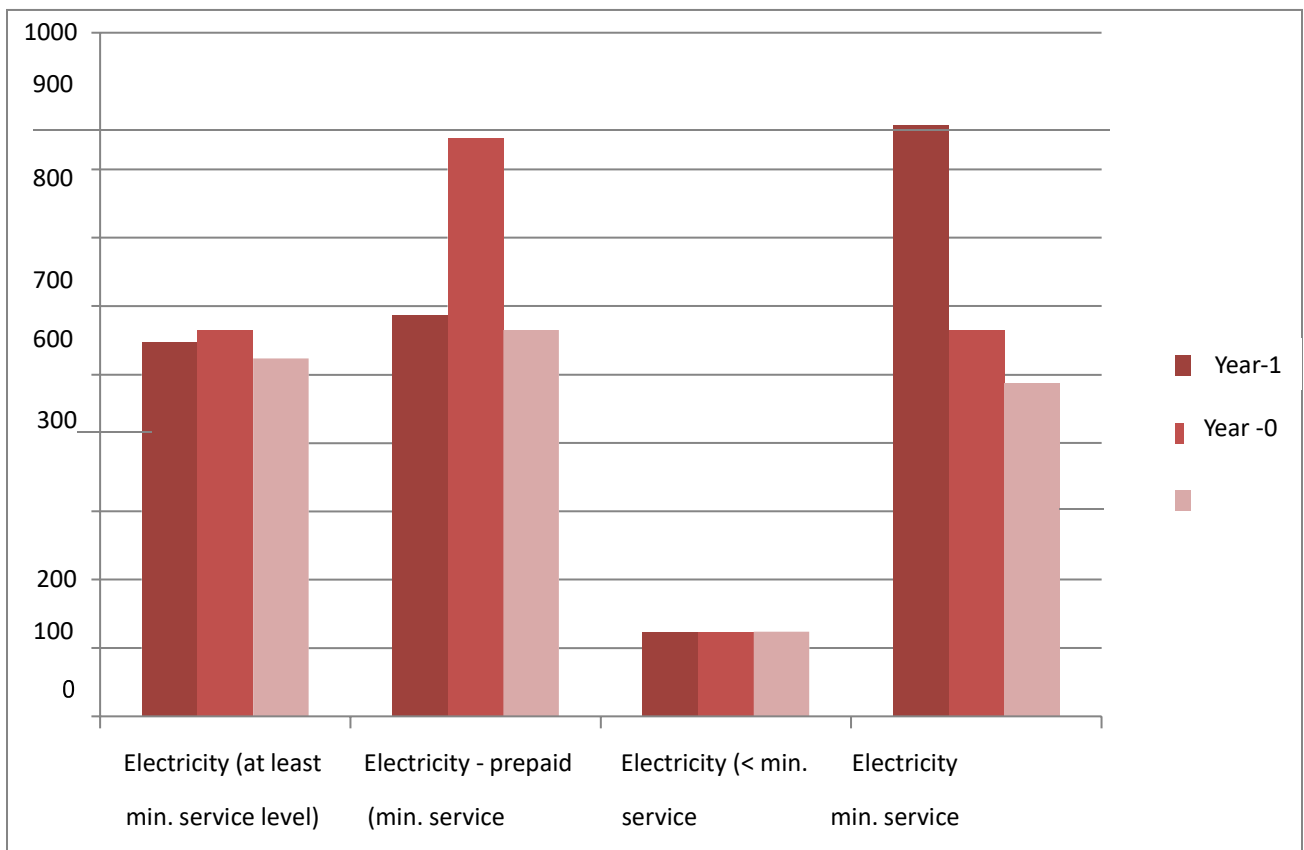
taken from Eskom at two intake substations, i.e. Port Alfred and Alexandria, and redistributed to the end consumer through a series of cables, lines and substations.

The infrastructure directorate is responsible, and employs a service provider, namely, CDR ELECTRICAL (PTY) LTD, for:

- The construction and maintenance of the distribution network as well as providing new infrastructure to ensure a reliable and affordable supply of electricity to all;
- The effective management of revenue by ensuring all electricity supplied is billed for and reducing losses in order to cover operating and capital expenses;
- The provision of a reliable and acceptable level of public lighting to improve the safety and living standards of residents, including street and public lighting for Boknes, Cannon Rocks, Bushmans River, Marselle, Bathurst, Nemato, Alexandria, Ekuphumleni, Station Hill and Kleinemonde.

The challenge experienced is a streetlight backlog in the areas that were formally under Eskom’s management. The Municipality is dealing with this. Management of public lighting, including high mast lights, is normally shopped out to an annual tender service provider.

The electrical supply to Port Alfred is of a high standard. The electrical supply to Alexandria, inclusive of Wentzel Park, needs upgrading. In Port Alfred there are still numerous medium voltage feeders which were laid many years ago. These have now become inadequate to carry the required increasing load and requires upgrading as it also prevents safe management practice. However, the municipality will continue to seek for funding application to upgrade this infrastructure.



Households – Electricity Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual No.	Actual No.	Actual No.	Original Budget No.	Adjusted Budget No.	Actual No.
Formal Settlements						
Total Households	N/A	N/A	16684			N/A
Households below minimum service level			1866			
Proportion of households below minimum service level						
Informal Settlements Only in ESKOM Supply Area						
Total Households	To Be Established	To Be Established	To Be Established			To Be Established
Households below minimum service						
Proportion of households below minimum service level						

Electricity Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year (x)
Service Objectives : That Ndlambe community has access to a reliable and consistent supply of electricity and street lights, as provided by CDR and Eskom									
Provision of minimum supply of electricity	Additional households (HHs) provided with minimum supply during the year (Number of HHs below minimum supply level)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)	xxxxxx additional HHs (xxxxxx HHs below minimum)
4335	0	509	509	509	0	29	0	1000	0

Electricity Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year (x)
Service Objectives : That Ndlambe community has access to a reliable and consistent supply of electricity and street lights, as provided by CDR and ESKOM									
To provide free basic alternative energy to all indigent households with no electricity by 30 June 2015	All registered indigents		1261		All registered indigents	2636			

Employees: Electricity Service					
	Year -1		Year 0		
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	1	2	1	1	
4-6					
7-9	0	1	0	1	
10-12	1	1	1	1	
13-15					
16-18					
19-20					
Total	2	4	2	3	

Financial Performance Year 0: Electricity Services (R'000)					
Details	Year -1		Year 0		
	Actual	Original Budget	Adjustment Budget	Actual	Variance to budget
Total Operational Revenue	38 344 135	54 404 169	55 069 306	54 404 169	
Expenditure:	34 631 435	50 792 779		51 833 420	
Employees	378 570	471 720		118 028	
Repairs and Maintenance	3 334 130	1 672 520		729 349	
Other					
Total operational Expenditure	38 344 135	54 404 169		54 404 169	
Net Operational Expenditure					

Although there is an urgent need for capital expenditure there are presently no funds available to address this need.

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

Power supply characteristics in the areas supplied by Eskom are not ideal. Surges and spikes in power supply have a negative impact on equipment and machinery. Even though measures are taken to reduce the impact of the above, there is still regular damage to pumps and motors. This is due to being at the end of the Eskom supply line.

3.1.3 HOUSING

INTRODUCTION TO HOUSING

The Ndlambe Municipality's strategy for the provision of subsidised housing is to eliminate housing backlogs and to provide appropriate housing for those who cannot provide for themselves. Intensive projects have been implemented in the past, additionally in Year 2017 new projects were initiated. These are dependent on the provision of basic services prior to top-structure and for which basic service projects are currently underway.

There are areas where subsidised housing backlogs are growing, due to several factors. Migratory trends have seen an influx of indigent people into the area. Disaggregation of families into more than one housing unit has also resulted in expanding backlogs.

The top 3 service delivery priorities for Council have been water, sanitation and road priorities. The impact of these projects has been that essential upgrades and improvements have taken place during Year 0 which will enable stalled subsidised housing projects to be revisited. These projects were stalled due to the lack of sufficient bulk services.

The Ndlambe Municipality identifies and responds to those communities that are living in poverty by providing land and certain essential services to decrease the deficiencies in basic service delivery. There is a housing section within the Infrastructural Development Directorate, which has satellite offices in Alexandria, Kenton-on-Sea and Boesmansriviermond. The level and extent of service provision is as support to the Dept Human Settlement and to assist the indigent with the application process for a subsidised house.

Expanded housing requires expanded bulk services. The cost of renewing and upgrading core infrastructure to maintain the demand for housing is a continual challenge. This balance affects net demand in the municipality as project lists need to be prioritised for implementation. Ndlambe Municipality is responding well to the challenges created, by ensuring adequate bulk services are available and that indigent registers are maintained.

Expenditure on housing is done by the Department of Human Settlement and is facilitated by Ndlambe Municipality.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3			
Year -2			
Year -1	21769	9009	41%
Year 0	21769	9009	41%

Housing Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year (x)
Service Objectives : Adequate shelter for all people throughout Ndlambe with specific emphasis on low income households.									
Provision for housing for all households	Additional houses provided during the year (Houses required at year end)	613 additional houses (Planned)	0 additional houses	0 additional houses	0 additional houses (Planned)	0 additional houses			
Kenton on Sea Housing project	488 new houses built	564	455	564	33	488(Stalled by unavailability of land)			
Completion of Bushman 269	5 New Houses	20		29		29 Complete			
Nemato 120	0 (Slab/Foundation phase)	120		120		85 Complete (Project Blocked)			

Employees: Housing Service					
Job Level	Year -1	Posts No.	Year 0	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts)
	Employees No.		Employees No.		
0-3			2		
4-6					
7-9					
10-12	5	6	5	1	83%
13-15	0	0	0	0	0%
16-18	1	1	1	0	0%
19-20					
Total	7	8	9	1	15%

The funding for houses is directly from human settlement as stipulated in the constitution, Council only manages projects.

COMMENT ON THE PERFORMANCE OF THE HOUSING SERVICE OVERALL:

The trend towards disaggregation of families into more than one housing unit; and the cost of renewing and upgrading core infrastructure is a challenge, especially within the context of affordability. Recent standards and norms in subsidised housing practice have tended towards Breaking New Ground Projects, such as has been implemented in Thornhill, Port Alfred. This development could only go ahead once bulk services were installed and available. As a result, only 509 of 5000 houses were built in the first phase, awaiting bulk services for the balance of houses. There is an addition 523 planned (Thornhill) which will be implemented in the 2024/2025 financial year.

In Kenton on Sea the bulk is completed, 488 out of 564 housing units have been built. The only hindrance to complete the 564 is the non-availability of sites but Ndlambe Municipality and the Department of Human Settlements have purchased the South Gorah Farm which will unlock service sites for completion of the project and creating opportunities for further housing development initiatives.

Many municipalities, including Ndlambe Municipality, have started the process of formalising informal settlements. Ndlambe has started the process of designing and planning Informal Settlements around its jurisdiction. Planning and organising the informal areas have many advantages inter alia the following:

- A positive, legible urban structure that integrates the settlement with its surrounds;
- A safer integrated public realm;
- Emergency and services vehicular access and egress roads;
- Safe and convenient paths for movement of people on foot;
- Open space, where achievable, for essential community facilities that may proceed the formal upgrading process;
- Better located and maintained basic municipal utility services.
- The successful re-blocking of an informal settlements aim to-
- Reduce the risk of fire developing and spreading quickly over large areas

The following Informal Settlements have been approved by the department of Human Settlements:

INFORMAL SETTLEMENT	SITES	WATER TANKS	TOILETS	WHEELIE-BINS	OTHER ACHIEVEMENTS
Cricket Field	136	27	79	81	
New Rest	556	346	120	81	1KM Access Road
Ezidonkini	79	27	79	41	
Byso	50	50	27	41	
Nomzamo/ Marselle	500	195	81	81	
Klipfontein	50	50	50	50	
Brakfontein	335	290	290	137	2,5 KM of paved roads is under construction

Funding has been approved and will be available via HDA who will act as funding manager on behalf of the provincial department of Human Settlements.

3.2 COMPONENT B: ROAD TRANSPORT

This component includes: roads; transport; and waste water (stormwater drainage).

INTRODUCTION TO ROAD TRANSPORT

Ndlambe Municipality manages road alignments which are within the urban footprints of the Spatial Development Plan. Management includes operations, maintenance, upgrades and refurbishment. All other alignments are managed by other sector departments, including Department of Roads and SANRAL. These include both surfaced and gravel roads.

There is the Ndlambe Roads Forum, which meets on a regular basis and is well represented by stakeholder groups within the district.

The major alignment and road artery which runs through Ndlambe from east to west is the R72, the management of which falls under SANRAL. This road is a vital link between the two development nodes of Coega outside Port Elizabeth and the IDZ on the outskirts of East London. The route contributes to the economy of the municipality and provides access to the heart of the Sunshine Coast, being Port Alfred and surrounds, thereby bringing tourists and visitors on an ever-increasing scale.

It is a well-known and measured fact that the road network servicing Ndlambe Municipality is in a poor state. A general shortage of maintenance staff, necessary to maintain in excess of 280km of surfaced and gravel roads, is a continual challenge. The table below indicates the extent of the road network in the various towns within Ndlambe.

In 2004 Ndlambe received a grant from the DBSA and commissioned Consulting Engineers, Stewart Scott Inc. to prepare a Roads Management Programme. The report, received in 2005, indicates that an amount in excess of R400 million was required to address essential road maintenance backlogs. An additional sum was also determined for capital investment in order to upgrade the existing road network and to establish new alignments.

It was established in this study that an amount of approximately R10 million per annum was required for road maintenance. Given the lack of internal capital budget, the municipality is faced with a mammoth uphill task of maintaining the road network, with an escalating backlog but is doing the best it can to upgrade the roads.

3.2.1 ROADS

INTRODUCTION TO ROADS

There is little doubt that Ndlambe Municipality faces numerous challenges when it comes to road maintenance services. However, intensive upgrades have recently been achieved from previous financial years even in the 2022/23 financial year. For 2022/23 financial year, the municipality managed to construct block paving roads alignments in Kenton On sea , Port Alfred and Alexandria. These have been welcomed by the public.

Sarah Baartman district municipality has completed the maintenance plan and now submitted to the

municipality and will be submitted to the council for approval. The condition of the road network in Ndlambe is generally poor. This is due to several factors, including the following:

- Poor quality of available road building materials;
- The former Town Councils did not adhere to general construction practice and standard road designs;
- inadequate or non-existent storm water control infrastructure;
- lack or complete absence of adequate plant and equipment; and
- restricted financial resources.

Routine maintenance (day to day pothole repair, repair and unblocking of drains and blading of gravel roads) expenditure recommended by the 2004 Stewart Scott Inc. Road Management Programme for 2004/2005 was R 9.8 million. Escalating this by a conservative 7.5% per annum gives a figure of R16.3M for the current year in review (2011/12). The actual expenditure was R 9.65 million, a shortfall of almost 50%. The periodic maintenance (resealing of surfaced roads and regravelling of gravel roads) is recommended to have been in the order of R 5.5M for the current year in review and in the order of R30M to date since the recommended implementation of the road management programme. Due to budgetary constraints this scale of implementation has been impossible. The above figures would have been adequate just to maintain the status quo with regard to the condition of the road transportation network.

The capital expenditure recommended by the same Stewart Scott Inc. Road Management programme is R 24.7 Million for the year under review and to date it is recommended that R 96.4 million should have been invested in new and upgraded infrastructure by now. If we assume an average width of 6m for all roads then a replacement cost of R 2.5 million per km for surfaced roads and R 500 000 per km for gravel roads would not be unrealistic.

Based on these figures, our 172km of surfaced roads and 140km of gravel roads represent an asset on the ground with a replacement value in the order of R 500 million rand. Easily the single most valuable asset owned by the municipality. Given that the average design lifespan of a road is in the order of 10 – 25 years and given that this can be drawn out to 30 – 50 years with adequate and timeous remedial and maintenance actions, it is clear from the above that the single biggest challenge with regards to the road network is to secure adequate funding from internal or external sources. This will be to reverse the deterioration of the current network and to enable the municipality to embark on a realistic upgrading programme for the social and economic benefit of all residents and visitors.

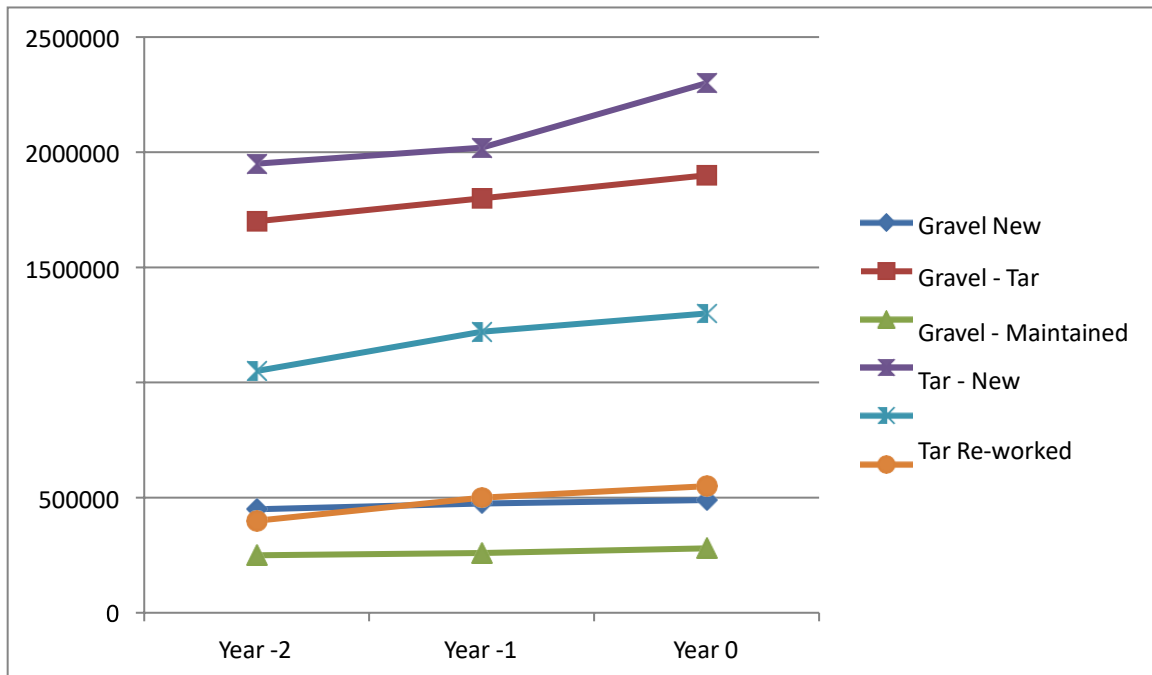
The ongoing periods of relatively heavy and sustained rainfall has impacted negatively on all road surfaces, mainly due to the poor or complete lack of stormwater drainage infrastructure. There has been a rapid deterioration in riding surfaces, as a result.

The municipality is also introduced a slurry sealing operation, where critical roads that always develops, potholes are sealed to minimize the development of potholes on surfaced roads. Limited funding for roads rehabilitation and upgrading is a challenge for the municipality as the condition of our roads become worse as their life span is overdue.

Gravel Road Infrastructure (kilometres)				
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar/block paving	Gravel roads graded/maintained
Year -2 (2022/23)	135.78	0	1.86	73 km
Year -1 (2021/22)	137,64	0	1.86	137,64 km

Year 0 (2020/21)	138,14	0	9	54.4km

Tarred Road Infrastructure					
	Total tarred roads	New roads tarred	Existing tar roads re-tarred	Existing tar roads sheeted	Tar roads maintained
Year -2 (2022/23)	150.62	1.8	2.0km	0	186km
Year -1 (2021/22)	150.62	1.86	02.25	0	123km
Year 0 (2020/21)	148,76	0	0	0	148,76km



There is little doubt that Ndlambe Municipality faces numerous challenges when it comes to road maintenance services. However, intensive upgrades have recently been achieved within the Port Alfred CBD and surrounding areas, using labour intensive construction to construct concrete and block paving alignments. These have been welcomed by the public.

Road Service Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		(ii)	*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)
Service Objectives : Community of Ndlambe has safe and efficient access to good quality roads, built according to applicable standards									
Elimination of gravel roads in townships	1 Kilometer of gravel road tarred	1,5 km gravel roads tarred	0 km gravel road tarred	1,5 km gravel road tarred	1 km gravel road tarred	1 km gravel road tarred			
Upgrading of municipal roads as required	0 kms of municipal roads developed	0,5 kms	0,5 kms	6 kms	5 kms	5 kms	0.45km	0.45km	
Compilation of Storm Water Master Plans for all towns	Approved Storm Water Master Plans	0	0	2	2	0			

Employees: Road Service					
	Year -1		Year 0		
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a %of total posts)
0-3	96	90	96	6	6.25%
4-6	18	18	18	0	
7-9	3	3	3	0	
10-12	2	2	2	0	
13-15					
16-18	2	2	2	0	
19-20					
Total	121	115	121	6	6.25%

COMMENT ON THE PERFORMANCE OF ROADS OVERALL:

The priority of the four largest capital projects was determined by traffic volume and level of disrepair. Due to the unavailability of internal capital funds, grants were solicited through the Expanded Public Works Programme. This programme rewards effective service delivery and the intention is to expand this programme to each urban footprint, thereby creating a spread of job opportunities and skills enablement.

The year 5 targets set out in the IDP schedule cannot be attained within approved budget provision due to the scope of backlog and scale of need. To rectify the matter, grant funders need to be convinced that the pilot projects are best practice and are effective in the delivery of suitable road surfaces.

Should the above be deemed effective, the programme will be unbundled and enlarged to include all townships in Ndlambe, which would result in a huge variation to any total approved project value (arising from year 0 and/or previous year actuals, or expected future variations).

The Ndlambe maintenance team is currently ensuring that all roads are functioning regardless of lack of funding, through wet blading, regravelling, pothole patching slurry sealing and stormwater cleaning.

No provincial roads have been delegated to the Ndlambe Municipality.

3.2.2 STORMWATER (STORMWATER DRAINAGE)

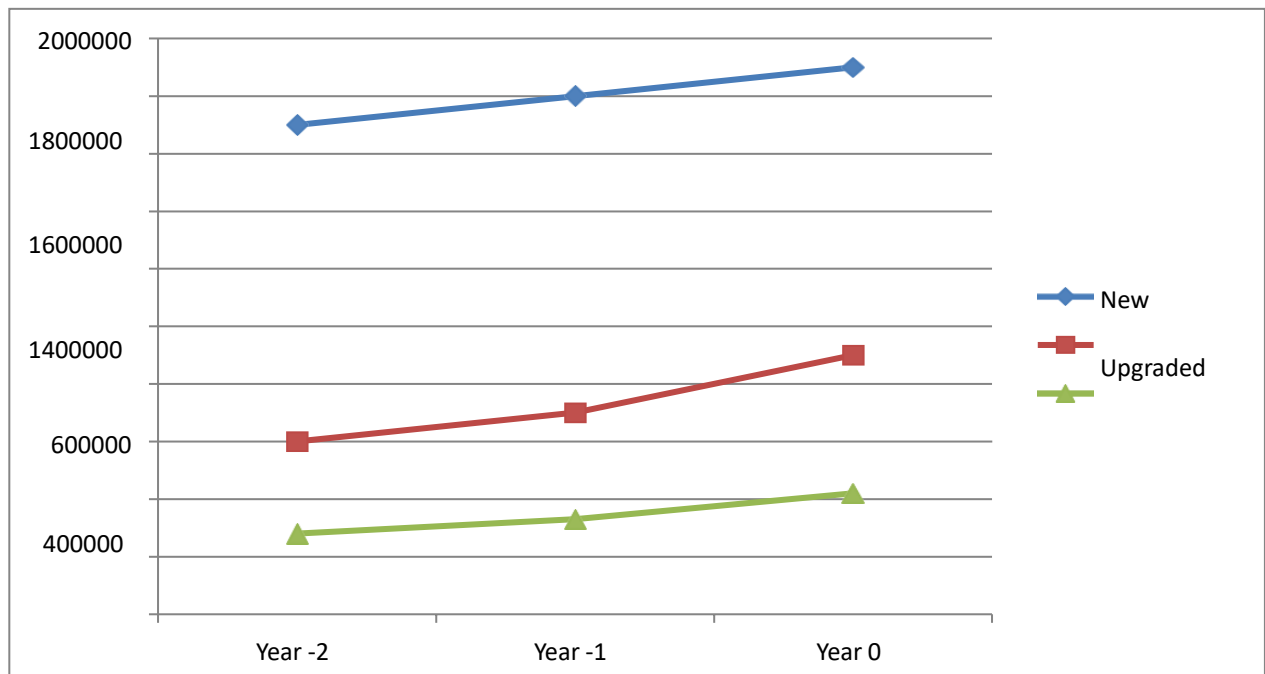
INTRODUCTION TO STORMWATER DRAINAGE

The floods which occurred in Oct of Year -1 highlighted the reality of how marginal and in places how completely absent storm water infrastructure is within the various urban footprints of Ndlambe Municipality. Township development practice did not always consider appropriate stormwater infrastructure, due to affordability and pressing need to house the homeless, bulk infrastructure such as water and Sanitation. This backlog is real and growing, due to the absence of funding required to address this situation. Existing infrastructure, especially underground reticulation, is mostly undersized or completely absent.

The municipality has a challenge of eroding gravel roads during heavy rains and stormwater pipes get blocked by the eroded material. The upgrading of these gravel roads will be a solution in order to control the stormwater with limited solids/ material to stormwater system, but again limited funding is a challenge to address this problem.

Stormwater Master Plans have been solicited and these will be prioritised and implemented as and when funding allows. These will be linked to dovetail with the planned road maintenance plan, as discussed previously.

Stormwater Infrastructure				
	Total Stormwater measures	New Stormwater measures	Stormwater measures upgrade	Stormwater measures maintained
Year -2	115,40	115,40	0	65,24
Year -1	125,56	125,56	10,16	75,17
Year 0	125,56	125,56	0	68.50
Cost of construction / maintenance				
	Stormwater Measures			
	New	Upgraded	Maintained	
Year -2				
Year -1				
Year 0	Included in roads, above	Included in roads, above	1 341 510	



Stormwater Policy Objectives Taken from the IDP									
Service objectives	Outline Service Targets (ii)	Year -1		Year 0			Year 1	Year 3	
Service Indicators		Target	Actual	Target		Actual	Target	Target	
(i)		*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)	*Following year (x)
Service Objectives : Community of Ndlambe has safe and efficient stormwater management, to minimise the risk of flooding and collateral damage.									
Development of fully integrated stormwater management systems including wetlands and natural water courses	Phasing in of systems	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Strategy approval (Yes/No); Timescale x yrs	Completion (Yes/No); x yrs remaining	Completion (Yes/No); x yrs remaining

Employees: Stormwater Service					
	Year -1		Year 0		
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a %of total posts) %
0-3	16	26	16	10	63%
4-6					
7-9					
10-12	1	1	1		
13-15					
16-18					
19-20					
Total	17	27	17	10	63%

Financial Performance Year 0: Stormwater Services (R'000)					
Details	Year -1	Year 0			Variance to budget
	Actual	Original Budget	Adjustment Budget	Actual	
Total Operational Revenue	1 050 870	1 341 510		1 341 510	
Expenditure:	672 790	838 280		838 280	
Employees	60 000	63 000		63 000	
Repairs and Maintenance	318 080	440 230		440 230	
Other					
Total operational Expenditure	1 050 870	1 341 510		1 341 510	
Net Operational Expenditure					

COMMENT ON THE PERFORMANCE OF STORMWATER DRAINAGE OVERALL:

Historically, town plans were developed by the respective Local Town Councils. These towns concentrated on developing the business areas as residential properties were seen as being holiday accommodation. Stormwater drainage performance does not achieve expectations due to various factors, which can be considered as follows:

- Sub-surface stormwater infrastructure is costly to install and was rarely considered in the urban development of communities within Ndlambe Municipality;
- Former subsidised housing projects did not prioritise the establishment and implementation of stormwater systems and it is now with hindsight that this oversight is so glaring;
- Consecutive development has exacerbated the lack of stormwater drainage insufficiencies;
- Stormwater Master Plans were previously not considered within the urban development criteria.

The municipality is in process of developing storm-water maintenance plan with the assistance by Sarah Bartman district municipality; this will assist the municipality to source funding in order to deal with storm-water issues.

3.2.3 FLEET MANAGEMENT

Municipal transport is provided strictly for official services only and is not to be used for private purposes. Council will provide transport to on-duty employees in accordance with its normal operational requirements, as well as in specific circumstances approved by the relevant director. The municipality has a shortage of fleet due to lack of internal capital budget. Furthermore, extended downtime of fleet when it is in the workshop is another hindrance to service delivery.

Fleet Management Policy Objectives Taken from the IDP										
Service objectives	Outline Targets	Service	Year -1		Year 0			Year 1	Year 3	
Service Indicators			Target	Actual	Target		Actual	Target	Target	
(i)			(ii)	*Previous year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current year (viii)	*Current year (ix)
Service Objectives : Ensure an effective fleet management system, to include maintenance, refurbishment, procurement and disposal of fleet related resources owned, managed and maintained by the Ndlambe municipal workshop										
Ensure an effective fleet management system, to include maintenance, refurbishment, procurement and disposal of fleet related resources owned, managed and maintained by the Ndlambe municipal workshop			There is an effective fleet management in place. The policy has been updated and will go to council for adoption				There is an effective fleet management in place. The policy has been updated and will go to council for adoption			

3.3 COMPONENT C: PLANNING AND DEVELOPMENT

3.3.1 PLANNING IN SPATIAL

INTRODUCTION TO PLANNING

The revision of the planning legislation, specifically for Municipalities, started few years back with the promulgation of the Spatial Planning and Land Use Management Act (SPLUMA), Act 16 of 2013. Since then the Regulations for this Act was published. As part of the National Planning Legislation Revision, Ndlambe Municipality initiated a process of ensuring compliance with the new legislation. Amongst other things the municipality has established its Municipal Planning Tribunal; Appeal Authority, and also adopted a integrated land use scheme. The municipality has also adopted and Gazetted its Spatial Planning and Land Use Management By-law, 2016.

Employees: Planning Services					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
0-3	Nil	Nil	Nil	Nil	Nil
4-6	Nil	Nil	Nil	Nil	Nil
7-9	1	1	1	Nil	100%
10-12	1	1	1	Nil	100%
13-15	Nil	Nil	Nil	1	0%
16-18	1	1	1	Nil	100%
19-20	Nil	Nil	Nil	Nil	Nil
Total	3	3	3	1	

SPATIAL DEVELOPMENT FRAMEWORK (SDF)

The SDF also functions as a marketing tool to facilitate public and private partnerships in the implementation of projects and to assist to bring about economic and social regeneration of the various towns and settlements. It also:

- provides a long-term vision of the spatial development of the municipality
- aligns the municipality's spatial development goals, strategies and policies with relevant national and provincial spatial principles, strategies and policies;
- guides the proposals contained in the more detailed local plans which cover a shorter planning time frame and the preparation of Local Spatial Development Plans (LSDF's);
- helps to spatially coordinate, prioritise and align public investment in the municipality's five-year Integrated Development Plan (IDP);
- directs private investment by identifying areas that are suitable for urban development, areas where the impacts of development needs to be managed, and areas that are not suited for urban development;
- identifies strategies to prevent indiscriminate loss and degradation of critical biodiversity areas, and to ensure the necessary level of protection for the remaining areas;
- provides policy guidance to direct decision-making on the nature, form, scale and location of urban development, land use change, infrastructure development, disaster mitigation and environmental resource protection.

A Spatial Development Framework (SDF) is to a large extent influenced by the following legislation:

- The Local Government: Municipal Systems Act (Act No. 32 of 2000);
- The IDP and Performance Management Regulations (2001); and
- The Spatial Planning and Land Use Management Act (Act No. 16 of 2013).

The reviewed SDF will give effect to the development principles contained in the Spatial Planning & Land Use Management Act (Act No. 16) of 2013 including:

- Spatial Justice;
- Spatial Sustainability;
- Efficiency;
- Spatial Resilience; and
- Good Administration

NDLAMBE SPATIAL DEVELOPMENT FRAMEWORK (SDF), 2023

The 2013 Ndlambe Municipality's Spatial Development Framework (SDF) was reviewed. A service provider was appointed in July 2020 to review the Ndlambe SDF. The progress on the review of the SDF has been hampered by the COVID-19 Pandemic and a lengthy public participation process coupled with many engagements. The project has been finalized and the SDF was approved and adopted by Council in May 2023. The SDF was then Gazetted and came into effect from 1 July 2023.

SPATIAL PLANNING AND LAND USE MANAGEMENT ACT, 2013 (ACT NO. 16 OF 2013)

The Spatial Planning and Land Use Management Act, 2013 (Act No. 16 of 2013) (SPLUMA) was promulgated on 5 August 2013 and its Regulations to came into effect on 1 July 2015. The objects of the Act are the following:

- Provide for a uniform, effective and comprehensive system of spatial planning and land use management for the Republic;
- Ensure that the system of spatial planning and land use management promotes social and economic inclusion;
- Provide for development principles and norms and standards;
- Provide for the sustainable and efficient use of land;
- Provide for cooperative government and intergovernmental relations amongst the national, provincial and local spheres of government; and
- Redress the imbalances of the past and to ensure that there is equity in the application of spatial development planning and land use management systems.

SDF's form the basis of all future decisions in terms of SPLUMA and they will be taken by authorised officials or tribunals, which are non-political /technical bodies, established in terms of Section 35 of SPLUMA. It broadly determines that a municipality or municipalities jointly, must constitute a Planning Tribunal to consider all land use planning applications.

Ndlambe Municipality has adopted, and gazetted Municipal Planning By-Law (Spatial Planning and Land Use Management Bylaw) in 2016. The Bylaw determines the procedural and administrative aspects of land use planning and management, instead of the Provincial Regulations. One of the implications of the SPLUMA legislation and processes is that a municipality now becomes legally accountable for land development decisions, i.e. an applicant or aggrieved party will no longer litigate the MEC and add the municipality as a respondent. Instead, the municipality will be the first respondent in litigation in this regard. The Municipality has- managed to achieve various milestones in implementing and complying with the provisions of SPLUMA. The following table represents the Municipality's Compliance with SPLUMA:

SPLUMA REQUIREMENTS	Compliance %	Ndlambe Status	Comments
Approved & Gazetted Bylaw	100%	By-laws approved & Gazetted on 4 February 2016	Complied
Appointed Authorised Official	100%	Council Appointed Authorised Official Director Infrastructure	Complied
Land Use Applications Categorized	100%	Applications categorized according to the SPLUM Regulations	Complied
Municipal Planning Tribunal (MPT) Established	100%	Ndlambe has established a Single MPT, trained the members, and gazzeted their names and the first meeting of the Planning Tribunal was in December 2018. The Tribunal has been functioning since December 2018. The Tribunal sits every second month.	Complied
Appeal Authority Established	100%	Council confirmed that the Executive Committee will be the Appeal Authority for Ndlambe as per SPLUMA. Members of the Appeal Authority and Technical Advisers have received training. The Appeal Authority is functional and considering appeals when they are received.	Complied
Integrated Land Use Schemes	100%	SBDM has funded Ndlambe for the project and appointed Urban Dynamics Town Planners for the project. Land Use Scheme approved & adopted by Council in March 2019 and came into effect on the 1 June 2019.	Complied
SPLUMA Compliant SDF	100%	The reviewed SDF was approved and adopted by Council in May 2023. It was Gazetted and came into effect from 1 July 2023.	Complied

Town Planning Personnel Capacity	75%	1 Professional Town Planner 1 Administrative Assistant 1 MPT Administrator.	The Section is in need of additional registered professional town planners to increase efficiency.
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INTEGRATED LAND USE SCHEME

In terms of Section 24 of the Spatial Planning and Land Use Management Act (Act 16 of 2013) all municipalities are required to adopt and approve a single Land Use Scheme for its entire area within five (5) years from the commencement of the Act. The Ndlambe Integrated Land Use Scheme after intensive public participation was approved and adopted by full Council on the 27th of March 2019 and was thereafter gazetted in the Provincial gazette. The commencement of the new scheme was the 1st of June 2019.

POLICY FORMULATION

There has been an increasing need for policy formulation in the town planning department, however due to capacity issues within the section it has been a challenge to ensure that policy formulation is prioritized as there needs to be proper SPLUMA compliant systems in place. The following policies are policies that the section need to draft:

- Land Use Management Policy.
- Geographical Name Change Policy.
- Telecommunication Mast Policy.
- Tavern Policy.
- House Shop Policy.

SYSTEMS

Systems deal with the establishment of planning processes and procedures, these have been effectively instituted through strategies such as creating posters/ brochures with frequently asked town planning questions; established procedures for land use application submissions. The Municipality has outsourced this function to Ovvio and the system used is Ovvio. The aim of the system is to have less paper and ensure that everything is done on the system. The Municipality has no GIS personnel to assist internally.

COMMENT ON THE OVERALL PERFORMANCE OF PHYSICAL PLANNING:

With the implementation of the new legislation and population growth came new challenges. The planning department has accepted the challenges and is creating an organised planning environment with documents, strategies, policies and ensuring to motivate the need of fully-fledged personnel component to promote effective planning, which will ensure that the targets set in the IDP can be reached. The development of the Spatial Development Framework and the new Zoning Scheme is crucial instruments used by planners to ensure vibrant growing towns which can ensure every citizen can reach his or her full potential. The service rendered to the community is of a high standard with development to stimulate the local economy and create job opportunities.

3.3.2 PROJECT MANAGEMENT UNIT ROLES AND RESPONSIBILITIES – PMU

Responsible for the implementation, monitoring, evaluation and reporting sequences of outcomes associated with programmes designed to accomplish key service delivery objectives with respect to town and spatial planning, and through the co-ordination of technical and administrative operations against departmental, statutory and audit guidelines in order to ensure that service delivery is strategically managed and maintained in accordance with laid legislated standards.

MUNICIPAL INFRASTRUCTURE GRANT PROJECTS (PMU)

No	Financial Year	Allocation	PROGRESS
1	2022/2023	R 30 727 000.00	100% Completed
2	2023/2024	R 31 956 000.00	
3	2024/2025	R 33 263 000.00	

ALLOCATIONS FOR THE THREE YEAR MTEF CYCLE

List of Proposed Projects for 2022/2023 financial year MIG

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%	COMMENTS
Kenton on Sea & bushmans river project : Marselle 500 housing project: Bulk sewer infrastructure	R 3 148 199.68	R 3 148 200.01	R 0	100 %	Project Completed
Upgrading of Rhuneli drive in Port Alfred	R 4 139 405.93	R 4 144 110.69	R 0	100 %	Project Completed
Thornhill Ministerial Housing Project MIG: Balance phase 2 Contract 1 Link Water Infrastructure	R 10 843 051.04	R 10 406 915.82	R 436 135.22	96 %	
Upgrading of Mangele street in Kenton on Sea	R 2 029 869,41	R 2 029 869,41	R 0	100 %	Project Completed
Upgrading of kwanokqubela main road	R 5 893 283.80	R 6 203 274.54	R 0	100 %	
Upgrading of Solomon Mahlangu Road phase 2	R 2 907 267.14	R 3 461 541.01	R 0	100 %	
Upgrading of Mamityi Gidana Sportsfield	R 229 573,00	R 229 573.00	R 0	100 %	
PMU ADMIN.	R 1 536 350,00	R 1 536 350,00	R 0	100 %	
	Total Allocation				R 30 727 000.00

Proposed Projects for 2023/2024 financial year MIG

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%
Upgrading of Xhanti street Bathurst	R 4 890 801.39	R 0.00	R 4 890 801.39	0%
Upgrading of Zola street in Bathurst	R 2 906 498.62	R 0.00	R 2 906 498.62	0%
Upgrading of kwanokqubela main road	R 1 300 000.00	R 548 968.20	R 751 031.80	42%
Thornhill Ministerial Housing Project MIG: Balance phase 2 Contract 1 Link Water Infrastructure	R8 057 124,90	R 0.00	R 8 057 124.90	0%
Upgrading of Solomon Mahlangu Road phase 2	R 2 243 838.08	R 192 956.70	R 2 050 881.38	9%
Upgrading of Mamityi Gidana Sportsfield	R 10 959 937.01	R 0.00	R 10 959 937.01	0%
PMU ADMIN.	R 1 597 800.00	R 153 675.67	R 0	9%
Total Amounts	R 31 956 000,00			

List of Projects for 2024/2025 financial year MIG

PROJECT NAME	WARD	SECTOR	TOTAL PROJECT COST	BUDGET
Purchasing of Pad Foot Roller	ALL	Plant	R1 400 000.00	R1 400 000.00
Purchasing of Back hoe (TLB)	All	Plant	R1 800 000.00	R1 800 000.00
Upgrading of port Alfred Internal bulk sewer line and reticulation		Sanitation	R 28 399 850.00	R 28 399 850.00
PMU ADMIN. 5%	N/A	N/A	R1 663 150.00	R1 663 150,00
Total Allocation				R 33 263 000.00

List of Proposed Projects for 2022/2023 financial year EPWP

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%
Upgrading of Takuta Road Phase 2	R 1 730 000.00	R 1 768 695.98	R 0	100%
Total Amounts	R 1 730 000.00			

List of Proposed Projects for 2023/2024 financial year EPWP

PROJECT	BUDGET	EXPENDITURE TO DATE	BALANCE	%
UPGRADING OF NKONJANE STREET NEMATO	R 1 486 000,00	R 1 486 000,00	R 0	0
Total Amounts	R 1 486 000,00			

3.3.3 LOCAL ECONOMIC DEVELOPMENT (KPA 3)

Local Economic Development (LED) has been identified as a key means of improving the economic prospects of South African citizens. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

Ndlambe Municipality is land locked between four Municipalities namely Nelson Mandela Metro, Makana, Ngqushwa and Buffalo City Metro. Ndlambe Local Municipality is a predominantly rural area with agriculture and tourism dominating the economy. It encompasses the towns of Kenton-on-Sea, Boknes, Bathurst, Boesmansriviermond, Alexandria and Cannon Rocks.

The recently released population statistics by Stats SA indicates that Ndlambe has a population of 61 176 out of which youth unemployment is generally high especially in the townships. Unemployment is at 30.3% as per 2011 statistics. The Key economic sectors for the Ndlambe Municipal area are:

- Tourism and Heritage
- Agriculture
- Services sector
- Enterprise Development

The employment within Ndlambe is largely spread across the following economic sectors: government, agriculture and services industry. Government and the agricultural Industry has for quite some time been the contributors in employment. Agriculture is less diversified with key farming activities being Dairy Farming, Beef Farming, Chicory, and Pineapple Farming. Most of the farming activities within the area are pursued by white farmers with black communities being the mere providers of labour. This is largely due to unaffordable high costs of production in farming in particular chicory production.

The Agricultural industry has in the past 10 years been in a state of decline the chicory industry has been the hardest hit with many farmers either shutting down operations or switching over to other commodities like beef farming. The decline in any of the key sectors always has a direct negative impact in the townships in terms of jobs losses and employment. Government has for the past few years started land acquisition initiatives by buying farms to settle groups of farmers or communities to take over some of the white owned farms. The land acquisitions through the Land Reform Programme have not been a great success, in many instances farms bought on behalf of communities and or farming groups started declining thus shedding more jobs with declining productivity. Government owned land and that owned by the municipality e.g. commonages is hardly commercialised or used productively to benefit local communities in a sustainable manner.

As part of a strategy to revive the contribution of the agricultural sector in the local economy, the municipality undertook to invite potential funders and DFI's to visit the declining projects requesting to

be resuscitated. Amongst those was National Empowerment Fund (NEF) that expressed interest to assist. The LED section is busy with the process and requirements of the NEF.

LIVESTOCK FARMING

The livestock farmers in the Ndlambe Municipal area consist of a large number of small scale farmers who farms with very small herds of cattle, sheep and goats. At present the larger part of these farmers, who farms with cattle, only marketed their animals at an older age as C grade carcasses. The small size of the herds in this area is a contributing factor to this scenario. Farmers try to keep their cattle as long as possible before they market it so that the number of animals, and thus the size of their wealth, can stay as large as possible. The slow capital return from cattle marketed as C grades creates cash flow problems for the black farmers in partnership.

Very little value-adding and processing of the product is taking place within the Eastern Cape. Although the Eastern Cape has registered abattoirs to slaughter cattle, most cattle leave the province as weaner calves for feedlots in other provinces where they are marketed. One of the main reasons is that it is more efficient to take store animals to the source of feed to be fattened than to transport the feed. The current production of feed for livestock is entered in the North West, Free State and Mpumalanga provinces where maize and soybeans are traditionally produced. The Eastern Cape currently imports 120,000 tons of feed for the livestock industry and would use more were it not for the high transport cost.

Another important phenomenon is that the abattoirs in the Eastern Cape, situated mainly in Nelson Mandela Bay, East London, Queenstown, Mthatha and Kokstad are generally running below their slaughter capacity. These abattoirs are dependent on animals that are brought to acceptable condition mainly during the summer on natural grazing. Apart from on farm fattening by commercial farmers, the communal and smallholder livestock owners are not in a position to round their animals off for marketing purposes. This in turn results in low off-take as well as poor prices being realized. The natural grazing in the communal areas thus becomes grossly overgrazed with low levels of income generated are by the resource.

However, beef cattle farming in the Ndlambe Municipal area have great potential that needs to be developed. Any interventions done should seek to change the picture in favour of black farmers be it those farming in commonages or in land reform farms. The commercialisation of commonages through ensuring and promoting infrastructure development is being implemented at the Kruisfontein Farm in Alexandria, the intervention also seeks to promote proper and sustainable farming activities at the commonages.

There is a huge need to commercialise livestock farming in Commonages. If this is done there is an opportunity to create community wealth and more jobs, the Abattoir project is on the Business Plan development stage. The report on the Feasibility of project and the shareholding agreement for the BEE partners has been concluded.

CHICORY PRODUCTION

Chicory in South Africa is exclusively produced and processed in the Eastern Cape, Alexandria since 1895. This is an established industry which used to have 100 Chicory commercial farmers each employing 40 workers thus translating to 4000 jobs created at farm operation level. The central processing plant used to create 130 permanent jobs. 95% of roasted Chicory produced by the industry supplies two major roasted Chicory users namely Nestle for Ricoffy and National Brands Limited for Frisco, Koffiehuis, Ace and Kloof etc.

The CHICORY industry has been given a massive financial and economic boost when it received a R2 million grant from the Department of Rural Development & Agrarian Reform to revitalise the local chicory production. The department, in collaboration with reputable and JSE listed giant Nestle' South Africa, signed a Memorandum of Understanding with local farmers to ensure production of chicory in Ndlambe that will meet the supply demand by Nestle' for products produced using locally produced chicory. The government has heard the farmers' outcry for the revitalisation of the local chicory industry and has implemented a long-term solution that will not only revitalise the industry but recreate various jobs lost in the closing down of the chicory industry in Ndlambe.

TOURISM AND HERITAGE

Port Alfred is the most sought-after holiday destination on Route 72 and is known for its wonderful temperate climate, endless pristine beaches, friendly village atmosphere, glorious surf, magnificent deep sea and river fishing and the laid-back lifestyle so beloved by all visitors, many of whom become permanent residents.

Alexandria is home to various heritage and tourism sites amongst them being the "Chungwa's Grave that lies in an area known as the Woody Cape, the Nongqawuse's Grave at the Fick's Farm Holding. It is also famous for its chicory farming industry and has been branded as the "Chicory Country" while Bathurst brings together the past and the present, being the hub of one of the largest pineapple growing areas in South Africa and also the famous Ox - Braai held annually at Bathurst on the New Year's Eve. Bathurst is host to what is believed to be the oldest Inn in South Africa, as well as the third oldest pub in South Africa. It is accepted that the natural environment provides the basis for the regional economy, especially the primary agriculture and tourism sectors.

Kenton on Sea is a small coastal town on the Sunshine Coast. It is situated between the Bushman's River and the Kariega River. The area has many pristine beaches and green rolling hills, and a nature reserve along the shore ensures that no housing developments can spoil the coast. Ndlambe municipality equally boasts with its beaches, the municipality has two beaches, namely Kelly's and Kariega Beaches with full Blue Flag Status whilst Middle Beach in Kenton is a pilot Blue Flag. This is one of the draw cards of tourists to the Ndlambe shores, Blue flag status promotes safety and cleanliness within our beaches.

Cannon Rocks is a village nestled in between the Boknes Village and the boundary of the Greater Addo Elephant Park it has the vast expanse of the warm Indian Ocean in front and rolling farmlands behind, making Cannon Rocks a small piece of paradise. Ndlambe LED Unit through proposal submitted to the National Department of Tourism (NDT) received funding amounting to 10 million for Ndlambe Tourism Infrastructure. Eastern Cape Tourism Agency (ECPTA) was the project implementer. The two of the approved projects were completed and the last project on the design stage. Our local SMME's benefited through subcontracting.

CANNON ROCK BEACH SUITES

Cannon Rocks Beach Suites through the support of the National Department of Tourism has been completed and handed over to the municipality. The Self-Catering facility boasts with 5 fully furnished chalets, one of the chalets is disable friendly. In line with implementing transformation within the tourism sector, Ndlambe municipality has leased out the facility to a cooperative to manage it. Plans to extend the facility to fully functional conference facilities and additional beds to accommodate people who hold conferences at the facility.

Each unit has a one or two bedrooms and a fully kitted kitchen, cutlery, and crockery and top of the shelf electric appliances. Guests can relax in the living room or outside on the patio with a built-in braai, dining table and outdoor shower. Fully equipped Conference Facility with a projector, screen and all the necessities for a successful corporate or social function are available on request. The Conference facility can accommodate 60-100 people depending on the seating plan. The facility has been graded to 3 star and the Municipality continues to provide support to the entity for sustainability purposes.

SANPARKS INITIATIVES

Fisherman's Development Programme it involves capacitation and granting of fishing permits and equipment. Arts and Craft also, capacity building and marketing through SANParks curio shops. Through UNDP grant to assist with Funding provisions.

Jobs created during Year 0 by LED initiatives (Excluding EPWP projects)				
Total jobs created / Top 3 initiatives	Jobs Created No.	Jobs lost / displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created / lost
Total (all initiatives)	10 initiatives	8 jobs lost	67 jobs created	EPWP Employment Contracts
Year -2	9	4	13	EPWP Employment Contracts
Year -1	5	Lot of businesses were affected by the COVID-19 Lockdown regulations	Lot of businesses were affected by the COVID-19 Lockdown regulations	EPWP Employment Contracts
Year 0	3	N/A		EPWP Employment Contracts

Job Creation through EPWP projects					
Details	EPWP Projects			Jobs created through EPWP projects	
	No.			No.	
Year -1	5			91	
Year 0					
Employees: Local Economic Development Service					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
7-9	1	1	1	0	0%
10-12	1	3	0	3	100%
13-15	1	1	1	0	0%
Total	3	5	2	3	60%

COMMENT ON LOCAL ECONOMIC DEVELOPMENT PERFORMANCE OVERALL:

Ndlambe Municipality has a huge scope to increase and intensify cattle farming and goat farming as key focal farming enterprises to emerging farmers and commercial farmers.

Livestock farming based on commonages must be commercialised and township-based farmers must be taken through a commercialisation path through a massive campaign, technical support, training and design of a programmes to support black farmers towards commercialisation of livestock farming out of the townships. Focus should be on improving productivity on existing farms through beefing up management capacity especially on the land reform farms and those going under.

Partnerships based on milk sharing or equity schemes is the most pragmatic option for making the black/community owned dairy farms to be functional and productive. The Dairy industry is relatively stable and cash flow positive; a concerted effort needs to be made to promote partnerships between established and emerging dairy farmers. Such a strategy will secure the long-term sustainability of the industry. Unfortunately, the Dairy industry is highly mechanised and therefore not a massive job creator. It is a profitable venture to the few involved in it.

The following Cooperatives and local businesses have been assisted for funding, machinery and equipment:

Project Name	Funding Agent
1. Masiphathisane Co-op	Ndlambe Municipality
2. Injica Co-op	Ndlambe Municipality
3. Cannon Rocks Beach Suites (Siwelele Co-op)	Ndlambe Municipality, ECPTA and Sarah Baartman District
4. Umthombo Co-op	Ndlambe Municipality
5. Hlahlabone Trading	Ndlambe Municipality and ECDC
6. Nemato Automotive	Ndlambe Municipality and ECDC
7. Siyanceda Trading	Ndlambe Municipality
8. Emzini Lounge	Sarah Baartman District
9. Masarheni Co-op	Ndlambe Municipality and Dept. of Agriculture
10. 64 Informal Traders	Department of Small Business assist informal traders with tools
11. Show Park Holdings	Ndlambe Municipality's Piggery Project

INTERGOVERNMENTAL RELATIONS

In line with the Intergovernmental Relations Framework Act, Ndlambe Municipality through the LED unit was part of the Organizing Committee for the hosting of the BRICS working group on Employment and Labour. That took place in Port Alfred from the 9th to 12th May 2023.

As part of promoting development within Ndlambe, the Small-Town Revitalisation Programme through Cogta-EC is developing a Master Plan and Precinct Plan for Port Alfred and Alexandria. The plans will assist in enhancing further development in Ndlambe and lure potential investors into the region. The area of Ndlambe depends on tourism and agriculture, which both were hardest hit and gave LED an opportunity to start the process of reviewal of LED Strategy through Cogta-EC.

Local Economic Development (LED) has been identified as a key means of improving the economic prospects of South African citizens. The purpose of LED is to build up the economic capacity of a local area to improve its economic future and the quality of life for all. It is a process by which public, business and non-governmental sector partners work collectively to create better conditions for economic growth and employment generation.

3.4 COMPONENT D: COMMUNITY AND SOCIAL SERVICES

3.4.1 INTRODUCTION TO LIBRARIES; ARCHIVES; COMMUNITY

Ndlambe Libraries are gradually progressing in terms of services and diversity of patrons, and we currently have three mini-libraries which serve the visually impaired patrons within the Ndlambe district; they are found in Alexandria, Ekuphumleni and Port Alfred. The Libraries in Ndlambe Municipality have taken the role of promoting education by assisting schools to improve their pass-rate, and we also provide catering and transport for extra classes on Saturdays.

Library services have improved immensely as there are more newspapers offered than before, for example the libraries now have Sunday Times and City Press available as a result of community requests. Services also include Tablets in addition to computers; there is also Wifi available in libraries. This demonstrates improved technological progression in Ndlambe Libraries.

CIRCULATION OF LIBRARY MATERIALS

All Functional nine Ndlambe Municipal Libraries have migrated to Brocade Library System and some are still transferring their members and books that were on the manual system onto the Brocade Library System. Statistics for the Ndlambe Libraries for the whole year are as follows:

LIBRARIES	CIRCULATION	BOOK BLOCK LOAN
ALEXANDRIA	3932	Alexandria Christian Academy Day Care and Grade R
BUSHMANS	3544	Nompucuko Combined School
KENTON	8664	Kenton Primary School
EKUPHUMLENI	2527	
PORT ALFRED	11415	Port Alfred Social Welfare Freestone Library (Book Wagon)
BATHURST	2564	
FREESTONE	3124	Sizamele Educare Centre, Qhayiya Primary School and Port Alfred Library (Book Wagon)
DR. I. K. MABINDISA	3083	Alpha Lee Aftercare, Nonkqubela Community Project Port Alfred Library (Book Wagon)

LIBRARY STRUCTURES

Library Structures in the form of Book Clubs for any age group and Library Committees are part of Ndlambe Municipal Libraries. This ensures that the community can be part of the needs' analysis of Library services. Julian Mike who is a Library Committee Member in Marselle Library represents

Ndlambe Municipality in the Sarah Baartman District Committee and reports back to the municipality through Marselle Library.

LEARNER SUPPORT PROGRAMME

In addition to the Saturday Classes initiated by the Municipality as school intervention program for improved matric passing rate, Ndlambe Municipality employed Ms Ncanywa as a Learner Support Assistant. She specialises in teaching Nompucuko's Grade 11 and 12 learners in Mathematics and Physical Science.

SCHOOL INTERVENTION PROGRAMME

As stated in the introduction, these are extra classes provided by the Municipality on weekends to improve the matric pass rate of Ndlambe Municipality. This initiative involved an agreement between the Municipality and the Nelson Mandela University where Third Year Level students tutor Ndlambe Municipal learners with subjects that need upgrading.

AWARENESS PROGRAMMES

One way of Library Promotion and Marketing is through awareness programs or events where Ndlambe Municipal Libraries take services to the communities through outreach programs.

Outreach Programs include the following:

- South African Library Week: Celebrated in March of every year
- World Book Day: Celebrated in April of every year
- World Play Day: Celebrated in May
- Career Day: done in May
- Mandela Day: July
- Holiday Programs: During School Recess
- The National Book Week, previously held in September annually, has been replaced by National Literacy Week
- Spelling Bee: Celebrated in October
- Youth Empowerment Event: Celebrated in December
- World Aids Day Event: Celebrated in December

The above Outreach programmes exclude the individual awareness programmes performed.

3.4.2 CEMETERIES AND CREMATORIUMS

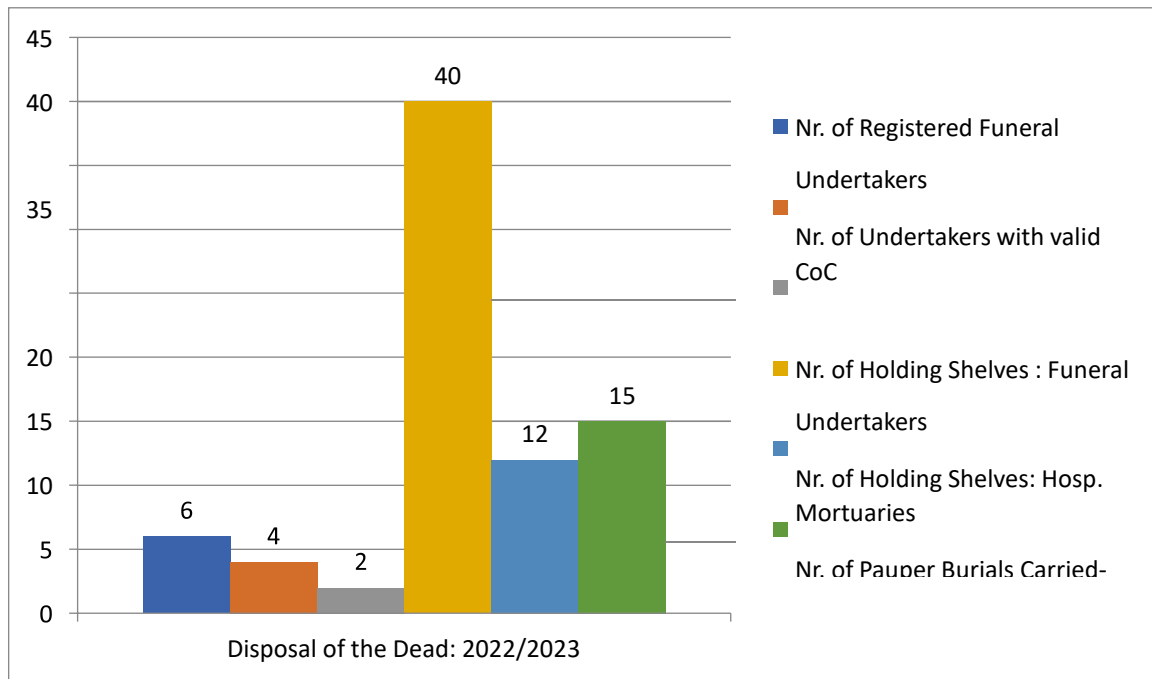
INTRODUCTION TO CEMETRIES

This service falls under Parks and Recreation Section. The municipality is currently under pressure due to unavailability of land for cemeteries. In terms of the revised SDF there is a need to identify new cemeteries but this will require environmental impact assessments and identification of land. All cemeteries throughout the municipality are cleaned on a regular basis as and when required. The cemeteries are reaching capacity and once the land disposal policy process is completed land needs to be identified for cemetery space and the necessary EIA and legislative requirements be followed. The municipality does not have its own crematorium facility and as such individuals utilise the services of funeral parlours.

DISPOSAL OF THE DEAD

All funeral parlours or undertakers are inspected to ascertain that the premises are in compliance with the applicable legislation, which is Regulation 363 relating to the management of human remains including any other regulations relating to applicable health standards.

Graph below: Illustration of information relating to disposal of the dead



COMMENT ON THE PERFORMANCE OF CEMETERIES & CREMATORIUMS OVERALL:

- There is no staff specifically employed for “Cemeteries” – these employees fall under “Parks & Recreation”;
- There are no posts in the Organogram allocated for “Cemeteries”; and
- During the year under review a Tender has been awarded for the appointment of Professional Services – Land for Cemeteries by doing an EIA / Basic Assessment Report for the establishment of 2 New cemeteries (1 x Port Alfred area and 1 x Alexandria area). Contract awarded end of March 2023 and to be completed by end of 2023/2024 financial year.

REFUSE REMOVAL SERVICES

16929 formal +4632 informal households = 21 561 households

REFUSE REMOVAL NDLAMBE MUNICIPALITY

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Port Alfred			
Monday	Town of Port Alfred	10	872
Tuesday	Nemato	7-9	709
	East Bank / Bottom West	10	861
Wednesday	Saltvei / Station Hill	10, 6	1119
	Nemato	7-9	695
Thursday	Ndlovini	7-9	1595
	Thornhill	6	500
Thursday / Friday	Businesses in PA	10	*
TOTAL			6351

REFUSE REMOVAL NDLAMBE MUNICIPALITY

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Bushman's River Mouth			
Monday	Riversbend / Harmony Park	3	487
Tuesday	Old Bushmans (Town)	3	254
Wednesday	Half Marselle / River Rd	3	581
Thursday	Rest of Marselle	3	750
Friday	Businesses, Bins & Beach	3	35
Kenton-on-Sea			
Monday	Kenton Businesses	4	36
Monday	Kenton Town	4	146
Tuesday	Kenton Residence	4	387
Wednesday	Kenton Residence	4	375
Thursday	Ekuphumleni	4	820
Friday	Businesses, Bins & Beach	4	36
TOTAL			3800

REFUSE REMOVAL NDLAMBE MUNICIPALITY

GREATER AREA	COMMUNITY	WARD	Nr of HOUSEHOLDS
Greater Alexandria	Town of Alexandria	1	273
	KwaNonquela	1	1987
	Wentzel Park	2	736
Boknes / Cannon Rocks	Boknes	2	350
	Cannon Rocks	2	250
Greater Bathurst	Town of Bathurst	5	205*
	Nolukhanyo	5	856
	Freestone	5	918
Seafield / Kleinemonde	Seafield / Kleinemonde	6	235
Informal settlements			4632
TOTAL			10 442

A TOTAL OF 21 561 HOUSEHOLDS (INCL BUSINESSES) ARE SERVICED WEEKLY

3.5 COMPONENT E: ENVIRONMENTAL PROTECTION

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

3.5.1 POLLUTION CONTROL

- There is no staff employed for pollution control – the Environmental Health Practitioners are carrying out this function;
- There are no posts in the Organogram specifically for pollution control;
- There is no budget allocated specifically for pollution control.

3.5.2 BIO-DIVERSITY AND LANDSCAPE

KEY PERFORMANCE AREAS

- Blue Flag beach Management
- Beach Front and Infrastructure Management.
- Nature Reserve Management
- Environmental Education
- Environmental Compliance (Marine; Estuaries; Terrestrial)

BLUE FLAG BEACH MANAGEMENT

- Kariega Main Beach
- Kelly's Beach

- Middle Beach K.O.S

STAFF

- Conservation Officer's portfolio includes management of: Blue Flag beaches; swimming Beaches, public facilities.
- Two permanent staff members: in that of a Blue Flag beach attendant; working every weekend and public holidays at Kelly's and Kariega beach.
- Appointed 8 contractual lifeguards, 4 - Kelly's Beach and 4 - Kariega Main Beach. (01 December 2022 – 30 April 2023)
- Appointed 9 short term lifeguards from December 2022 until January 2023 for the following beaches:
- Boknesstrand, East beach PA and Middle Beach KOS which was also 1st year full status blue flag;
- West Beach was manned by 2 beach marshal casuals over new year's 24 December 22 – 04 January 23 due to Dangerous currents and prevention of public swimming;
- Middle Beach Kenton on Sea was staffed by two DFFE funded Project teams implemented through SANParks Project Working for the Coast and managed by the municipality;
- Casual staff were appointed throughout the year at various municipal beaches to assist with maintenance at public facilities;
- Kelly beach Perm staff had health issues and was booked off for several months, casual stood to complete season.

BLUE FLAG STATUS BEACHES

- Ndlambe municipality applied for three full status beaches namely that of Kelly's Blue Flag Beach (18th season in a row), Kariega Main Beach (14th season in a row), and Middle beach KOS (1st season).
- At the National launch, Ndlambe received three Blue Flags, namely that of Kelly's Beach (Ward 10), Kariega Main Beach and Middle Beach (Ward 4).
- During this period 1 unannounced visit were carried out by a Blue Flag South Africa Inspector.
- Applications for season 2023 2024 have been submitted in April 2023 to WESSA and the National Jury will sit between October/November 2023 for this coming year evaluation. The results will be via a press release from WESSA.

DUNE STABILISATION

Kleinemonde Island Beach ablutions; was recovered from being inundated under a dune through encroachment. The municipality and consultant followed the letter of the law in the coastal zone. Casuals were employed for manual sand removal labour, whilst large quantities of sand were moved by plant. Wind nets have been erected, working in accordance with the predominant winds as well as revegetation of dunes for the stabilization of the area around the abluion to prevent future dune encroachment.

CONTRACTUAL/CASUAL STAFF

	Aug	Nov	Dec	Jan	Feb	Mar	Apr	May	Total
Klienemonde		6	6		4	4			20
Kariega KOS	1								1
Kellys PA		4	4		1	1	1	1	12
Middle Beach KOS		3	2						5

West Beach PA			2	2					4
									<u>42</u>

RESCUES / LIFEGUARDS

	KELLY	KARIEGA
Drownings/Near Drownings	0	4
Helpouts/RTB	9	16
Board/ski	0	0
Boat/IRB	0	0
Resuscitation	0	0

FIRST AID

	KELLY	KARIEGA
Cuts and Abrasions	1	2
Sprains/fractures	0	0
Stings	25	12
Sunburn	0	0
Hospitalised	0	0

DROWNINGS/NEAR DROWNING

01 January 2023 – fatal drownings x 4 persons. West of kariega mouth stuck in middle rip. Jogger assisted out of rip, CPR was performed with no response. Incident happened after lifeguard hours.

RESCUES/HELP-OUTS

Several help outs were done this year with torpedo buoys and life craft. This was partly due to some freak strong currents at the beaches but mostly due to alcohol and negligence of parents.

Drinking at/on beaches is a huge concern and stricter enforcement of the law is needed. It is a major safety risk for the lifeguards and municipal Officials when dealing with an intoxicated individual or individuals during those situations, where their lives are also at risk.

Public disregard of rules due to poor Police enforcement creates unwanted social interactions along these public beaches creating negative perceptions of the municipality and its management. Historically this was during festive season only however due to lack of law enforcement the beaches are used more often for public drinking.

NATURE RESERVE MANAGEMENT

STAFF

Conservation Officer's portfolio includes management of the local Authority Nature Reserves and private reserve guidance; monitor Public open space and commonage usage; further this liaise with rate payers urban and rural, to resolve complaints and queries.

Two Rangers and one Lodge Attendant, that are permanent staff members at the Kap River Nature Reserves.

RESERVE MANAGEMENT

- Local Authority Reserves under Municipal Management of the Conservationist are namely:
 - Joan Muirhead Nature Reserve
 - Kap River Nature Reserve
 - Great Fish River Wetland Reserve
 - Roundhill Oribi Reserve Nature Reserve
 - Great Fish River Wetland Reserve
 - Joan Muirhead Nature reserve
 - Ghio Wetland Nature Reserve (SLA)
- The Kap River water level remains to fluctuate with the seasons and rainfall, thus the river does not maintain a continuous flow of water.
- Poaching remains a major issue and will not be sorted out until the correct equipment is purchased and rangers are employed on all reserves.

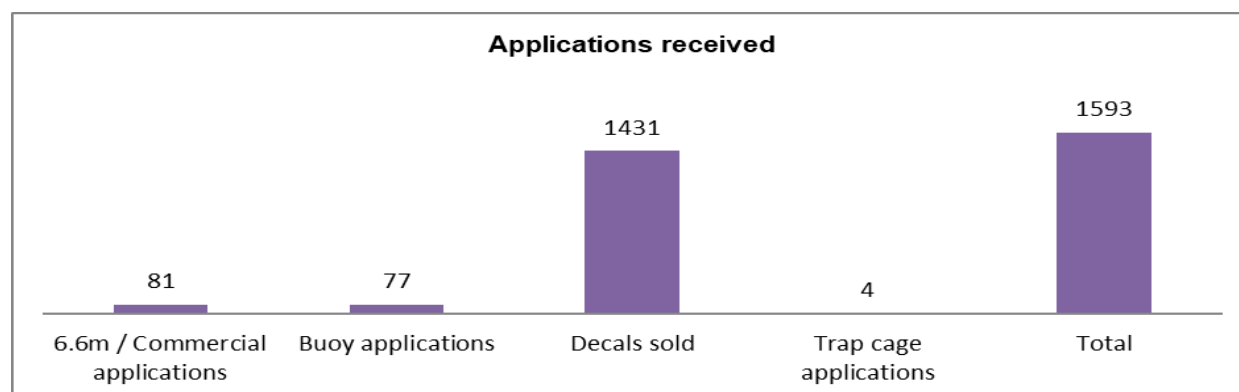
ACCESS CONTROL: FISH RIVER RESERVE

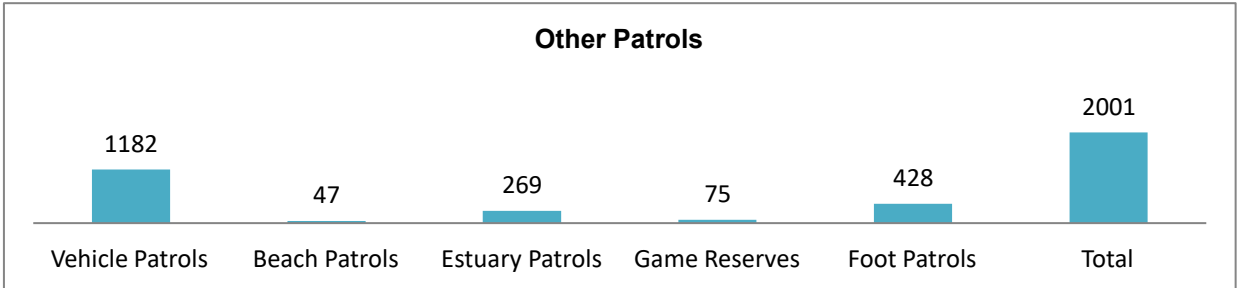
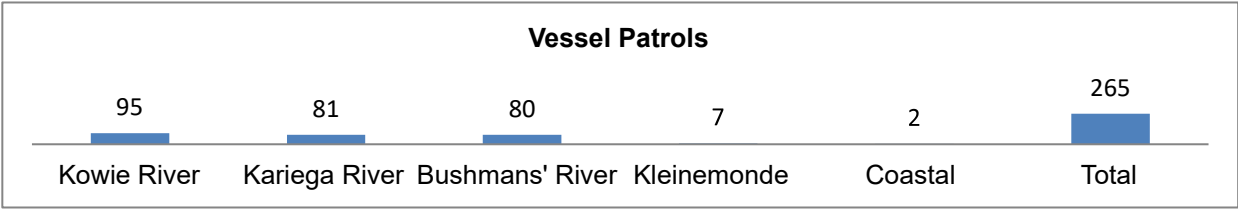
The fish river camping ground was closed to campers this year, however there was a human presence as usual over the December period and Portable ablutions were provided.

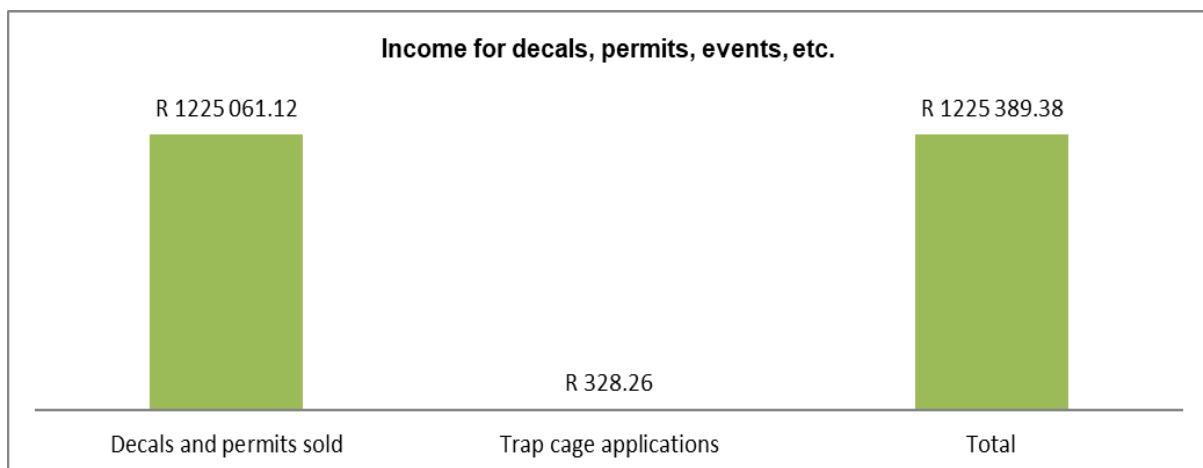
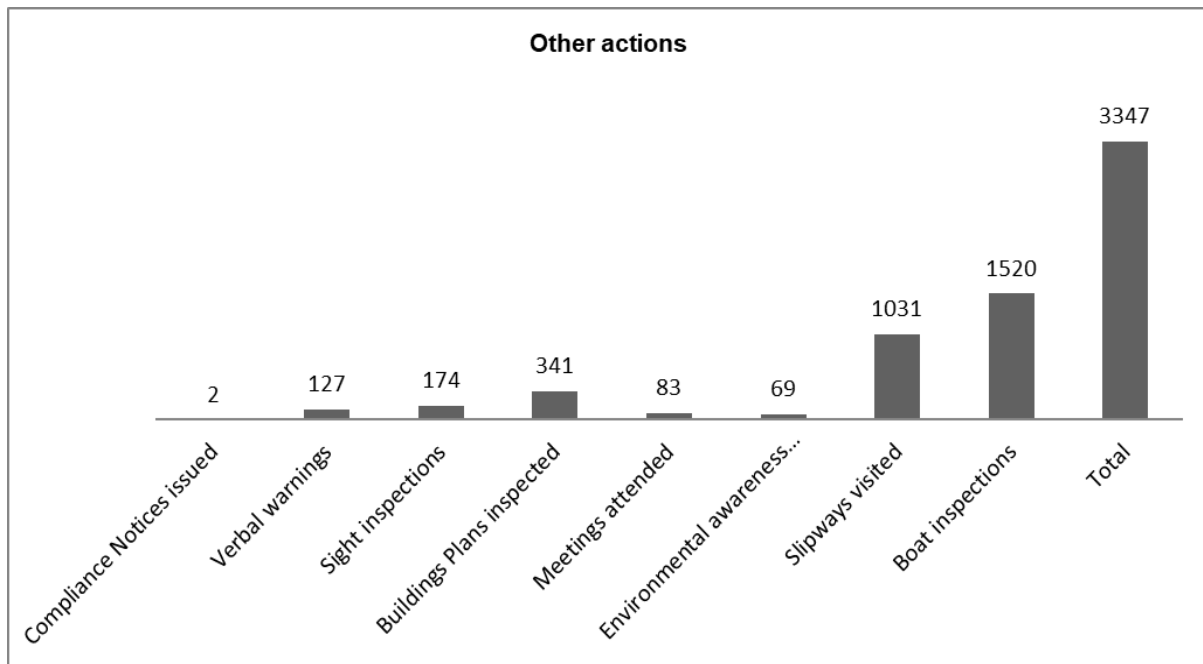
Game Count on Municipal Reserves

<u>Round Hill Oribi Nature Reserve</u>		<u>Kap River Nature Reserve</u>	
Species	Pop.	Species	Pop.
Bontebok	4	Bushbuck	11
Burchell's zebra	42	Common Duiker	2
Springbuck	11	Giraffe	15
Warthog	0	Impala	87
Bushbuck	0	Reedbuck	3
Common Duiker	2	Nyala	14
		Red hartebeest	7
		Warthog	0
		Waterbuck	7
		Burchell's zebra	59

ENVIRONMENTAL COMPLIANCE







3.6 ENVIRONMENTAL HEALTH

3.6.1 BACKGROUND

Environmental health services means the health services falling within the definition of Municipal Health Services as outlined in the National Health Act, 2003 (Section 3.12 or 2.12), also known as Municipal Health Services in respect of which the District Municipality has full legislative and executive authority in terms of section 84(1)(i) of the Municipal Structures Act.

Ndlambe Municipality has entered into a Service Level Agreement with Sarah Baartman District Municipality to render Municipal Health Services Function on behalf of the district municipality. In the service level agreement Sarah Baartman District Municipality commits that the district will provide a subsidy that transfer of payment quarterly will be undertaken by the district for the purposes of rendering the agreed Municipal Health Services.

It is recorded that the package of Municipal Health Services which the District Municipality request Local Municipality to perform as agreed in terms National Health Amendment Act, 2013 (Act No. 12 of 2013) that only a health officer who is registered with as an Environmental Health Practitioner in terms of the

Health Professions Act, 1974 (Act No. 56 of 1974) may exercise any of the powers conferred under this section. The definition of Municipal Health Services is provided in section 1 of the National Health Act, (Act 61 of 2003) and includes:

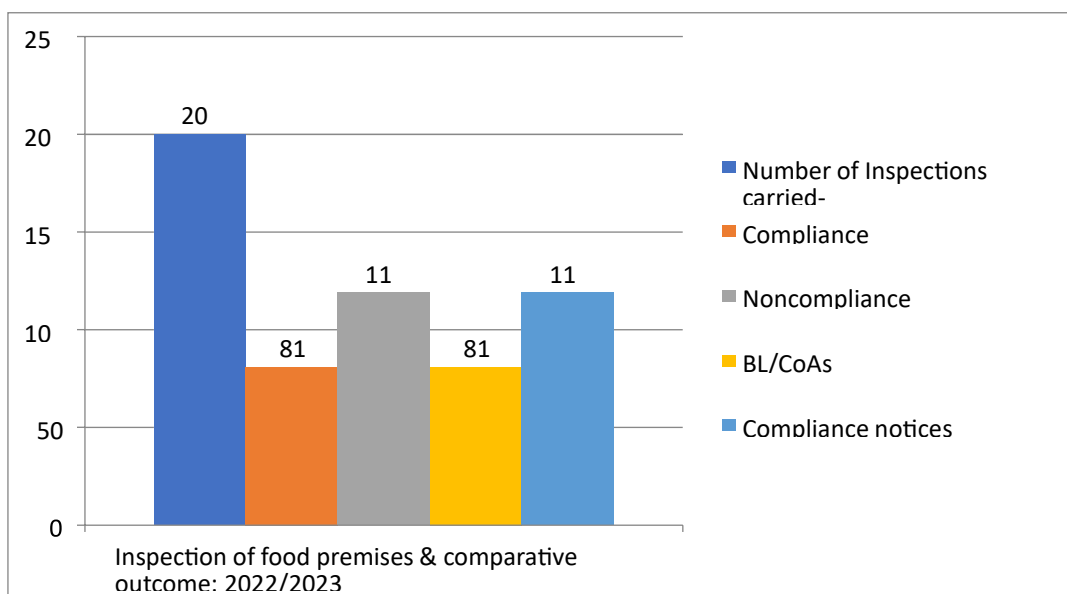
- Water quality monitoring;
- Food control;
- Waste management;
- Health surveillance of premises;
- Surveillance and prevention of communicable diseases, excluding immunization;
- Vector control
- Environmental pollution control;
- Disposal of the dead; and
- Chemical safety.

According to the National Norms and Standards for Environmental Health and the World Health Organization (WHO) norm for staffing of Environmental Health Practitioners, the acceptable ratio is 1: 10 000 population to enable Environmental Health Practitioners to render municipal health service effectively. Currently, Ndlambe Municipality with the latest 2011 Census population which is estimated around 61 176, with this population, Ndlambe Municipality is not adhering to the WHO and National Norms and Standards for Environmental Health. The norms and standards stipulate that for such population there should be 6 functional Environmental Health Practitioners, instead of the current 2 Environmental Health Practitioners.

3.6.2 FOOD QUALITY CONTROL – INSPECTION OF FOOD PREMISES

Inspection of food premises is one of the most important Key Performance Areas for Environmental Health Services (Municipal Health Services). Food Quality Control is also set out on the municipal IDP as one of the key performance areas for environmental health services. Regular unannounced inspections are carried out on food premises to make sure that food premises are compliant with food hygiene handling requirements as per legislative requirement by ensuring food safety in respect of acceptable microbiological and chemical standards, quality of all food for human consumption and optimal hygiene control throughout the food chain. Vigorous efforts are made to assist and encourage all food premises inspected to be compliant with the regulations governing general food hygiene handling where there are contraventions with the regulations.

ANALYSIS INSPECTION CARRIED OUT



CERTIFICATE AND SAFE DISPOSAL OF SEIZED FOODSTUFFS

1. WOOLWORTHS STORE – PORT ALFRED: JULY 2022

Several Foodstuffs were removed from Port Alfred Woolworths Store, with the request of the Store Manager in terms of Regulation 328, under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972). Foodstuffs were safely destroyed under the supervision of a registered Environmental Health Practitioner, at a licenced Municipal Landfill Site. A safe disposal certificate was issued for the attention of the Store Manager.

2. WOOLWORTHS STORE – PORT ALFRED: JANUARY

Several Foodstuffs were removed from Port Alfred Woolworths Store, with the request of the Store Manager in terms of Regulation 328, under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972). Foodstuffs were safely destroyed under the supervision of a registered Environmental Health Practitioner, at a licenced Municipal Landfill Site. A safe disposal certificate was issued for the attention of the Store Manager.

3. NEMATO SPAR – PORT ALFRED: FEBRUARY 2023

Several Foodstuffs were removed from Port Alfred Woolworths Store, with the request of the Store Manager in terms of Regulation 328, under the Foodstuffs, Cosmetics and Disinfectants Act, 1972 (Act 54 of 1972).

Foodstuffs were safely destroyed under the supervision of a registered Environmental Health Practitioner, at a licenced Municipal Landfill Site. A safe disposal certificate was issued for the attention of the Store Manger.

3.6.3 WATER QUALITY MONITORING

Water quality monitoring is also the most important Key Performance Areas for Environmental Health Services (Municipal Health Services). Water Quality monitoring is also set out on the municipal IDP as one of the priority areas for basic service delivery. Regular drinking water samples are taken for bacteriological and chemical analysis as per legislative mandate (SANS 0241) to establish water safeness for human consumption.

The tables below indicate compliance/failure as a result of Escherichia coli (E. coli) which is an indicator of faecal pollution by warm blooded animals (often interpreted as human faecal pollution). E.coli is responsible for infectious diseases such as gastroenteritis, cholera, dysentery and typhoid fever after ingestion of contaminated water.

Tables further provide a summary of drinking water quality compliance information on monthly basis over a year (July 2022 – June 2023).

Water Quality Compliance Table: July 2022 – December 2022

E.coli (health) (count per 100 mL) for Ndlambe Municipality

	Jul-22		Aug-22		Sep-22		Oct-22		Nov-22		Dec-22	
Area	Samples Complied	% Compliance	Samples Complied	% Compliance	Samples Complied	% Compliance	Samples Complied	% Compliance	Samples Complied	% Compliance	Samples Complied	% Compliance
Ndlambe Municipality	18 / 18		18 / 24		13 / 25							
		100.00%		75.00%		40.00%	24 / 31	77.40%	15 / 22	68.20%	13 / 22	59.10%
<u>Alexandria</u>	04-Apr	100.00%	03-Mar	100.00%	04-Apr	100.00%	04-Apr	100.00%	04-Apr	100.00%	04-Apr	100.00%
Bathurst	02-Feb	100.00%	03-Jan	33.30%	0 / 3	0.00%	05-Mar	60.00%	03-Jan	33.30%	02-Jan	50.00%
Bushmans River	03-Mar	100.00%	03-Mar	100.00%	03-Feb	66.60%	03-Mar	100.00%	03-Mar	100.00%	03-Mar	100.00%
Cannon Rocks / Boknes	02-Feb	100.00%	02-Feb	100.00%	02-Feb	100.00%	02-Feb	100.00%	02-Feb	100.00%	02-Feb	100.00%
Kenton- on-Sea	02-Feb	100.00%	02-Feb	100.00%	02-Feb	100.00%	02-Feb	100.00%	03-Mar	100.00%	02-Feb	100.00%
Kleinemonde / Seafield	01-Jan	100.00%	01-Jan	100.00%	01-Jan	100.00%	01-Jan	100.00%	01-Jan	100.00%	0 / 1	0.00%
Port Alfred	04-Apr	100.00%	10-Jun	60.00%	10-Feb	20.00%	14-Aug	57.10%	06-Jan	16.70%	08-Jan	12.50%

- .Complying samples indicates the number of samples complying with SANS: Microbiological - Standard Limits vs. the total number of samples collected in an area.
- The percentage compliance displayed is the percentage of all samples collected in the area falling within SANS: Microbiological - Standard Limits.

ESTUARIES WATER QUALITY MONITORING AND EFFLUENT QUALITY MONITORING

Months	Rivers Compliance for Recreational Purpose			Months	Effluent Compliance: General Authorizations		
	Rivers Collected	Samples Complied	% Compliance		Samples Collected	Samples Complied	% Compliance
July 2022	10	8	80%	July 2022	5	3	60%
Aug. 2022	10	3	30%	Aug. 2022	5	1	20%
Sept. 2022	10	8	90%	Sept. 2022	5	4	80%
Oct. 2022	10	10	100%	Oct. 2022	5	3	60%
Nov. 2022	10	10	100%	Nov. 2022	5	3	60%
Dec. 2022	10	10	100%	Dec. 2022	5	3	60%
Jan. 2023	10	8	80%	Jan. 2023	5	3	60%
Feb. 2023	10	9	90%	Feb. 2023	5	3	60%
Mar. 2023	10	4	40%	Mar. 2023	5	0	0.0%
April 2023	10	9	90%	Apr. 2023	5	1	20%
May 2023	10	7	70%	May 2023	5	3	60%
June 2023	9	9	100%	June 2023	5	3	60%

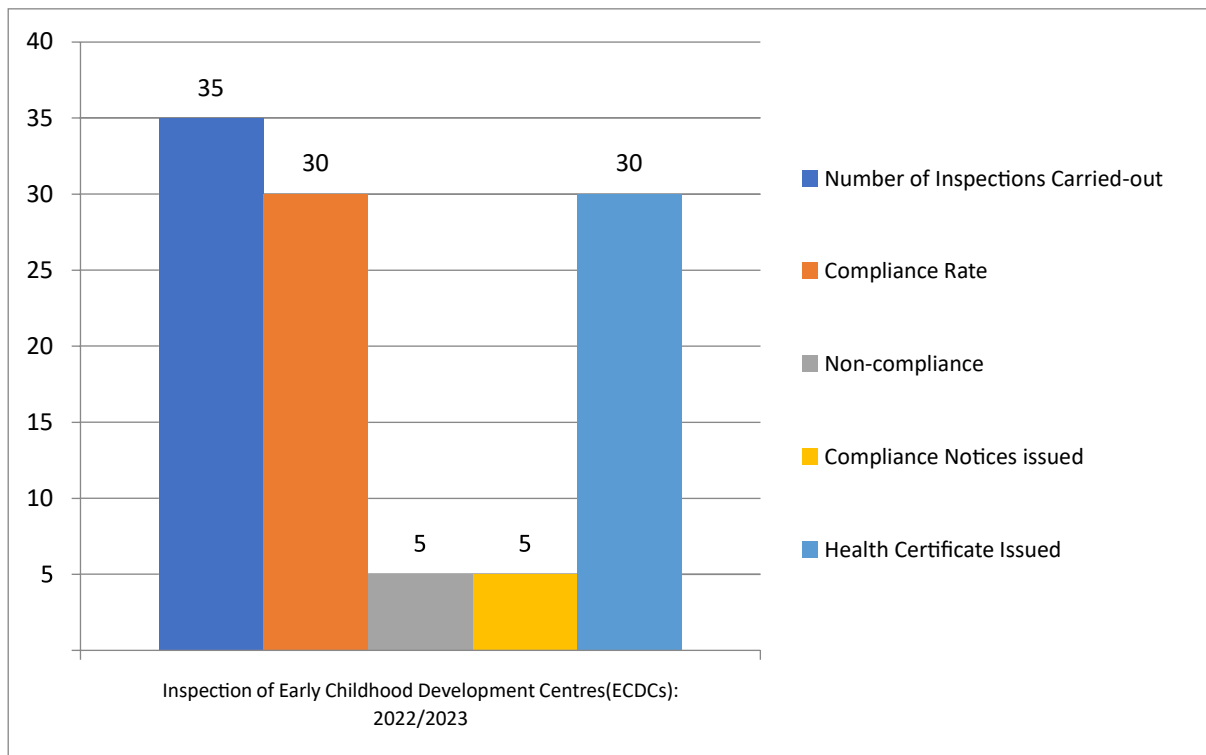
3.6.4 HEALTH SURVEILLANCE OF PREMISES

Health surveillance of premises falls within the scope of practice of environmental health practitioners, it is for this reason that Environmental Health Practitioners are required to carry-out inspections on the early childhood development centres, in order to ensure amongst others, the following:

- Conducting environmental health impact assessments of premises;
- Assess aspects such as ventilation and indoor air quality, lighting and moisture proofing, thermal quality, structural safety and floor space;
- Assess overcrowded, dirty or other unsatisfactory health conditions on any occupied premises;
- Ensuring the prevention and abatement of any condition on any premises, which is likely to constitute a health hazard;
- Promoting health and hygiene, aiming at preventing environmentally induced diseases and related communicable diseases.

INSPECTION OF EARLY CHILDHOOD

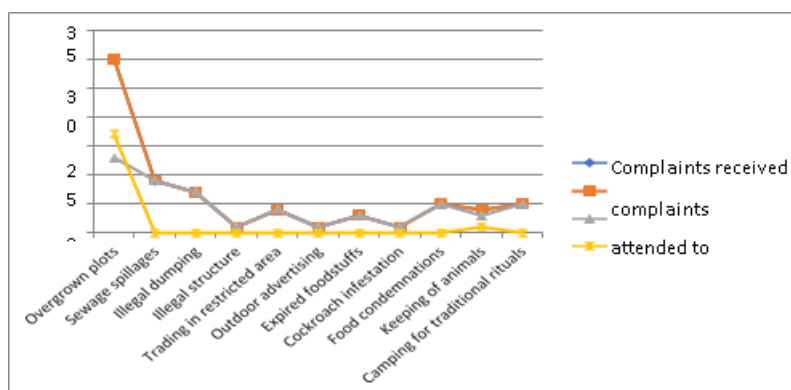
Inspection of Early Childhood Centres



ENVIRONMENTAL HEALTH RELATED COMPLAINTS

Environmental health is concerned with all aspects of natural and built environmental that may affect human health. Environmental health also contributes to the promotion of wellness and prevention of disease, primarily by controlling environmental factors that negatively impact on human health; it also encompasses the discipline of anticipating, recognizing, evaluating and controlling health hazards. Most of the complaints attended are the priority areas of the municipality as listed on the municipal IDP document.

The graph below illustrates environmental health related complaints received and attended to, during the 2022/2023 financial year. These environmental health related complaints were attended to, and are illustrated in the graph below:

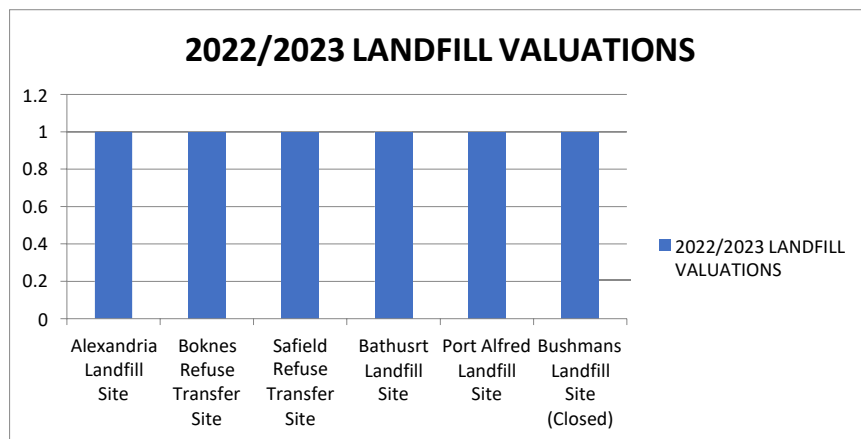


3.6.5 ANNUAL LANDFILL SITE: EXTERNAL VALUATIONS

Municipalities are required to recognize closure provisions licensed and unlicensed waste management facilities due to legal obligations and report on these as required in terms of generally recognised accounting practice (GRAP 19).

The valuations of the municipal landfill sites were carried out by an independent service provider. Information used in compiling the valuations was mainly supplied by the Municipality, which has been supplemented by the visual inspections of the landfill sites undertaken by the service provider and municipal officials (Environmental Health Practitioners).

The chart below indicates facilities that were considered during the 2022/2023 landfill valuations.



3.6.6 SECURITY SERVICES

PLACE	INCIDENT	DETAILS	OUTCOME
Extraction pump- Kowie river Port Alfred	Theft of copper wiring	A contracted security service provider reported a damaged electric fence at the extraction pump	The police were notified, and extra security measures were added on to the pump station
Corporate Services- Causeway Road Port Alfred	Tempering with copper wiring	An unknown person tempered with electrical connections for air conditioners.	A contracted security service provider is monitoring the area. The criminal case was also reported to Port Alfred SAPS for investigation
Thornhill substation	Break-in/Theft of copper cable	CDR reported a repetitive theft of copper cable at the substation	Criminal cases had been reported to Nematso SAPS for investigation
Station hill community hall	Theft of copper wiring	A contracted Private security provider reported a power failure and on inspection it was discovered that and under ground power line had been stolen	The incident was reported to SAPS Port Alfred for investigation. Eskom was also notified. A security measure was implemented accordingly
Kenton on sea water reservoirs	Theft of copper cable	The plumbers reported a stolen Eskom power supply cable	The incident was reported to Eskom and the SAPS, a criminal case was registered with Kenton on Sea SAPS
Ekuphumleni community hall	Malicious damage to Property and theft	The Security Coordinator received a call that the library was burning, the fire was extinguished, and no damage was caused. Noticeable damage was visible on the hall: copper wire stolen, bathroom basins and toilet seats broken	The incident was reported to Kenton on sea SAPS for investigation
Ekuphumleni library	Theft of copper cable	The library personnel reported stolen cable at the Library in Ekuphumleni	The incident was reported to Kenton SAPS for investigation
Bushmans municipal yard	Attempted theft from a parked old vehicle	The place is guarded during the nighttime, the guards reported that an unknown person had tempered with an old parked Municipal vehicle	The vehicle has been removed to Port Alfred workshop for proper safe keeping
Old Market Building -Port Alfred	Vagrants causing a damaging fire	Fire was reported at the old garages along the old market. The Municipal Security Coordinator investigated the fire incident. The fire was caused by the vagrants.	The fire was extinguished by the Fire and rescue and the corrective measure was taken access has been denied to the affected area
Community and Protection Services offices- Port Alfred	Theft of copper cable	A contracted private security service provider attended to an alarm at CPS offices in Causeway Road and on arrival the cabling connecting the Air conditioners was stolen	A criminal case was reported to Port Alfred SAPS for investigation
Nonkqubela Community-Alexandria	Malicious damage to property and theft of cable	The Municipal employees found a hall broken into and electric copper wire, plugs and switches on the hall were stolen.	The incident was reported to the SAPS in Alexandria for investigation
Wastewater ponds - Alexandria	Theft of a perimeter fence	The Municipal employees found a portion of a welded mesh perimeter stolen.	The matter was reported to Alexandria SAPS for criminal investigation
Klipfontein Community Hall	Malicious damage to property	While conducting a security assessment on premises the Security Coordinator found a damaged water pipe	The matter was reported to Multi Security and Hi Tec for high visibility patrols.

Old Market -Port Alfred	Theft of copper cable		
Amatola Water Plant-Nemato	Attempted theft of fittings	The contracted security service provider spotted unknown African males attempting to steal fittings. The assailants fled on foot towards Nemato. Nothing was stolen	The suspects fled on foot towards Nemato and the Security Coordinator from Ndlambe was informed and extra security measures were introduced
Lashington emergency power supply-Bathurst	Theft of diesel	Diesel was stolen out of a generator	A criminal case was reported to Bathurst SAPS for investigation
Open public space opposite the SAPS Dog Unit -Port Alfred	Theft of copper cable	The SAPS members on patrol spotted an African male digging out cable. He was arrested and	A criminal case was opened, and one suspect was arrested by the SAPS members for theft
Marselle Library	Theft of copper plumbing fittings	Copper fittings for plumbing were stolen on the outside of the library	A criminal case was reported to SAPS Kenton on Sea for criminal investigation
Ndlambe Local Economic Development Office-Port Alfred	Break in/House breaking and theft	IT equipment was stolen from the LED office. A method used was the suspect smashed a window and pulled the items out without entering the office	A criminal case has been reported to Port Alfred SAPS for investigation
Causeway Pump station – Port Alfred	Theft of copper cable	A case of copper theft was discovered at the pump station	Extra security measures were taken, and a criminal case was reported to Port Alfred SAPS for investigation
Bushmans Picnic area	Vagrants sleeping over at night	The vagrants were sleeping over on the bushes and causing nuisance	The vagrants were instructed to vacate
Kenton on Sea – Material storage	An suspicious vehicle was seen parked at the Municipal yard in Kenton on Sea	A suspicious vehicle was seen parked at the Municipal storage in Kenton on Sea	The Security Coordinator had the vehicle removed from the Municipal property as it was posing a potential security breach
P.A Traffic services	Arson	A case of arson was reported and attended to	A Criminal case has been reported at Port Alfred SAPS for investigation

SECURITY RELATED ACTIONS	TOTAL
Patrols conducted on all Municipal properties	601
Security related matters attended	72
Security Incidents	23
Security audits conducted -Ndlambe East	38
Security audits conducted -Ndlambe West	42
Internal incidents investigated	7
Security awareness conducted	12
Municipal property recovered	6

3.6.7 TRAFFIC SERVICES

REPORT – MOTOR VEHICLE LICENCING AND REGISTRATION (MVRA) 2022/2023

	Trx	Amount
Temporary permits issued	124	R130 20,00
Temporary permits (blank) issued	29	R30 350,00
Special permits issued	39	R3 159,00
Registration of vehicles	5059	R650 175,70
Duplicate registration certificates issued	508	R308 512,50
Licencing of vehicles	20 925	R10 911 214,00
Allocated personal number plates	27	R5 832,00
Driving Licence card admin levy	13 428	R966 692,00
TOTAL AMOUNT COLLECTED BY MVRA:		R13 440 144,15
TOTAL AGENCY FEE COLLECTED:		R2 851 454,58
TOTAL PROVINCIAL FEES COLLECTED:		R9 621 754,72
RTMC FEES COLLECTED:		R966 456,00
TOTAL AMOUNT COLLECTED BY MVRA:		R13 440 144,15

The Motor vehicle Licencing and Registration section collected a total of R2 851 454,58 for the financial year 2022 / 23.

REPORT – DRIVING LICENSE TESTING CENTRE (DLTC)

	Trx	Amount
APPLICATION FOR LEARNERS LICENCES	816	R191 913,00
APPLICATION FOR PrDP CATEGORY D,G & P	1 011	R111 161,00
APPLICATION FOR HEAVY DUTY DRIVING LICENCE	391	R134 895,00
APPLICATION FOR LIGHT MV DRIVING LICENCE	219	R64 386,00
DUPLICATE LEARNER LICENCES	35	R7 380,00
ISSUING IF DRIVING LICENCES	4 609	R864 432,00
ISSUING OF LEARNER LICENCES	233	R16 077,00
ISSUING OF TEMPORARY DRIVING LICENCES	2 290	R192 096,00

The Driving Licence Testing Centre section collected a total of R 1 580 367,00 for the financial year 2022 / 23.

REPORT – LAW ENFORCEMENT (TCS)

Income collected by TCS		R 290 650,00
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THE Law Enforcement Section collected a total of R257200 for the Financial Year 2022/2023

TOTAL INCOME BY MVRA:		R 2 851 454,58
TOTAL INCOME BY DLTC:		R 1 580 367,00
TOTAL INCOME BY TCS:		R 290 650,00

INCOME GENERATED BY TRAFFIC DEPARTMENT: R4 722 471,58

3.6.8 FIRE AND EMERGENCY SERVICES

NUMBER OF VEHICLES	AREA /MUNICIPAL	CURRENT TOTAL	AGE AND CONDITION	TOTAL REQUIRE D	ESTIMATED COST
Major Fire Pumpers	4	1(2 OOC)	FAIR	1	2800000
Medium Pumper Fire Engines	2	1 (1x00C)	GOOD	0	0
Light Rescue vehicles	2	1 (1x00C)	NEW		
Heavy Duty Rescue	1	0		1	2500000
LDV Fire Skid units	4	3 (1x00C)	2FAIR/1NEW	1	400000
Firefighting trailers	0	0			
Water Tankers	2	2(OOC)	OLD SCRAPPED	2	2600000
Hazmat trailer / vehicle	1	0	GOOD		
Hydraulic Platforms	0	0			
Turntable Ladders	0	0			
OTHER: JOC	1	1	GOOD		
TOTAL	17	6 and 2 trailers		5	8300000
FIRE SERVICES VEHICLES	TYPE	NUMBER	SINCE WHEN		
Vehicles involved in Accidents	0	0			

Vehicles Out of Commission	0	0	0		
TOTAL	0	0			
BUILDINGS / FIRE STATIONS	CURRENT	REQUIRED	ESTIMATED COSTS		
Location of fire stations	P/ALFRED / BUSHMANS	3	1000000		
No. of fire stations (Includes Satellites)	2	3			
TOTAL	2	3	0		

TRAINING & DEVELOPMENT OF STAFF	ALL STAFF TRAINED TO DATE (NOT ONLY DURING THIS QUARTER)				
	FIRE FIGHTER 1	FIRE FIGHTER 2	HAZMAT OPERATIONS	HAZMAT AWARENESS	BASIC AMBULANCE ASSISTANT /LEVEL 3
Number of staff trained in:					
TOTAL	21	20	22	21	21
CATEGORY	1st Quarter July - September 2022	2nd Quarter October - December 2022	3rd Quarter January - March 2023	4th Quarter April - June 2023	Grand Total 2022/2023
IN- SERVICES TRAINING TO FIRE STAFF					
Specify subjects covered (e.g. ropes/ship/aircraft firefighting/	129	49	88	108	

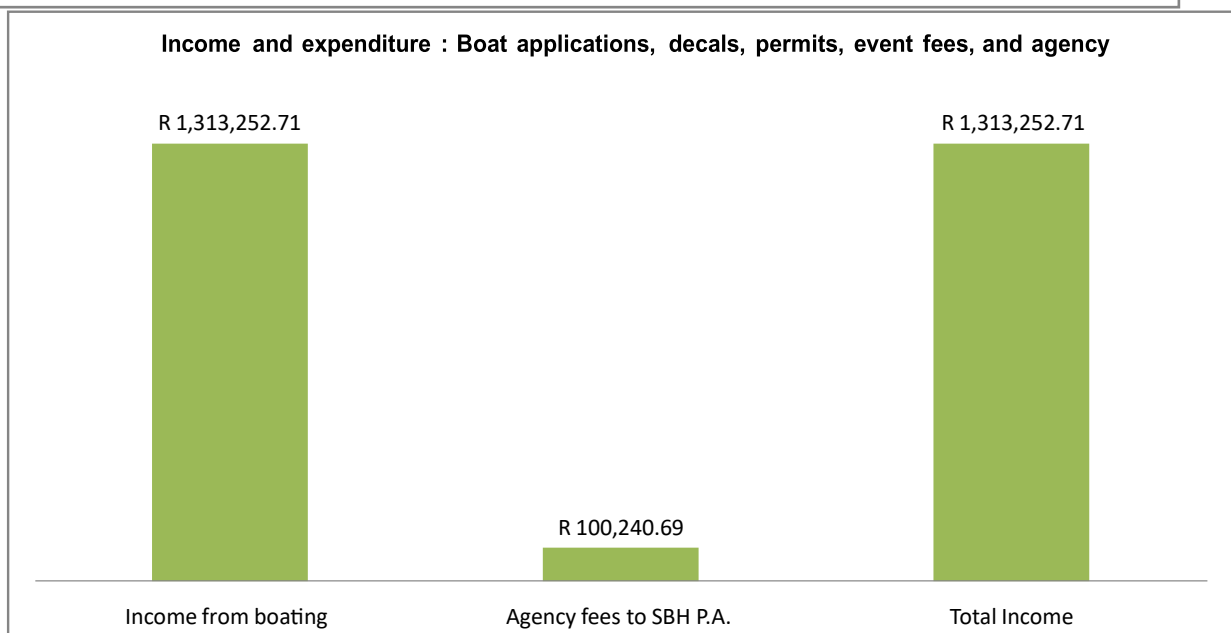
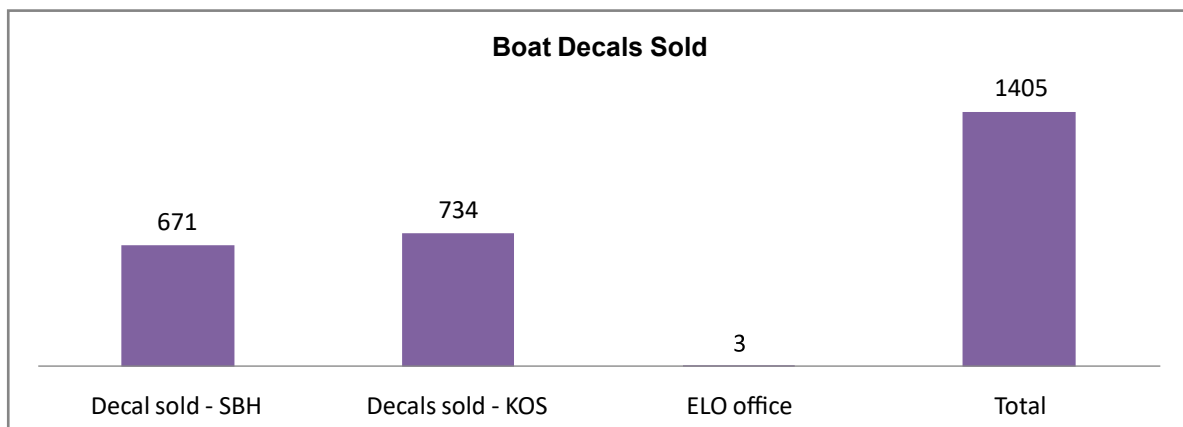
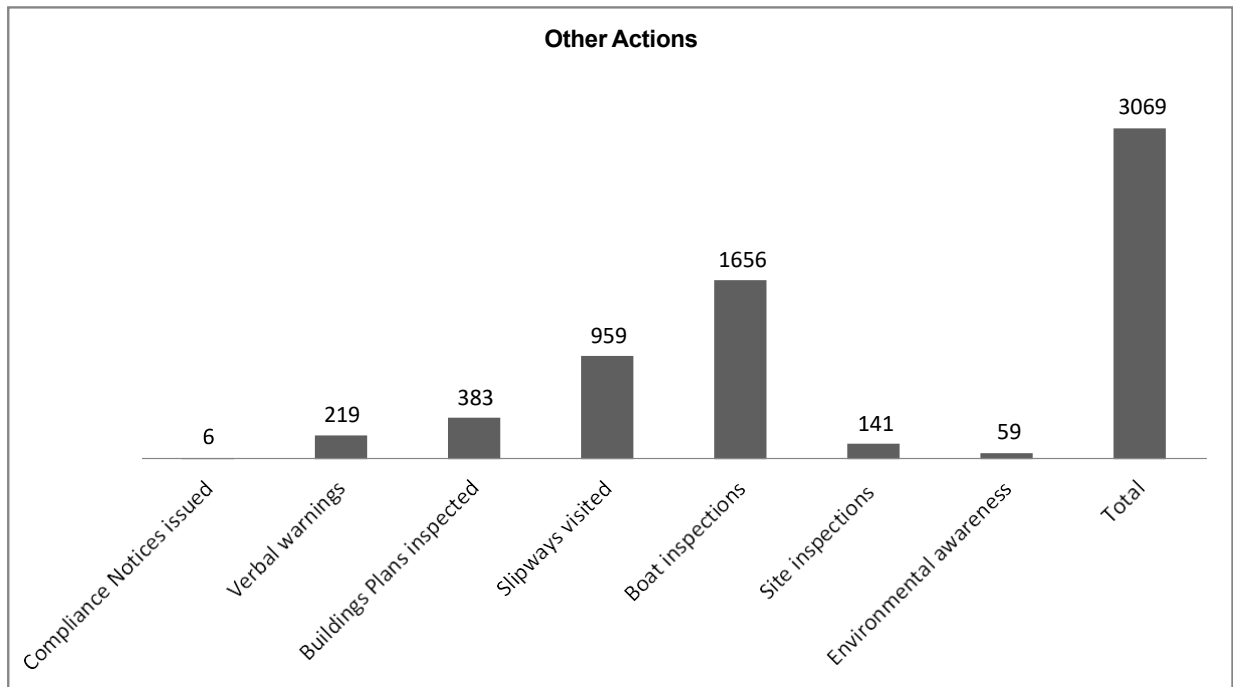
hazmat)					
Number of hours i.r.o theoretical and practical	258	98	176	216	748
TOTAL	387	147	264	324	748
FORMAL TRAINING BY FIRE STAFF	1st Quarter July - September 2022	2nd Quarter October - December 2022	3rd Quarter January - March 2023	4th Quarter April - June 2023	Grand Total 2022/2023
Specify type of training (Eg. FF1/FF2/BAA/Haz mat etc.) aviation)	0	0	High Angle 1/2, Extrication, Fire Prevention	0	
Number of Staff Trained during the Quarter	0	1	8	0	9
TOTAL	0	1	8	0	9
AWARENESS AND TRAINING	1st Quarter July - September 2022	2nd Quarter October - December 2022	3rd Quarter January - March 2023	4th Quarter April - June 2023	Grand Total 2022/2023
Number of civilians made aware	39	23	61	60	183
Specify the type of institutions visited (e.g. Old age home/Hospital / Clinic / Factory / Govt. buildings / Library etc.)	INDUSTRIAL	Commercial	Commercial	Institutional	
Number of children and teachers made aware	0	55	215	132	402
Number of schools covered	0	2	3	2	7
TOTAL	39	57	279	194	592
FIRE SAFETY (number of inspections conducted)	1st Quarter July - September 2022	2nd Quarter October - December 2022	3rd Quarter January - March 2023	4th Quarter April - June 2023	Grand Total 2022/2023
General Inspections	128	86	117	196	527
Flammable Liquid	21	9	9	33	72

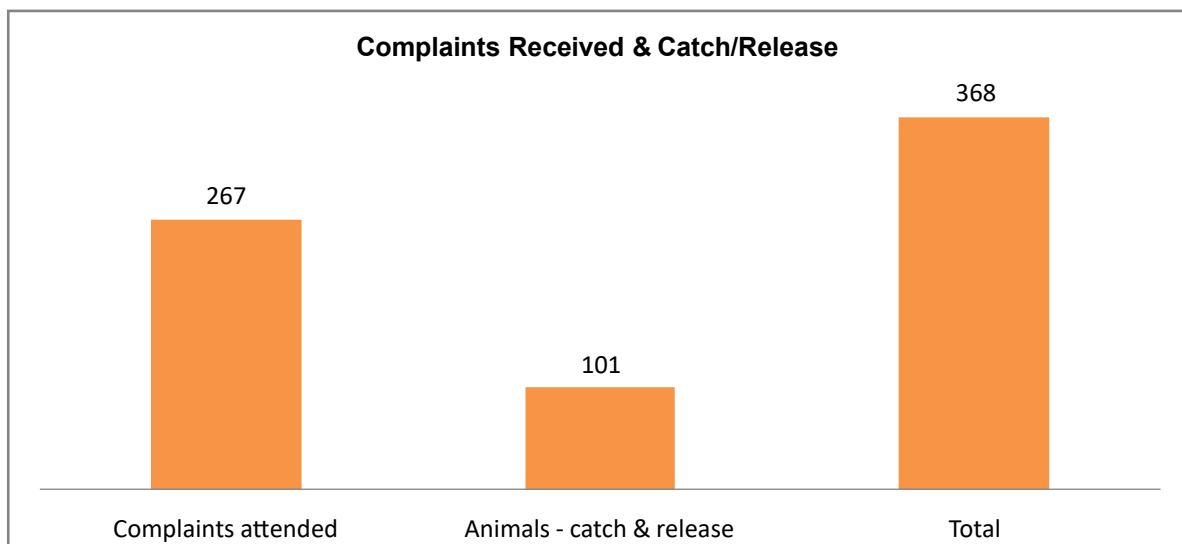
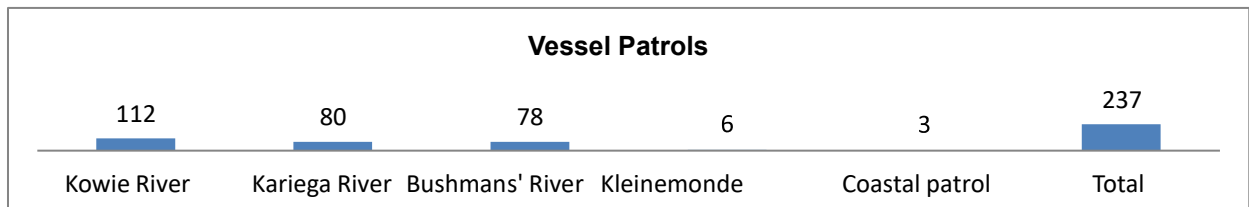
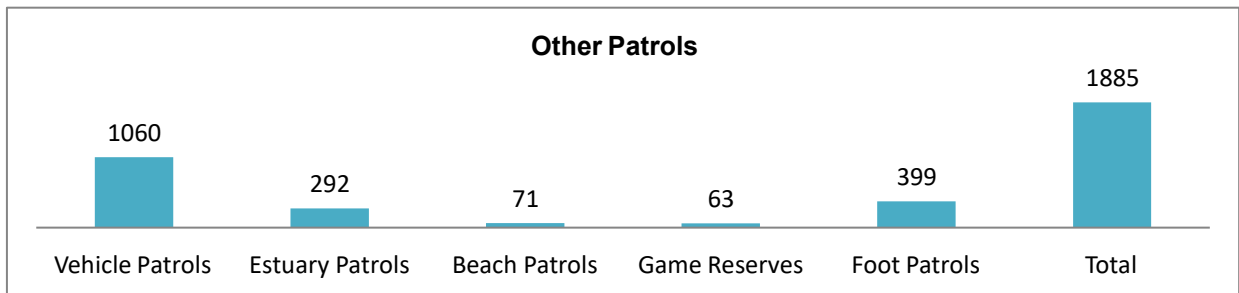
Building Plans	102	63	49	96	310
Fire Hydrants(specify the area)	312	144	251	282	989
Burning Permits Issued	14	6	9	13	42

3.6.9 OTHER (DISASTER MANAGEMENT, ANIMAL LICENCING AND CONTROL, CONTROL OF PUBLIC NUISANCES AND OTHER)

- Disaster Management is a competency of Sarah Baartman District Municipality. A Disaster Co- Ordinator has been appointed by the District Municipality and he has a satellite office in Port Alfred;
- The Municipality is currently not carrying out the function of Animal Licensing. The control of animals and
- Public Nuisances is a shared function between By-law Compliance, Environmental Conservation and Environmental Health.

3.6.10 ENVIRONMENTAL COMPLIANCE





CHAPTER 4: ORGANISATIONAL DEVELOPMENT

4.1 COMPONENT A: ORGANISATIONAL DEVELOPMENT

4.1.1 INTRODUCTION TO HUMAN RESOURCE SERVICES

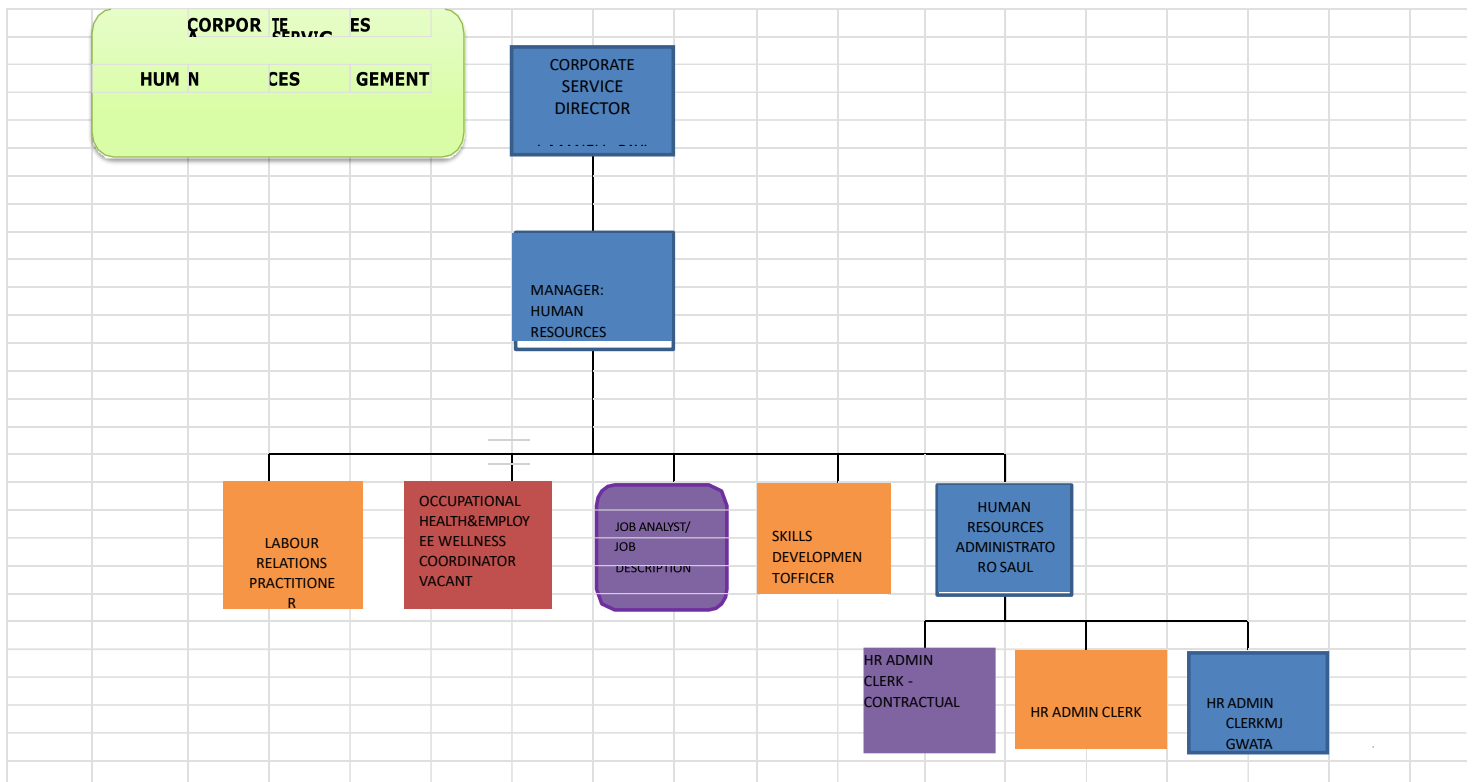
Ndlambe Municipality employs approximately 463 people who currently account for more than 38% of the local municipality's overall budget. It should be understood that people are not only an organisation's most valuable assets, they are the organization. Without them nothing will happen. The staff should be seen and treated as the organisation's customers-it therefore becomes the duty of the municipality to work towards making them successful.

Critical to people management is management of their performance through not only goal setting but also regular performance reviews which is championed by the Office of the Municipal Manager. Of importance in Human Resource Management is the investment in the training of staff-the more staff know the more value will the Municipality be able to add to its customers.

Lastly the Municipality through Human Resources has to develop mechanisms to measure absenteeism and staff turnover so as to ensure that the people management process is working optimally through the

PayDay System. The effective and strategic management of human resources therefore becomes the cornerstone of the wider transformation of the Local Government Service.

To survive and to remain a key player in sustainable development the municipality thus has to develop measures that will ensure a strategic human resource management approach. The Municipality has an adopted Organisational Structure.



4.1.2 EMPLOYEE TOTALS, TURNOVER AND VACANCIES

Employees: Human Resources Services					
	Year -1	Year 0			
Job Level	Employees No.	Posts No.	Employees No.	Vacancies (fulltime equivalents) No.	Vacancies (as a % of total posts) %
Sec 56	1	1	1	0	0
Sec 57	5	5	5	0	0
Task Grade 10 – 16	74	90	74	16	17

Employees					
Description	Year -1	Year 0			
	Employees No.	Approved Posts No.	Employees No.	Vacancies No.	Vacancies %
Water	37	37	37	0	0
Wastewater (sanitation)	28	30	28	2	

Electricity	3	3	3	0	
Waste Management (Refuse and Street Cleaning)	63	70	63	7	
Parks and Recreation, Beaches, Nature Conservation and Reserves Management	47	57	47	10	
Housing	9	10	9	1	
Roads and Wastewater (stormwater drainage)	109	115	109	6	
Mechanical and Workshop	8	8	8	0	0
Town Planning & Building Control	11	13	9	2	
Local Economic Development	4	6	4	2	
Planning (strategic and Regulatory)	0	0	0	0	0
Community and Social Services	49	50	49	1	
Environmental Protection / Health	3	3	3	0	0
Special Programmes	1	4	1	3	
Corporate Policy Offices and Other	105	124	105	19	
Totals	477		477	50	

Vacancy Rate: Year 2022/23

Designations	Total Approved Posts	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
	No.		
Municipal Manager	1	0	0
CFO	1	0	0
Other S57 Managers (excluding Finance Post)	3	3	0
Other S57 Managers (Finance Post)	0	0	0
Fire Fighters	17	0	0
Senior Management levels 13 – 17 (excluding Finance Post)	19	4	21

Senior Management levels 13 – 17 (FinancePost)	5	2	40
Highly skilled supervision: levels 9 – 12 (excluding Finance posts)	17	0	0
Highly skilled supervision: levels 9 -12 (financeposts)	15	2	13
Internal Audit Staff:(Levels 9– 12)	3	0	0

COMMENT ON VACANCIES AND TURNOVER:

The critical positions mentioned in the above column are filled which positively reflect the stability of the Municipality and the functioning of the Retention Strategy of Ndlambe Municipality. However, other terminations in lower positions are as a result of resignations, deaths, retirements and dismissals.

4.2 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

4.2.1 INTRODUCTION TO MUNICIPAL WORKFORCE MANAGEMENT

The Council has reviewed and adopted policies including new policies have been developed. The process of policy development is on-going or as the needs arise. It must be noted that the engagement process in consultation with labour at the Local Labour Forum meetings and with the working session with the Councillors in policy development has led to the final adoption of the policies. Local Labour Forum sits quarterly to discuss issues of mutual interest between the employer and organised labour. When the Local Labour Forum does not sit a memorandum of agreement is signed by the Employer and Organised Labour. This forum is very critical as it maintains stability in the institution.

4.2.2 POLICIES

No.	Policy	Custodian(s) Responsible person
1	Allowances Policy	Corporate Services
2	Bereavement Policy	Corporate Services
3	Employee Wellness Policy	Corporate Services
4	Labour Relations Policy	Corporate Services
5	Leave Policy	Corporate Services
6	Occupational Health & Safety Policy	Corporate Services
7	Overtime Policy	Corporate Services
8	Private Work (Code of Conduct) Policy	Corporate Services
9	Remuneration Policy	Corporate Services
10	Recruitment and Selection Policy	Corporate Services

11	Essential User Car Scheme Policy	Corporate Services
12	Study and Capacity Building Policy	Corporate Services
13	New Policy Disciplinary Procedure Agreement	Corporate Services
14	Motor Vehicle Allowance	Corporate Services
15	Policy On Casual Or Contract Workers	Corporate Service
16	Grievance Policy	Corporate Services
17	Attendance and Punctuality Policy	Corporate Services
18	Relocation Policy	Corporate Services
19	Retention and scarce skills Policy	Corporate Services
20	Smoking Policy	Corporate Services
21	Substance abuse Policy	Corporate Services
22	Job Evaluation Policy	Corporate Services
23	Chronic illness Policy	Corporate Services
24	Sexual Harassment Policy	Corporate Services
25	Covid-19 Ready Workplace Plan and return to Work Policy	Corporate Services
26	Training, Education and development Policy and skills development plan for Councillors	Corporate Services
27	Whistle Blowing	Corporate Services
28	Appointment of Senior Managers Policy	Corporate Services
29	Danger Allowance Policy	Corporate Services
30	Mayors External Bursary Policy	Corporate Services
31	Anti – Corruption and Fraud Prevention Policy	Corporate Services
32	Post – Retirement Medical Aid Subsidy Policy	Corporate Services
33	Uniform Policy	Corporate Services

4.2.3 INJURIES, SICKNESS AND SUSPENSIONS

COMMENT ON INJURY AND SICK LEAVE:

The use of injury on duty leave has been low as the injuries sustained during the year were not gross in nature. Nine cases were reported to the Compensation Fund for injuries. Two employees were dismissed for serious misconduct which involves theft and conflict of interest. On the other hand, the use of sick leave has proven to be high due to lifestyle diseases amongst other things however, the wellness programmes continue to mitigate this problem. Furthermore, there are various reasons to this,

and they could be ill-health as there are chronic illnesses and also the abuse of sick leave. There has been one suspension of an employee and the matter was concluded.

Financial Competency Development: Progress Report*						
Description	A. Total Number of officials employed by municipality (Regulations 14(4)(a) and (c))	B. Total number of officials employed by municipal entities (Regulation 14(4)(a) and (c))	Consolidated: Total of A and B	Consolidated: Competency assessments completed for A and B (Regulation 14(4)(b) and (d))	Consolidated: Total number of officials whose performance agreements comply with Regulation 16 (Regulation 14(4)(f))	Consolidated: Total number of officials that meet prescribed competency levels (Regulation 14(4)(e))
Financial officials						
Accounting Officer	1	0	1	1	1	1
Chief Financial Officer	1	0	1	1	1	1
Senior Managers	3	0	3	3	3	3
Any other Officials	11	0	0	11	0	0
Supply Chain Management Officials	3	0	0	3	0	0
Heads of supply chain management units	1	0	0	1	0	0
Supply chain management Senior Managers	0	0	0	0	0	0
TOTAL	19	0	5	19	5	5

4.3 COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.3.1 INTRODUCTION TO WORKFORCE CAPACITY DEVELOPMENT

The municipality recognises the investment in human capital through capacitation of staff. Annually the Workplace Skills Plan is developed and submitted to the Local Government Seta. The plan contains the capacity building programmes for its Councillors and workforce.

TRAINING AND DEVELOPMENT: COUNCILLORS

NAME & SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Cllr A Marasi Speaker	Leanship	MFMA and Human Settlement Short Learning Programme
2. Cllr S Kolosa Councillor	Bursary	Diploma in Local Government
3. Cllr A Nyumka Councillor	Bursary	Bachelor of Public Administration
4. Cllr X Runeli Councillor	Bursary	Higher Certificate in Paralegal Studies

5. Cllr TS Dyakala Councillor	SLP	Human Settlement Short Learning Programme
6. MW Mgweba Councillor	SPL	Human Settlement Short Learning Programme
7. Cllr M Sweli Councillor	SPL	Human Settlement Short Learning Programme
8. Cllr A Bukani Councillor	SPL	Human Settlement Short Learning Programme
9. Cllr ZW Myali Councillor	SPL	Human Settlement Short Learning Programme
10. Cllr S Zweni Councillor	SPL	Human Settlement Short Learning Programme

EMPLOYEE TRAINING REPORT:

NAME & SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Patrick Jokani Building Inspector	Bursary	Bachelor of Commerce
2. Simphiwe Daniso Committee Officer	Bursary	Bachelor of Public Administration
3. Khanyisa Kani Executive Secretary Municipal Manager	Bursary	Higher Certificate in Local Government and Development Management
4. Siena Hendricks Traffic Officer/Grade B Examiner	Bursary	National Diploma Traffic Safety and Municipal Police

LGSETA DISCRETIONARY GRANT: NC: WATER AND WASTEWATER RETICULATION SERVICES (SAQA 60169) NQF Level 2:

NAME AND SURNAME	TYPE OF LEARNING PROGRAMME	NAME OF LEARNING PROGRAMME
1. Zolani Diniso General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
2.. Siseko Gqukani General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
3. Monwabisi Mnyanda General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
4. Milile Baskiti General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2

5. Bongani Mvalo General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
6. Gcobani Lenya General Worker	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
7. Lindsay Hilpert Meter Reader	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2
8. Nomawethu Mbozi Supervisor – Roads and General Workers - Alexandria	Learnership	NC: Water and Wastewater Reticulation Services (SAQA 60169) NQF Level 2

LGSETA DISCRETIONARY GRANT: NC: WATER AND WASTEWATER TREATMENT PROCESS OPERATIONS

1. Thandiwe Matiyase General Worker	Learnership	NC: Water and Wastewater Treatment Process Operations
2. Bonile Plaatjie General Worker	Learnership	NC: Water and Wastewater Treatment Process Operations
3. Yandiswa Fana General Worker	Learnership	NC: Water and Wastewater Treatment Process Operations
4. Luvuyo Molefe Meter Reader	Learnership	NC: Water and Wastewater Treatment Process Operations
5. Ayanda Hani Meter Reader	Learnership	NC: Water and Wastewater Treatment Process Operations
6. Bongani Dyantyi General Worker	Learnership	NC: Water and Wastewater Treatment Process Operations
7. Lifa Matshisi General Worker	Learnership	NC: Water and Wastewater Treatment Process Operations
8. Nazo Dumsela Cleaner	Learnership	NC: Water and Wastewater Treatment Process Operations
9. Buyisile Mangcangaza General Worker	Learnership	NC: Water and Wastewater Treatment Process Operations
10. Bongani Mbabela Weed-Eater Operator	Learnership	NC: Water and Wastewater Treatment Process Operations
11. Nokuthula Futuse General Worker	Learnership	NC: Water and Wastewater Treatment Process Operations

COMMENT ON SKILLS DEVELOPMENT AND RELATED EXPENDITURE AND ON THE FINANCIAL COMPETENCY REGULATIONS:

The expenditure on skills development is prioritised according to the needs of the organisation in order to enhance service delivery. All the Head of Departments have attended the financial competency regulations. The municipality also invests on its employees through formal education. The Finance Interns are also trained in the financial competency space through the MSIG.

CUSTOMER CARE UNIT

The Municipality has a dedicated Customer Care Unit which has a tracking report system on all complaints received it.

OBJECTIVES

- To use the Batho Pele Principles as a milestone for monitoring and providing feedback on quality of municipal service delivery;
- To use and entrench people centeredness and Batho Pele as a service delivery improvement tool for the municipality.

The White Paper on Transformation of Public Services aims to provide people centred customer service. It calls for a shift away from inward looking systems, processes and attitudes to the issues and interests of the people or the public.

To deliver people centred services it is important for the municipality to embrace and institutionalize the Batho Pele principles. This is not only to ensure that the municipality complies with legislation, but a people-centred culture leads to improved service delivery.

PROPOSED PROCESS PLAN

- Conduct diagnostic analysis
- Develop tools for diagnostic analysis in a phased approach
- Develop and propose solutions
- Develop Customer Relations Framework/Strategy
- Integrated Service Delivery (a move away from silo mentality negative effect on service delivery)
- Surveys (CRM) internal and external
- Reporting Matrix for continuous improvement
- Understanding the importance of customer / customer retention

CHAPTER 5: FINANCIAL PERFORMANCE

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act,

2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

The application of sound financial management principles is essential and critical to ensure that the Municipality remains financially viable and that municipal services are provided sustainably, economically and equitably to all communities.

The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management in South Africa so as to lay a sound financial base for the sustainable delivery of services. Municipal financial management involves managing a range of interrelated components: planning and budgeting, revenue, cash and expenditure management, procurement, asset management, reporting and oversight. Each component contributes to ensuring that expenditure is developmental, effective and efficient and that municipalities can be held accountable.

The Municipality has undertaken various customer care initiatives to ensure the municipality truly involves all citizens in the process of ensuring a people lead government. Encouragement of structured community participation in the matters of the municipality is an important focus area.

Section 216 of the Constitution of the Republic of South Africa, 1996, provides that national legislation must prescribe measures to ensure transparency and expenditure control in each sphere of government by introducing generally recognised accounting practice, uniform expenditure classifications and uniform treasury norms and standards. The Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), determines those measures for the local sphere of government and enables the Minister of Finance to further prescribe, by regulation such measures in terms of section 168 thereof.

Efforts are made to address the issues raised by the Auditor-General in both the audit report and the audit management letter for the audit. An audit check list was developed and is monitored by the internal auditor to ensure that we improve in the areas identified. Further controls and action plans have been implemented by the finance directorate to ensure that the financial statements are prepared timeously and that we work towards an improved audit outcome. To achieve a clean audit is going to be a challenge and all offices and directorates are going to have to pull together as a team to achieve the objective. The compilation of the financial statements and the audit undertaken by the auditor-general's office is no longer just a finance issue.

The demands on the finances of Ndlambe Municipality continue to be significant as backlogs in services, aging infrastructure, and maintenance remain a serious challenge. Emphasis has to be put on enhancing our revenue streams and collecting debt due to the Ndlambe Municipality by consumer and ratepayers that have the ability to pay. Households that receive indigent grants that are in fact not indigent also need to be addressed.

The internally funded capital budget, the reduction in the maintenance budget and reducing budgets for depreciation/bad debts provision/income foregone to balance the budget and the increase to our customer's needs to be seriously addressed in future financial years as the aging infrastructure needs to be replaced and maintained.

A major challenge that continues to face the administration of Ndlambe Municipality and highlighted in the Auditor-Generals management letter in the past and still continuing, is the implementation and compliance to regulations emanating from the Municipal Finance Management Act including but not limited to supply chain management issues, asset management and budget control.

MUNICIPAL FINANCIAL VIABILITY

FINANCE DIRECTORATE

The finance directorate is a support directorate to other directorates and ratepayers of Ndlambe Municipality. The finance directorate consists of four sections namely the Budget and Treasury Office, Supply Chain Unit, Revenue and Expenditure. The main office of finance is situated in Port Alfred with three satellite offices in Alexandria, Kenton-on-Sea and Bathurst.

The objectives of the finance directorate for the 2022/2023 financial year were as follows:

- To activate/implement, update the entire Municipality's fixed asset register and ensure its Compliance to GRAP (Generally Recognised Accounting Practice);
- Ndlambe is able to raise sufficient revenue (internal and external sources) and manage the assets to meet their responsibilities in terms of service delivery incorporating both capital and operational costs;
- To maintain Finance assets;
- To improve communication of the budget process;
- To implement mSCOA according to National Treasury Circulars and guidelines;
- Households living below the poverty line, as well as vulnerable groups, have improved access to all required basic services, health facilities and social/ work creating programs;
- Develop the Supply Chain Management Unit to be in line with the SCM policy and meet the requirements of good practice and address all issues raised in the report of the Auditor-General;
- To ensure financial resources are utilised in an economical, efficient and effective manner;
- Develop the capacity of the Budget and Treasury Office (BTO) to meet the requirements of credible financial management;
- To ensure that all revenue is collected on a monthly basis to cover the operating expenditure of the municipality on a daily basis;
- To ensure all indigents have access to free basic services;
- To ensure an effective customer care service to all residents;
- To ensure increased registration of the qualifying indigent households;
- To ensure deceased indigent beneficiary's households are visited to obtain information of the occupant and verify if the household qualifies to be indigent;

To meet the above objectives the following indicators were set that we needed to achieve:

- Percentage of progress made towards maintenance and rehabilitation of Asset register including all Finance Leases, Operating Leases, Infrastructure Assets and municipal and Investment properties;
- New asset acquisitions are recorded/captured on a monthly basis;
- The existence of all assets is verified half yearly;
- All assets acquired are bar coded and insured on a monthly basis;
- Percentage increase in the possible local revenue base;
- 100% spending of FMG grant allocated;
- Increase in % of equitable share based on more accurate statistics in terms of the DORA;
- Percentage decrease in non-payment;
- Percentage of elements of financial system utilized;
- Increased in number of staff trained to effectively use the financial system;
- Increase in number of useful reports generated for planning and monitoring purposes;
- Increase in the investments of maintenance / upgrade of financial system;
- Number of reports that meet the legal requirements at the right time;
- Percentage of improved cash flow by reducing expenditure to match actual cash on hand;
- Number of Finance assets assessed and ensuring that they are utilized economically;
- Relevant advertisements and loud hailing are done within the legislated time frames;
- Increase in number of households benefiting from poverty alleviation programs;
- Fully operational SCM unit in line with SCM Policy and MFMA implemented;
- Income and expenditure reports are provided on a monthly basis to offices and directorates for them to do budget control;

- Infrastructure investment plan is developed for development priorities in the IDP;
- Relevant officials are trained to ensure that they are able to contribute to the financial management system (treasury departments and departmental managers);
- A process plan in place to ensure all new buildings, additions to buildings, re-zoning of properties, sub-divisions and consolidations are forwarded to the finance directorate on a monthly basis for billing and valuation purposes;
- All residents who do not have the financial means to pay for basic services in terms of the indigent policy are registered;
- A complaint register to reduce number of complaints from residents resulting from system errors is developed;
- Increase in response time and resolution of complaints to be within 7 days of receipt.

FINANCE DIRECTORATE CHALLENGES

The following general challenges were experienced by the finance directorate for the year ending 30 June 2023:

- Grant dependency for capital expenditure;
- Increase of the debtors book impacting negatively on our financial viability;
- Turnaround time of customer queries and complaints;
- Asset maintenance and asset control to ensure sustainability;
- Revenue enhancement;
- Lack of office space;
- Staff establishment;
- Reduction of bad debt, depreciation and income foregone budget to reduce the tariff percentage increase to ratepayers and consumers;
- Water losses where Amatola Water to be paid for water lost;
- Decentralisation of the supply chain unit;
- Subsidisation of water consumed by households in Amatola subsidised areas;
- Debt collection in ESKOM licenced electricity distribution areas.

FINANCE DIRECTORATE COMPOSITION

CREDITORS

Payroll:

Administer payment of salaries and allowances. Monthly reconciliation of salaries. Payroll runs on the Friday closest to the 25th of each month where salaries are transferred electronically to staff members bank accounts. Payments made to the Pension Funds, SDL, PAYE and UIF as well as other salary deductions due, are done before the 7th of the following month. The duties are performed by a Senior accounting who reports directly to the Expenditure Assistant Director. The municipality is in the process of appointing an assistant for this position minimise the risk of centralising knowledge to one person.

Creditors Payments:

Administer payment of creditors. Creditors to be paid within 30 days of invoice received date monthly, statements of creditors reconciled with the orders/requisitions issued- Late submission of invoices past 25 days of invoice date should be accompanied by a memo stating the reason for such late payments. Ovvio scanning has been implemented to ensure easy access and safekeeping of such payment vouchers. Direct payments are done on a day-to-day basis for emergencies, accommodation, travelling and temporary wages. Project payments have been implemented by BTO – invoices are paid against such project.

Stores:

Execute control over stock/stores -Buying and controlling of stock which includes stationery, petrol and diesel, water meters etc. Stock taking at year end will no longer involve the participation of the storekeeper and Ass. Storekeeper, but will be done by the internal auditor and delegated staff members. Adjustment and obsolete stock items were taken to council to be written off. The fuel management functionality in MunSoft is used to manage and control fuel and enable us to draw fuel reports on fuel usage of each fleet.

THE STRATEGIC OBJECTIVE OF THE CREDITORS SECTION ARE TO:

CREDITORS

To utilise all the functions available on the MunSoft system to be more effective on directs/creditors payments. To safekeep expenditure documentation electronically.

The key issues for 2022/2023 were:

- To get all expenditure documents on an electronical filing system
- Balance all stock items and bin cards to the stores sub-ledger
- Balance and reconcile creditors statements
- To minimise fuel losses

REVENUE

Overview:

The revenue section within Ndlambe Municipality covers a wide range of functions which are of an administrative nature. It plays a pivotal role in revenue generation and collection activities through:

- Formulation, implementation and reviewal of relevant revenue policies
- Ensuring compliance to national, provincial and local government legislation.
- Active participation in various government structures to promote intergovernmental.
- Engaging in revenue enhancement activities by billing for services consumed, provide key statistical data for setting annual tariffs, undertaking banking services, meter readings for billing purposes.
- Facilitation of property general and supplementary valuations and finally rating of properties.

One of the critical functions of the department is to continuously, monitor expenditure and give advice to other directorates to ensure that expenditure is within approved budget. Financial management is not only inward focused, it provides a wide range of services to local communities. It serves as a delivery mechanism for free basic services.

Free Basic Services

Financial function is responsible for facilitating an enabling environment for the implementation of free basic services by developing policies to be approved by council. It is through these policies that local communities can access these services. Communities are assisted by the Finance department to apply for these services and thereafter facilitate payment for such services. Different mechanisms are considered to extend the provision of certain free basic services to informal settlement and rural areas. Such services are provided through alternative sources of energy namely gel, gel stoves, internal and street solar lights.

Service Delivery

The Finance department is one of the key role players in service delivery. Finances' role is to provide support to the departments that are directly involved in service delivery. Such support is ensuring of cash resources, these resources are generated through various billing activities, collections of

payments due are done by the finance department. One of the greatest challenges that Ndlambe is faced with is electricity distribution in townships which fall under Eskom's electricity distribution licences. The challenge is in the distribution network that is currently in place. It must be noted that this problem is not exclusive to Ndlambe.

There are number of problems to mention a few, insufficient credits levels maintained by the vendors resulting unavailability of electricity to consumers. The matter has been addressed with Eskom, but no solution has been provided to us.

Property Valuations

A Supplementary Valuations were compiled during the 2022/2023 financial year to rate new properties and properties that have had improvements done. The General Valuation Roll was for implementation in the financial year 2019/2020.

Strategic Objectives

The following are finance key strategic objectives which will contribute towards achievement of the municipality's strategic objectives:

- Creation and maintenance of a credible valuation roll
- Building and maintenance of a good customer relationship
- Creation and maintenance an internal customer approach when serving other internal departments.
- Reduction of errors in billing
- Ensuring maximum collection of municipal revenue through billing and revenue collection.
- Capacitating of departmental staff
- Use of various tools, equipment, to enhance revenue collection
- Identification of unbilled and unmetered consumption to enhance our revenue base.
- Accurate and consistent water and electricity reading

Key issues for 2022/2023 financial year are:

The focus will be on the following issues which are critical for service delivery and financial viability of Ndlambe Municipality, these will include but not limited to the list below:

- Resourcing the department
- Capacitating staff
- Improving billing and credit control information system/reports
- Increasing the number of registered indigents
- Ensuring the indigent register is credible
- Reduce account queries
- Shorten account query response time
- Increasing debt collection efforts
- Improve on the number of TID meter roll overs performed per month
- Improving customer relations
- Exploring other debt collection mechanisms
- Ensuring continuous supply of electricity to consumers in Ndlambe townships.
- Attending to by investigate, obtaining and updated to the financial system with postal or email details for all undelivered accounts
- Increased accessibility of Free basic Electricity to indigent people through:
 - Indigent registration;
 - Issuing of free tokens without purchasing coupons;

- Provision of alternative energy sources to rural and informal settlement communities.

It must be noted that due to processes to be followed some of the issues may be both short and long term issues.

BUDGET AND TREASURY OFFICE

Budget and Treasury Office was established in terms of section 80 of the MFMA. It consists of BTO manager reporting directly to the CFO. The section plays a pivotal role in compilation and management of expenditure. There is a limited staff complement resourced with the 5 Treasury funded interns. Reliance on interns is a risk as treasury may decide to stop the funding. Ndlambe will have to build its capacity with time.

The functions of the BTO are as follows:

- Budgeting;
- Financial Statements & Reporting;
- Asset Management;
- Cash Management;
- Investments;
- Insurance.

The function of the budget and treasury office within the municipality is administered as follows and includes:

Budgeting

The Municipality's annual budget comprises of operating, capital expenditure, cash flow, and financial position budget. The operating budget funds employee salaries, operating costs, bulk purchases, and assistance for the poor, such as free basic water and sanitation. The Municipality's business and service delivery priorities were reviewed and where appropriate, funds were transferred from low- to high-priority programs to maintain sound financial stewardship. The focus is to critically review expenditure on non-core items.

The capital budget is set aside for spending on infrastructure and services, such as roads, water, and sanitation as well as the many other utilities and services that Ndlambe Municipality needs to function, grow, and offer opportunities to its residents. The cash flow budget focuses on projected cash flow movements determining whether the municipality's cash receipts, and cash and cash equivalent can fund all the operating expenditure and capital commitments.

The entire budget amount per annum is based on the income that the Municipality accrues on rates, service charges, and grants and subsidies. Budgeting on the accrual basis enforces strict cash control measures as before expenditure can be incurred the income must be in the bank. The municipality has to move to a cash budget so that expenditure can be more certain.

BTO's involvement in budgeting starts from the planning, strategizing, preparing, tabling, approving, finalizing, and implementation stage. The planning and strategizing stages are done through the political guidance of the Mayor, i.e. review of timetable schedule and the previous year's budget process to determine what went wrong, what should be corrected, and the way forward. This can be done through internal and external participation. The preparation for the finalizing stage of the budget is done by the BTO with the assistance of the Accounting Officer and the cooperation of the other directorates. After the implementation the BTO conducts in-year monitoring of the budget. The budget process as compared to prior years has improved, the introduction of funding envelopes that were provided to each directorate to budget within and the establishment of budget support teams allocated to assist and guide the directorates in budget preparation. The procurement plans were compiled and tabled to Council.

The Strategic Objective of this function is to:

- Compile well-balanced, representative and affordable budget informed by the IDP and available resources.

The Key Issues for the Financial Year are:

- The in-year monitoring to control the budget;
- Improve Engagement of the budget steering committee involvement in the budget in order to achieve a smooth budget process;
- To include the SDBIP in the Budget process;
- To achieve 100% aligned system generated cash flow with mScoa data strings;
- To achieve 100 % compliance on mScoa.

FINANCIAL STATEMENTS AND REPORTING

The BTO coordinates the process of preparing the financial statements with the finance management team. The finance management team is required to prepare statements that are in accordance with generally recognized accounting practice (GRAP). The Financial Statements are handed over to Auditor General on 31 August for auditing purposes as required by the S126 (1) b of the MFMA. The BTO prepares the monthly, quarterly, half-yearly, and yearly reports to Council, National, and Provincial Treasury based on the requirements required by the MFMA.

The strategic objectives of this function are to:

- Compile accurate and reliable financial statements and reports which reflect the true financial position of the Council;
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to achieve an unqualified audit report;
- Monitor and update the progress of the audit action plan.

The key issues for the financial year are:

- Striving to produce financial statements that are fully complying with GRAP.
- To develop a monthly checklist to correct errors on matters affecting the financial statements before the reporting date.
- To address all the prior year's audit findings both in the audit report or management report and to maintain sustainability on areas that were not raised.

ASSET MANAGEMENT

The asset office coordinates the verification of assets starting from January each year, The verification will first target the low-risk areas/locations and save for last for the high-risk areas. Controls the movement, transfers, acquisitions, and disposals of Council assets daily and calculates the depreciation Report to Council a list of assets to be disposed of for approval.

The strategic objectives of this function are to:

- Maintain the fixed assets register and ensure 100% compliance with GRAP.
- An updated (contemporary) financial system of Ndlambe is optimally used by competent staff to locate, identify, and revalue all Municipal Assets.
- Ndlambe Municipality to maximize revenue (internal and external sources) and manage its assets to meet its responsibilities in terms of service delivery incorporating both capital and operational costs.

The key issues for the financial year are:

- To maintain the asset register on a monthly basis;

- Ensuring that the Council asset register complies with GRAP;
- Reducing the scope of the consultant by managing and updating movable assets register internally;
- Utilising the Assets module in the core financial system;
- Introducing assets standard operating procedure to improve internal controls.

5.4 COMPONENT C: CASHFLOW MANAGEMENT

5.4.1 CASH FLOW MANAGEMENT

Prepares a daily cash flow to determine whether the council is in the status to spend from the budget. Informs the directorates if there are any cash flow problems. Allocate grant monies to the allocated budget.

The strategic objectives of this function are to:

- To secure sound and sustainable cash flow management of the Council.

The key issues for the financial year are:

- To review the cash management and investment policy in accordance with any framework that may be prescribed in terms of s13 (1) of the MFMA.

5.4.2 INVESTMENTS

The BTO maintains the quotation register. Identify monies that are transferred to the Council's current account and invest monies not immediately required. Prepares the monthly reconciliation and recognizes interest and re-invests investments on the due date.

The strategic objectives of this function are to:

- To secure sound and sustainable investment procedures of the Council.

The key issues for the financial year are:

- Implement authorization and review the investment decision made by the employee making the investment;
- To utilise the investment module in the core financial system.

INSURANCE

Manages the insurance portfolio. Maintain and update the insurance register for all the additions and claims. Allocate payments received from the insurance company to the relevant vote. Update insurance claim register. The problems encountered when implementing the insurance activity are directorates are not informing the BTO of the new acquisitions and stolen assets for insurance additions. Directorates are submitting insufficient information for insurance claims and are not adhering to the terms of the insurance contract. i.e., late submissions.

The strategic objectives of this function are to:

- To ensure all the Council assets as per the asset register are insured.

The key issues for the financial year are:

- To review the fixed asset register to comply with GRAP and ensuring that the fixed assets are at the market value for the insurance purposes.

MUNICIPAL REGULATIONS ON A STANDARD CHART OF ACCOUNTS (mSCOA)

In terms of section 169(1) (b) of the Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003), the Minister of Finance has signed into effect and subsequently published the Municipal Regulations on a Standard Chart of Accounts (SCOA) in terms of Notice 312 of 2014, Government Gazette No. 37577 subsequent to formal consultation. The Municipal Regulations on a Standard Chart of Accounts inter alia makes provision for an updated GFS Classification Framework, Detailed Classification Framework of the 7 Segments (SCOA Version 5.5).

To date Ndlambe has been complying with these requirements in all respects.

Names of pension fund	Number of members	Names of Medical Aids	Number of members
Cape Joint Pension Fund	3	LA Health	108
Consolidated retirement fund	403	Bonitas	148
SALA Pension Fund	28	SAMWU National Medical Scheme	92
MWRF	68	Hosmed	61
Sanlam Umbrella	12	Key Health	35

SERVICE PROVIDERS TO THE FINANCE DIRECTORATE

Section 76(b) of the MSA states that KPIs should inform the indicators set for every municipal entity and service provider with whom the municipality has entered into a service delivery agreement. Service provider means a person or institution or any combination of persons and institutions which provide a municipal service.

- External service provider means an external mechanism referred to in section 76(b) which provides a municipal service for a municipality;
- Service delivery agreement means an agreement between a municipality and an institution or person mentioned in section 76(b) in terms of which a municipal service is provided by that institution or person, either for its own account or on behalf of the municipality.

Section 121(b) of the MFMA and Section 46 of the MSA further state that a municipality should include the following related to service providers in its annual report:

- The performance of each service provider
- Comparison of the performance with targets set for and performances in the previous financial year; and
- measures taken to improve performance

Section 116(2) of the MFMA further states that:

The accounting officer of a municipality must:-

- take all reasonable steps to ensure that a contract or agreement procured through the supply chain management policy of the municipality or municipal entity is properly enforced;
- monitor on a monthly basis the performance of the contractor under the contract or agreement.

FINANCE RELATED BY-LAWS

By-laws Introduced during 2022/2023
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Newly Developed	Revised	Public Participation conducted prior to adoption of by-laws (yes/no)	Dates of public participation	By-laws Gazetted* (yes/no)	Date of publication
0	0	N/A	N/A	N/A	N/A

COMMENT ON BY-LAWS:

The finance policies that were reviewed and adopted for the 2022/2023 financial year did not necessitate any amendments to the financial by-laws that are in place. The finance related by-laws are available on the municipal web-site and at the finance offices.

FREE BASIC SERVICES AND INDIGENT SUPPORT

The free basic services were funded from the “equitable share” grant received from National Treasury. The criteria for an Indigent Household for 2022/2023 were as follows:

- The applicant must be a resident of the municipality.
- The applicant must be in possession of a valid South African identity document.
- The combined or joint gross income of all occupants or dependants in a single household which receives services from the municipality may not exceed the thresholds determined by the municipality annually during consideration of the budget for the next financial year. The guideline relating to the household income threshold for a 100% rebate is an income of not more than two state pensions per month.
- The applicant must be the owner or tenant or any person who is authorised to occupy the property subject to availing authorised documents who receives municipal services and is registered as an account holder or legal authorised occupant on the municipal financial system; provided that the requirement of being registered as an account holder does not apply to households in informal settlements where no accounts are rendered nor in rural areas where no accounts are rendered.
- Any occupant or resident, as per the definition of indigent, of the single household referred to above may not own any property in addition to the property in respect of which indigent support is provided.
- A tenant can apply for the benefits in respect of the charges he/she is billed for while the landlord remains liable for all ownership related charges such as rates.
- The account of a deceased estate may be subsidised if the surviving spouse or dependants of the deceased who occupy the property, applies for assistance.
- The account of a deceased estate may be subsidized if the occupier who occupies the house applies for services and indigent subsidy by completing the **NDLAMBE OCCUPANT DECLARATORY AFFIDAVIT FORM**
- Rateable house value of less than R350 000 or where the owner applies for assistance as a special case and as determined by the rates rebates committee.
- Any one of the following factors will serve as a disqualification
 - Where the applicant has or allows any business to be operated on the property
 - Where there is no written service agreement with the applicant;
 - Where the applicant owns more than one property, only one property will qualify for indigent subsidy
 - Where any of the documents requested in the application is not supplied the applicant will not qualify for subsidy

Water leaks on the consumer side of indigent households are repaired at no cost to the household by the municipality. Great savings on water losses were affected by these actions. The municipality needs to ensure that all indigent households have pre-paid electricity and water flow limited meters to keep consumptions to the limit allowed by the policy.

FINANCE DIRECTORATE: STAFF COMPONENT – 2022/2023

The staff component does not fall into an ideal structure and this needs to be addressed when the budget and cash flow allows. It is also critical that the budgeted posts in finance must be filled at all time or debt collection and segregation of duty becomes a problem and in turn increases the risk factor.

FINANCE DIRECTORATE: MFMA COMPETENCIES

In terms of Section 83 (1) of the MFMA, the accounting officer, senior managers, the chief financial officer, non- financial managers and other financial officials of a municipality must meet the prescribed financial management competency levels that are key to the successful implementation of the Municipal Finance Management Act. Employees and interns were identified in the finance directorate to obtain the CPMD qualification and prescribed competencies. All of the finance directorate staff apart from the Assistant Director: Expenditure has complied with the requirements of the Government Notice 493 of June 2007.

FINANCIAL SUSTAINABILITY OF THE MUNICIPALITY

Financial Sustainability of the Municipality				
Financial Overview: 2022/2023				
(R'000)				
Details	Original Budget	Adjustment Budget	Actual	
Income	241 020 040	238 717 916	215 236 216	
Grants	261 092 328	284 433 758	269 722 218	
Taxes, levies and tariffs	146 506 231	153 716 671	149 253 622	
Details	2023/2023			
	Original Budget R'000	Adjustment Budget R'000	Actual R'000	Variance to budget
Employees	(178 807 802)	(167 940 366)	(184 821 563)	(16 881 197)
General	(67 744 515)	(86 025 202)	(90 118 255)	(4 093 053)
Repairs and Maintenance	(34 498 000)	(26 750 000)	(21 745 922)	(5 004 078)

Financial Overview: 2022/2023			
(R'000)			
Details	Original Budget	Adjustment Budget	Actual
Income:	240 250 914	237 448 790	209 168 732
- Exchange transactions	408 367 685	439 419 555	425 043 324
- Non-exchange transactions	648 618 599	676 868 345	634 212 056
Total Revenue	(514 222 846)	(518 022 627)	(574 382 457)
Less: Expenditure	134 395 753	158 845 718	59 829 599
Net Total*	240 250 914	237 448 790	209 168 732
*Note: surplus/(deficit)			

CHAPTER 6: AUDITOR-GENERAL AUDIT FINDING

Ndlambe Local Municipality, continued obtaining an unqualified audit opinion in the 2023 financial year. However, with matters of emphasis raised by Auditor General. The opinion is encouraging with matters of emphasis posing a new challenge. A total of 16 findings raised were raised during the audit, five (5) of the findings were flagged as matters of emphasis.

The matters of emphasis raised are ;

- a) Restatement of prior year balance, this became a necessity mainly due to a water project that was discontinued but remained in “Work In Progress” opening balance total. The problem arose due to the discontinuation not communicated to the team preparing Annual Financial Statements(AFS). Going forward, WIP figures will be unbundled and reported with supported documents to avoid reoccurrence. Also, invoice cut-off dates will strictly adhered to ensure accuracy of accruals reported in the AFS.
- b) Material loses and impairments, material losses were in respect of water losses which had been in excess of 40% over the last three(3) years, this is caused by a number of reasons ie. Unreported internal household toilet leaks, distribution line leaks etc. Infrastructure has set up a dedicated water conservation team deal with both types of leaks, however, budgets are constraint in seeing immediate results. Other efforts like targeting certain areas using water management equipment to identify leaks had been considered by Infrastructure. Impairment losses had been incurred in the form of debt write-offs for unrecovered exchange and non-exchange receivable. The impairment figures are influenced by multiple reasons, water leaks, non applying potential indigents etc. The indigent section will be increasing indigent registration campaign while the water leak repair program will address the overstated water bill.
- c) Unauthorised Expenditure, Unauthorised expenditure was mainly due to non-cash items exceeding budget provisions. Included in these items, is depreciation, bad debt provision, other impairments. Ndlambe is progressively reducing these amounts for instance, depreciation provisions has been increased in the 2024/25 budget and two outer years. Landfill site impairment cost interest has been provided for to ensure that the unauthorised expenditure is dealt with.
- d) Irregular expenditure, the matter is about an accumulated historical balance and the continuity in incurring the expenditure in current years. As advised by MPAC and internal audit committees, deviation procurements some of which become irregular, will be identify and redefine the procurement process from issuing of orders to standard payment. The expenditure has been analysed into categories and an action plan developed with various procurement strategies identified for each service.
- e) Unspent conditional grant, one way of dealing with this problem is adherence to CoGTA’s “RISK ADJUSTED STRATEGY” (RAS), failing which remaining funds will have to be utilised redirecting during adjustment budget to other registered projects, by pulling them forward.

Ndlambe has developed an action plan to address these issues to ensure that the matters of emphasis are eliminated. We believe addressing these issues will be setting a scene for the desired clean audit.

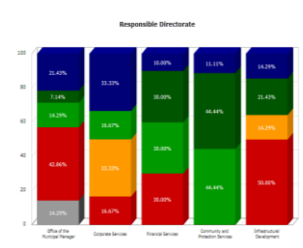
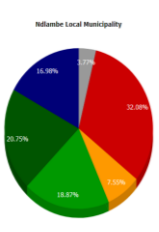
<u>Commitment</u>	<u>Key actions to address the commitment</u>	<u>Start date</u>	<u>Planned completion date</u>	<u>Frequency of reporting on progress</u>	<u>What will success look like</u>
Matters of emphasis					
Restatement of corresponding figures As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended 30 June 2023	Disclosed figures will be reviewed, analysed and reconciled to ensure elimination of errors	By End May 2024	By End Jul 2024	Once at Year-End	Elimination of Error
Material losses and impairments					
As disclosed in note 48 to the financial statements, material water losses of R22,3 million (2022: R14,1million) were incurred, which represents 45,3% (2022: 38,2%) of total water purchased. The losses were predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore, apparent losses were realised due to metering inefficiencies, meter faults, and unauthorised and unmetered consumption	The Municipality has set up a "Team" that deals specifically with water leaks. The team is guided by Municipal billing section by providing list of properties with suspicious readings including non registering meter. Budget imposes limitation on the number that could be attended. Also efforts are made to establish water meters that can assist by providing information by sending signals where leaks are happening. Also the desktop exercise is done to check the meters read by plotting the readings on area maps to establish the extent of the readings in an area.	Team was set set-Up last financial already, Meter assessment started in Aug 2024	Teams is already running	Reporting is done monthly	The losses should be reduced, it be noted that the water rationing exercise which at times create airlock and turning meter dials, may have an impact on the readings.
As disclosed in notes 4 and 5 to the financial statements, impairments of R50,4 million (2022: R48,9 million) relating to receivables from non-exchange and R127,6 million (2022: R118,1 million) relating to receivables from exchange transactions were incurred as a result of irrecoverable debtors.	Impairments are as a result of consumers not coming forward to apply for indigence, the water leaks from these consumers exacerbate the amounts. Also, there are challenges in collecting in the areas where Eskom is a licenced electricity distributor. The Municipality has increased its indigent registration campaigns, contracted system indigent verification system. LMs, through SALGA have raised the challenge, the matter is being addressed through parliamentary process for ESKOM to assist through blockage or withholding a portion of the electricity purchases	Discussions have started we are waiting for implementation date to be announced	Uknown, we are dependent on a feedback from SALGA	No pronouncement but expected progress to be given at SALGA members conference which takes place once a year	We expect a significant improvement on collections, as these areas represent a bulk of our services consumers

<p>Unauthorised expenditure</p> <p>As disclosed in note 44 to the financial statements, unauthorised expenditure of R124,3 million was incurred in the current year and previous years due to overspending of cash and non-cash items in various municipal departments. This balance is an accumulation of current and previous year amounts. In the current year, R75,5 million was written off, while in the previous year, R71 million had been written off.</p>	<p>Introduction of cost reflective tariffs to cover the non cash items Gradually make a provision of non-cash items</p>	<p>Provision is made from July and December (Midyear Adjustment) of each financial year</p>	<p>Year--End results is a determinant of goal achievement</p>	<p>Reports are generated Monthly, quarterly, half yearly.</p>	<p>The amount should be reduced</p>
<p>Irregular expenditure</p> <p>As disclosed in note 46 to the financial statements, irregular expenditure of R235,2 million (2022: R301,8 million) was incurred in the current year and previous years due to supply chain management (SCM) regulations and policy deviations. This balance is an accumulation of current and previous year amounts. In the current year, R148,5 million was written off, while in the previous year, R410,3 million had been written off.</p>	<p>Irregular expenditure and deviation listing have been submitted to MPAC for investigations.</p> <p>Irregular expenditure and deviation listings have been submitted to MPAC for investigations Irregular expenditure listings are for the period of July - Oct 2023. Deviation listings are for the period from July 2023 - Dec 2023.</p> <p>The next submission to Council will be ready on the 10 Apr 2024.</p>	<p>Feb-24</p>	<p>Historical amounts up to 2023, will be investigated together with current balance</p>	<p>Irregular is reported monthly as part of finance reports and quarterly to Council</p>	<p>Historical balance to be investigated in full</p>
<p>Unspent conditional grants</p> <p>As disclosed in note 17 to the financial statements, the municipality has unspent conditional grants and receipts of R14,6 million (2022: R16,7 million).</p>	<p>Unspent conditional grants were due to unforeseen reasons, like EIA, which were not expected. During project proposals, assessment, studies would be performed to ensure that all processes are followed. Failing which, the funds will be redirected to other registered projects where a possible delay exist.</p>	<p>During Adjustment budget of each year</p>	<p>Current Year funds had been reallocated during budget</p>	<p>Monthly reports are done and submitted to the funder</p>	<p>Full utilisation of the reallocated funds</p>
<p>Other matters</p>					
<p>Unaudited disclosure note</p> <p>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. The disclosure requirements did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.</p>	<p>MFMA disclosures to be included in the AFS plan and be compared with NT specimen for completeness (March 2024)</p>	<p>31-Mar-24</p>	<p>31 July after assessing June activities</p>	<p>Assessments to be done and reported monthly</p>	<p>Correction of a non compliance in the period following its identification</p>

At this level the performance of the municipality is measured and managed against progress made in achieving the strategic objectives as set out in the Integrated Development Plan (IDP) of the municipality. This will be done on the basis of Key Performance Indicators and targets set for each of the strategic objectives of the municipality. Given the fact that the IDP has a five year time span, the measures set at this level will be of a strategic and mostly long-term nature with an outcome and impact focus. The measures set for the municipality at an organisational level are captured in an organisational scorecard below.

Annual Work Plan											Quarter ending September 2022											Quarter ending December 2022											Quarter ending March 2023											Quarter ending June 2023											Overall Performance for the year ending September 2022																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																																			
Internal Ref/ Indicator Code	Responsible Owner	Responsible Director	KPI Name	Strategic Objective	Municipal KPA	Baseline	Target	Actual	A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R	S	T	U	V	W	X	Y	Z	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI	BJ	BK	BL	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	BW	BX	BY	BZ	CA	CB	CC	CD	CE	CF	CG	CH	CI	CJ	CK	CL	CM	CN	CO	CP	CQ	CR	CS	CT	CU	CV	CW	CX	CY	CZ	DA	DB	DC	DD	DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	DO	DP	DQ	DR	DS	DT	DU	DV	DW	DX	DY	DZ	EA	EB	EC	ED	EE	EF	EG	EH	EI	EJ	EK	EL	EM	EN	EO	EP	EQ	ER	ES	ET	EU	EV	EW	EX	EY	EZ	FA	FB	FC	FD	FE	FF	FG	FH	FI	FJ	FK	FL	FM	FN	FO	FP	FQ	FR	FS	FT	FU	FV	FW	FX	FY	FZ	GA	GB	GC	GD	GE	GF	GG	GH	GI	GJ	GK	GL	GM	GN	GO	GP	GQ	GR	GS	GT	GU	GV	GW	GX	GY	GZ	HA	HB	HC	HD	HE	HF	HG	HH	HI	HJ	HK	HL	HM	HN	HO	HP	HQ	HR	HS	HT	HU	HV	HW	HX	HY	HZ	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK	IL	IM	IN	IO	IP	IQ	IR	IS	IT	IU	IV	IW	IX	IY	IZ	JA	JB	JC	JD	JE	JF	JG	JH	JI	JJ	JK	JL	JM	JN	JO	JP	JQ	JR	JS	JT	JU	JV	JW	JX	JY	JZ	KA	KB	KC	KD	KE	KF	KG	KH	KI	KJ	KL	KM	KN	KO	KP	KQ	KR	KS	KT	KU	KV	KW	KX	KY	KZ	LA	LB	LC	LD	LE	LF	LG	LH	LI	LJ	LK	LL	LM	LN	LO	LP	LQ	LR	LS	LT	LU	LV	LW	LX	LY	LZ	MA	MB	MC	MD	ME	MF	MG	MH	MI	MJ	MK	ML	MM	MN	MO	MP	MQ	MR	MS	MT	MU	MV	MW	MX	MY	MZ	NA	NB	NC	ND	NE	NF	NG	NH	NI	NJ	NK	NL	NM	NN	NO	NP	NQ	NR	NS	NT	NU	NV	NW	NX	NY	NZ	OA	OB	OC	OD	OE	OF	OG	OH	OI	OJ	OK	OL	OM	ON	OO	OP	OQ	OR	OS	OT	OU	OV	OW	OX	OY	OZ	PA	PB	PC	PD	PE	PF	PG	PH	PI	PJ	PK	PL	PM	PN	PO	PP	PQ	PR	PS	PT	PU	PV	PW	PX	PY	PZ	QA	QB	QC	QD	QE	QF	QG	QH	QI	QJ	QK	QL	QM	QN	QO	QP	QQ	QR	QS	QT	QU	QV	QW	QX	QY	QZ	RA	RB	RC	RD	RE	RF	RG	RH	RI	RJ	RK	RL	RM	RN	RO	RP	RQ	RR	RS	RT	RU	RV	RW	RX	RY	RZ	SA	SB	SC	SD	SE	SF	SG	SH	SI	SJ	SK	SL	SM	SN	SO	SP	SQ	SR	SS	ST	SU	SV	SW	SX	SY	SZ	TA	TB	TC	TD	TE	TF	TG	TH	TI	TJ	TK	TL	TM	TN	TO	TP	TQ	TR	TS	TT	TU	TV	TW	TX	TY	TZ	UA	UB	UC	UD	UE	UF	UG	UH	UI	UJ	UK	UL	UM	UN	UO	UP	UQ	UR	US	UT	UU	UV	UW	UX	UY	UZ	VA	VB	VC	VD	VE	VF	VG	VH	VI	VJ	VK	VL	VM	VN	VO	VP	VQ	VR	VS	VT	VU	VV	VW	VX	VY	VZ	WA	WB	WC	WD	WE	WF	WG	WH	WI	WJ	WK	WL	WM	WN	WO	WP	WQ	WR	WS	WT	WU	WV	WW	WX	WY	WZ	XA	XB	XC	XD	XE	XF	XG	XH	XI	XJ	XK	XL	XM	XN	XO	XP	XQ	XR	XS	XT	XU	XV	XW	XX	XY	XZ	YA	YB	YC	YD	YE	YF	YG	YH	YI	YJ	YK	YL	YM	YN	YO	YP	YQ	YR	YS	YT	YU	YV	YW	YX	YZ	ZA	ZB	ZC	ZD	ZE	ZF	ZG	ZH	ZI	ZJ	ZK	ZL	ZM	ZN	ZO	ZP	ZQ	ZR	ZS	ZT	ZU	ZV	ZW	ZX	ZY	ZZ	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI	BJ	BK	BL	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	BW	BX	BY	BZ	CA	CB	CC	CD	CE	CF	CG	CH	CI	CJ	CK	CL	CM	CN	CO	CP	CQ	CR	CS	CT	CU	CV	CW	CX	CY	CZ	DA	DB	DC	DD	DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	DO	DP	DQ	DR	DS	DT	DU	DV	DW	DX	DY	DZ	EA	EB	EC	ED	EE	EF	EG	EH	EI	EJ	EK	EL	EM	EN	EO	EP	EQ	ER	ES	ET	EU	EV	EW	EX	EY	EZ	FA	FB	FC	FD	FE	FF	FG	FH	FI	FJ	FK	FL	FM	FN	FO	FP	FQ	FR	FS	FT	FU	FV	FW	FX	FY	FZ	GA	GB	GC	GD	GE	GF	GG	GH	GI	GJ	GK	GL	GM	GN	GO	GP	GQ	GR	GS	GT	GU	GV	GW	GX	GY	GZ	HA	HB	HC	HD	HE	HF	HG	HH	HI	HJ	HK	HL	HM	HN	HO	HP	HQ	HR	HS	HT	HU	HV	HW	HX	HY	HZ	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK	IL	IM	IN	IO	IP	IQ	IR	IS	IT	IU	IV	IW	IX	IY	IZ	JA	JB	JC	JD	JE	JF	JG	JH	JI	JJ	JK	JL	JM	JN	JO	JP	JQ	JR	JS	JT	JU	JV	JW	JX	JY	JZ	KA	KB	KC	KD	KE	KF	KG	KH	KI	KJ	KL	KM	KN	KO	KP	KQ	KR	KS	KT	KU	KV	KW	KX	KY	KZ	LA	LB	LC	LD	LE	LF	LG	LH	LI	LJ	LK	LM	LN	LO	LP	LQ	LR	LS	LT	LU	LV	LW	LX	LY	LZ	MA	MB	MC	MD	ME	MF	MG	MH	MI	MJ	MK	ML	MM	MN	MO	MP	MQ	MR	MS	MT	MU	MV	MW	MX	MY	MZ	NA	NB	NC	ND	NE	NF	NG	NH	NI	NJ	NK	NL	NM	NN	NO	NP	NQ	NR	NS	NT	NU	NV	NW	NX	NY	NZ	OA	OB	OC	OD	OE	OF	OG	OH	OI	OJ	OK	OL	OM	ON	OO	OP	OQ	OR	OS	OT	OU	OV	OW	OX	OY	OZ	PA	PB	PC	PD	PE	PF	PG	PH	PI	PJ	PK	PL	PM	PN	PO	PP	PQ	PR	PS	PT	PU	PV	PW	PX	PY	PZ	QA	QB	QC	QD	QE	QF	QG	QH	QI	QJ	QK	QL	QM	QN	QO	QP	QQ	QR	QS	QT	QU	QV	QW	QX	QY	QZ	RA	RB	RC	RD	RE	RF	RG	RH	RI	RJ	RK	RL	RM	RN	RO	RP	RQ	RR	RS	RT	RU	RV	RW	RX	RY	RZ	SA	SB	SC	SD	SE	SF	SG	SH	SI	SJ	SK	SL	SM	SN	SO	SP	SQ	SR	SS	ST	SU	SV	SW	SX	SY	SZ	TA	TB	TC	TD	TE	TF	TG	TH	TI	TJ	TK	TL	TM	TN	TO	TP	TQ	TR	TS	TT	TU	TV	TW	TX	TY	TZ	UA	UB	UC	UD	UE	UF	UG	UH	UI	UJ	UK	UL	UM	UN	UO	UP	UQ	UR	US	UT	UU	UV	UW	UX	UY	UZ	VA	VB	VC	VD	VE	VF	VG	VH	VI	VJ	VK	VL	VM	VN	VO	VP	VQ	VR	VS	VT	VU	VV	VW	VX	VY	VZ	WA	WB	WC	WD	WE	WF	WG	WH	WI	WJ	WK	WL	WM	WN	WO	WP	WQ	WR	WS	WT	WU	WV	WW	WX	WY	WZ	XA	XB	XC	XD	XE	XF	XG	XH	XI	XJ	XK	XL	XM	XN	XO	XP	XQ	XR	XS	XT	XU	XV	XW	XX	XY	XZ	YA	YB	YC	YD	YE	YF	YG	YH	YI	YJ	YK	YL	YM	YN	YO	YP	YQ	YR	YS	YT	YU	YV	YW	YX	YZ	ZA	ZB	ZC	ZD	ZE	ZF	ZG	ZH	ZI	ZJ	ZK	ZL	ZM	ZN	ZO	ZP	ZQ	ZR	ZS	ZT	ZU	ZV	ZW	ZX	ZY	ZZ	AA	AB	AC	AD	AE	AF	AG	AH	AI	AJ	AK	AL	AM	AN	AO	AP	AQ	AR	AS	AT	AU	AV	AW	AX	AY	AZ	BA	BB	BC	BD	BE	BF	BG	BH	BI	BJ	BK	BL	BM	BN	BO	BP	BQ	BR	BS	BT	BU	BV	BW	BX	BY	BZ	CA	CB	CC	CD	CE	CF	CG	CH	CI	CJ	CK	CL	CM	CN	CO	CP	CQ	CR	CS	CT	CU	CV	CW	CX	CY	CZ	DA	DB	DC	DD	DE	DF	DG	DH	DI	DJ	DK	DL	DM	DN	DO	DP	DQ	DR	DS	DT	DU	DV	DW	DX	DY	DZ	EA	EB	EC	ED	EE	EF	EG	EH	EI	EJ	EK	EL	EM	EN	EO	EP	EQ	ER	ES	ET	EU	EV	EW	EX	EY	EZ	FA	FB	FC	FD	FE	FF	FG	FH	FI	FJ	FK	FL	FM	FN	FO	FP	FQ	FR	FS	FT	FU	FV	FW	FX	FY	FZ	GA	GB	GC	GD	GE	GF	GG	GH	GI	GJ	GK	GL	GM	GN	GO	GP	GQ	GR	GS	GT	GU	GV	GW	GX	GY	GZ	HA	HB	HC	HD	HE	HF	HG	HH	HI	HJ	HK	HL	HM	HN	HO	HP	HQ	HR	HS	HT	HU	HV	HW	HX	HY	HZ	IA	IB	IC	ID	IE	IF	IG	IH	II	IJ	IK	IL	IM	IN	IO	IP	IQ	IR	IS	IT	IU	IV	IW	IX	IY	IZ	JA	JB	JC	JD	JE	JF	JG	JH	JI	JJ	JK	JL	JM	JN	JO	JP	JQ	JR	JS	JT	JU	JV	JW	JX	JY	JZ	KA	KB	KC	KD	KE	KF	KG	KH	KI	KJ	KL	KM	KN	KO	KP	KQ	KR	KS	KT	KU	KV	KW	KX	KY	KZ	LA	LB	LC	LD	LE	LF	LG	LH	L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Code	Item Not Applicable	Details for report or attach in the related period	
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100	Not Met	Not Met	17



Performance Level	Responsible Directorate					
	Mblambe Local Municipality	Office of the Municipal Manager	Corporate Services	Financial Services	Community and Production Services	Infrastructure Development
Not Met	2 (21.43%)	2 (14.29%)	-	-	-	-
Almost Met	4 (7.55%)	-	2 (33.33%)	-	-	2 (14.29%)
Met	10 (18.07%)	2 (14.29%)	1 (16.67%)	3 (30.00%)	4 (44.44%)	-
Well Met	11 (20.75%)	1 (7.14%)	-	3 (30.00%)	4 (44.44%)	3 (21.43%)
Extremely Well Met	9 (16.98%)	3 (21.43%)	2 (33.33%)	1 (10.00%)	1 (11.11%)	2 (14.29%)
Total	53	14	6	10	9	14
	100%	26.42%	11.32%	18.87%	16.98%	26.42%

ANNEXURE A

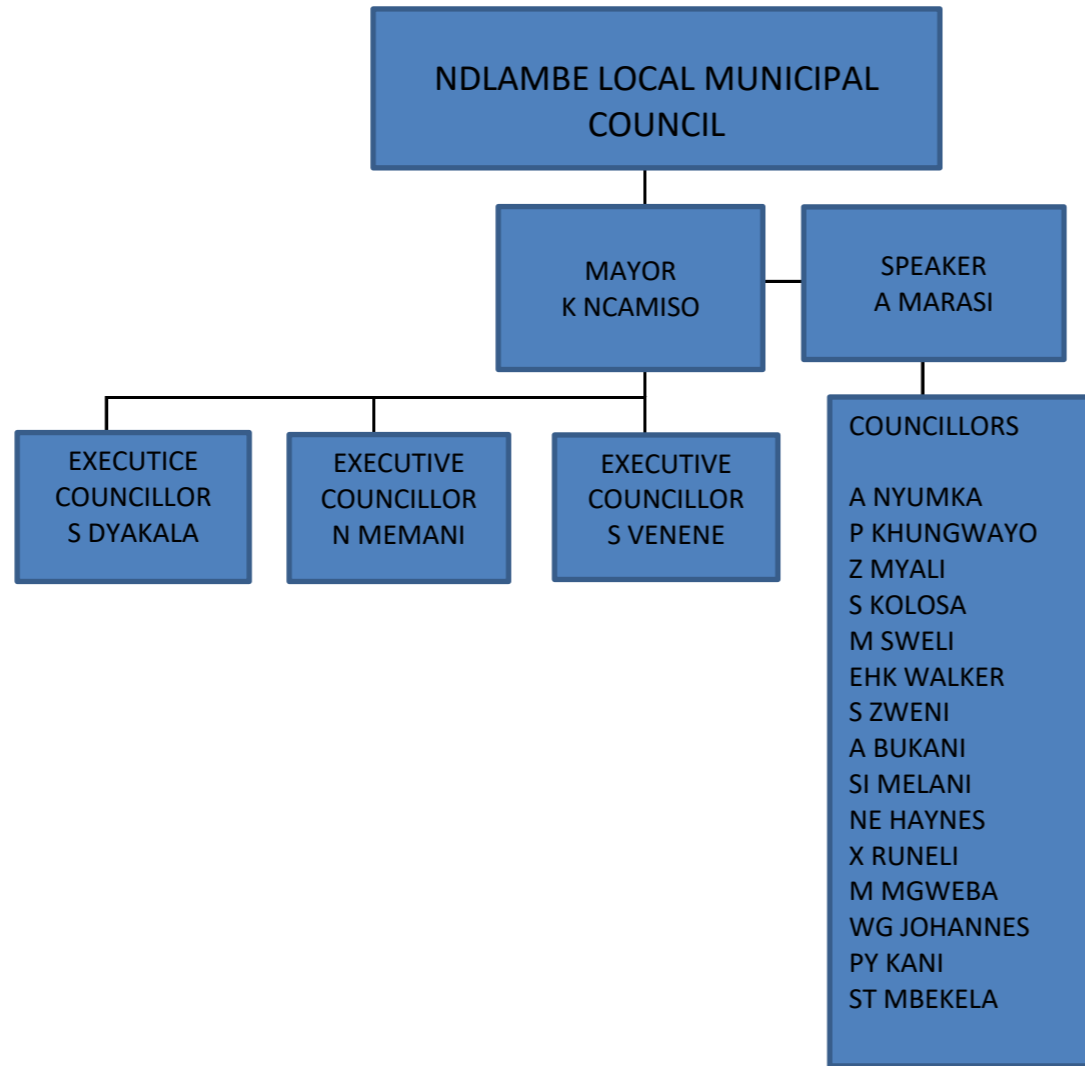


NDLAMBE LOCAL MUNICIPALITY EC 105

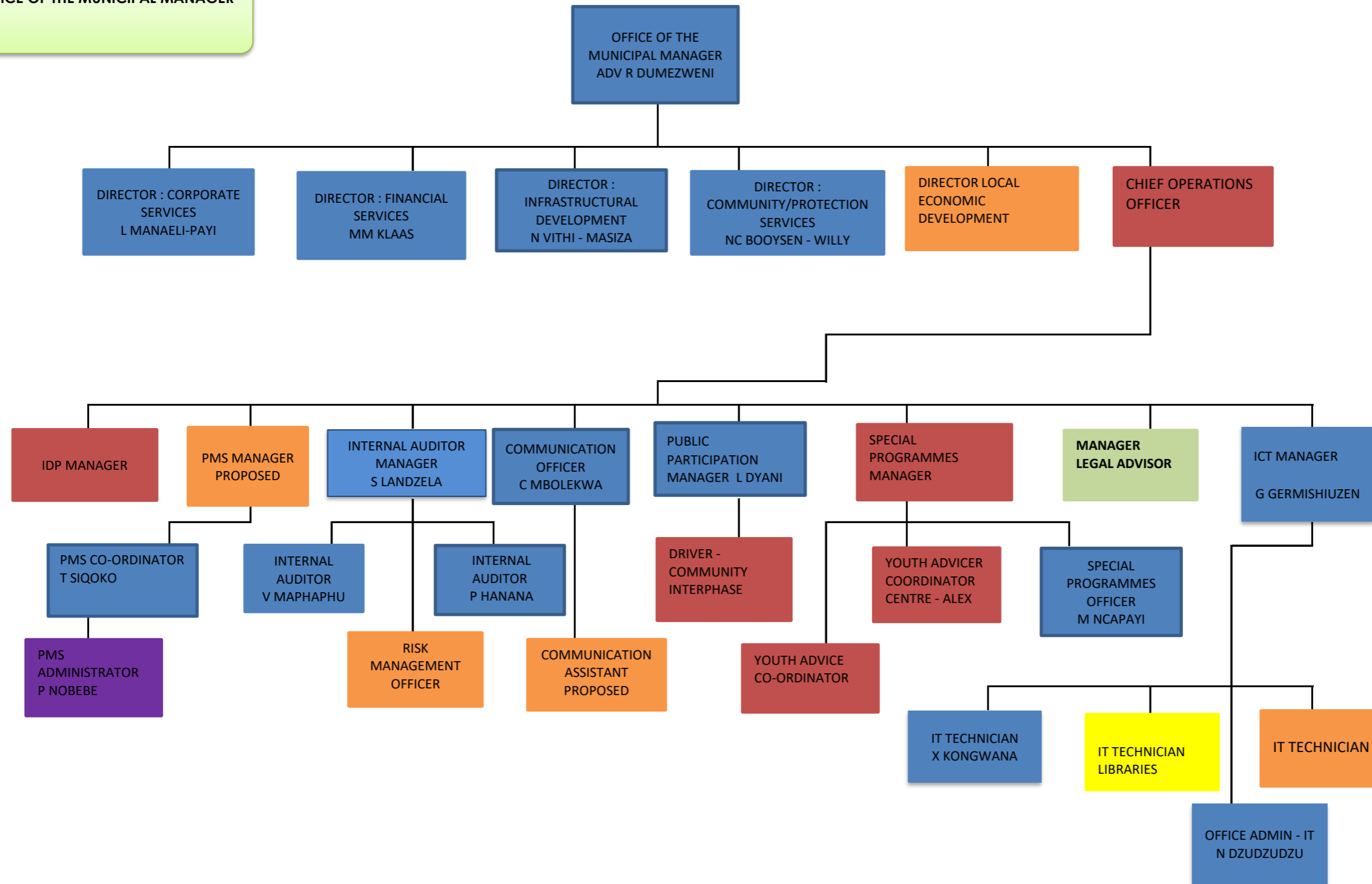
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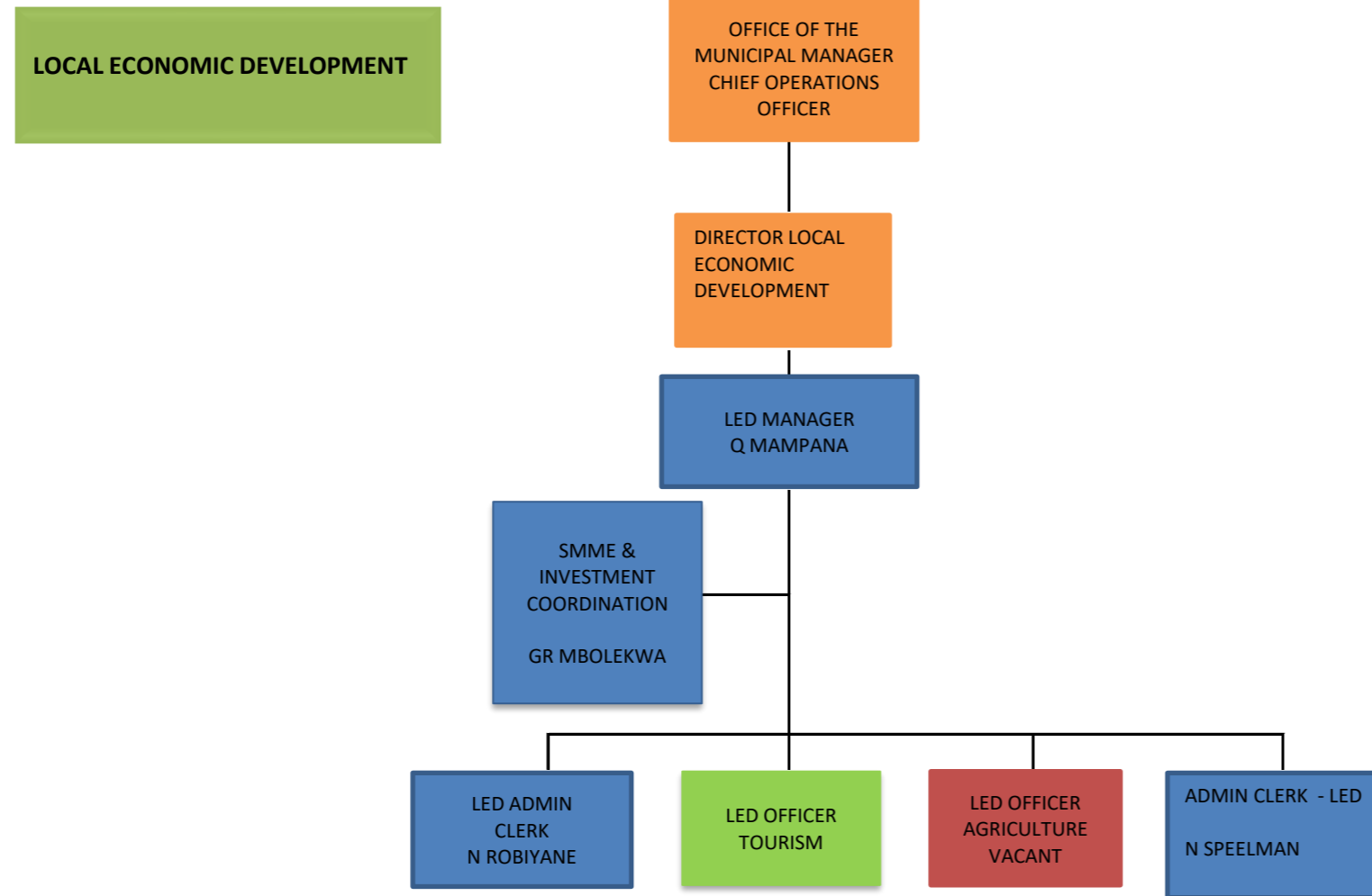
OFFICE OF THE MAYOR AND SPEAKER

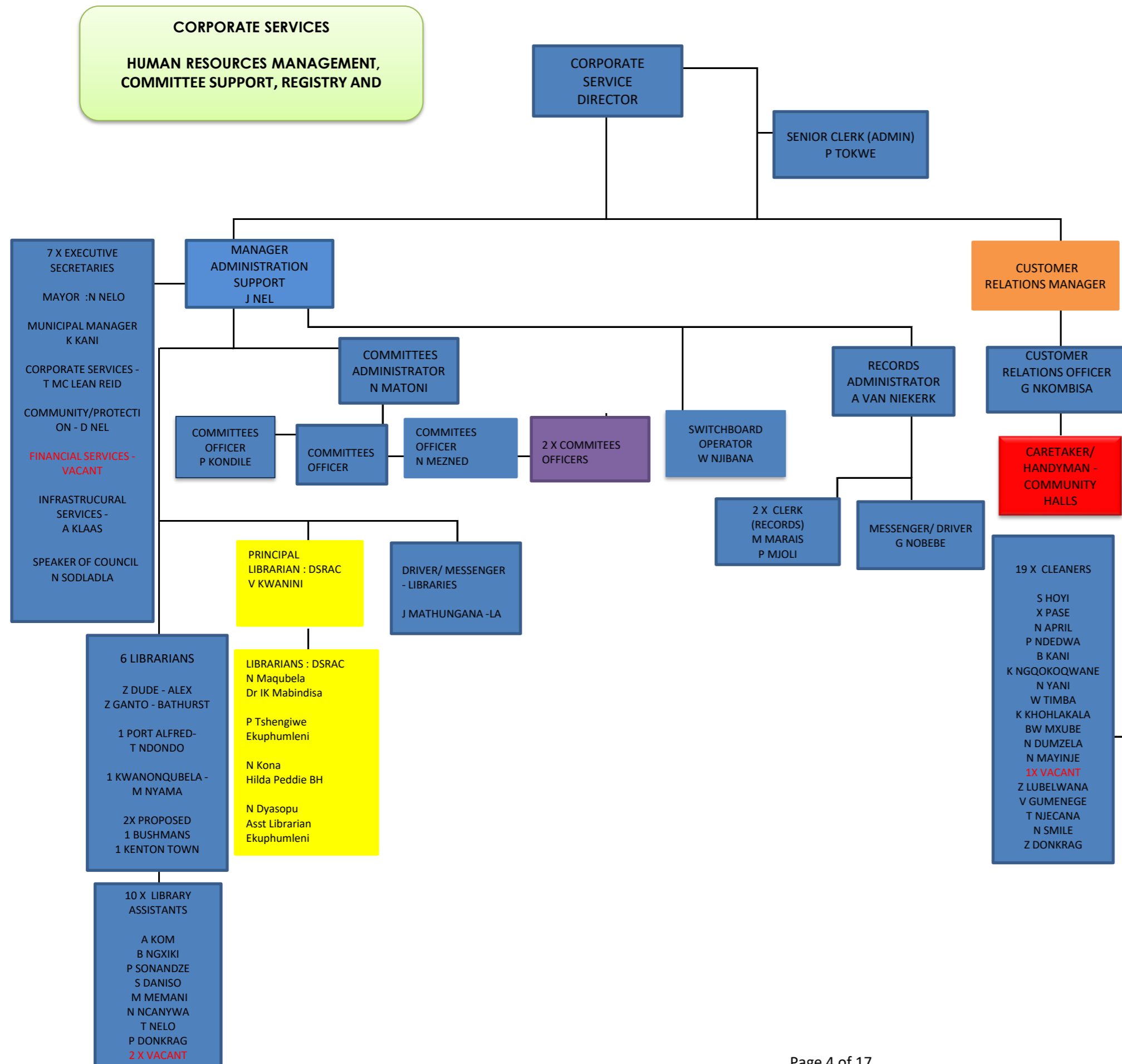
- FILLED
- UNFUNDED
- VACANT
- FROZEN
- CONTRACTUAL
- DSRAC

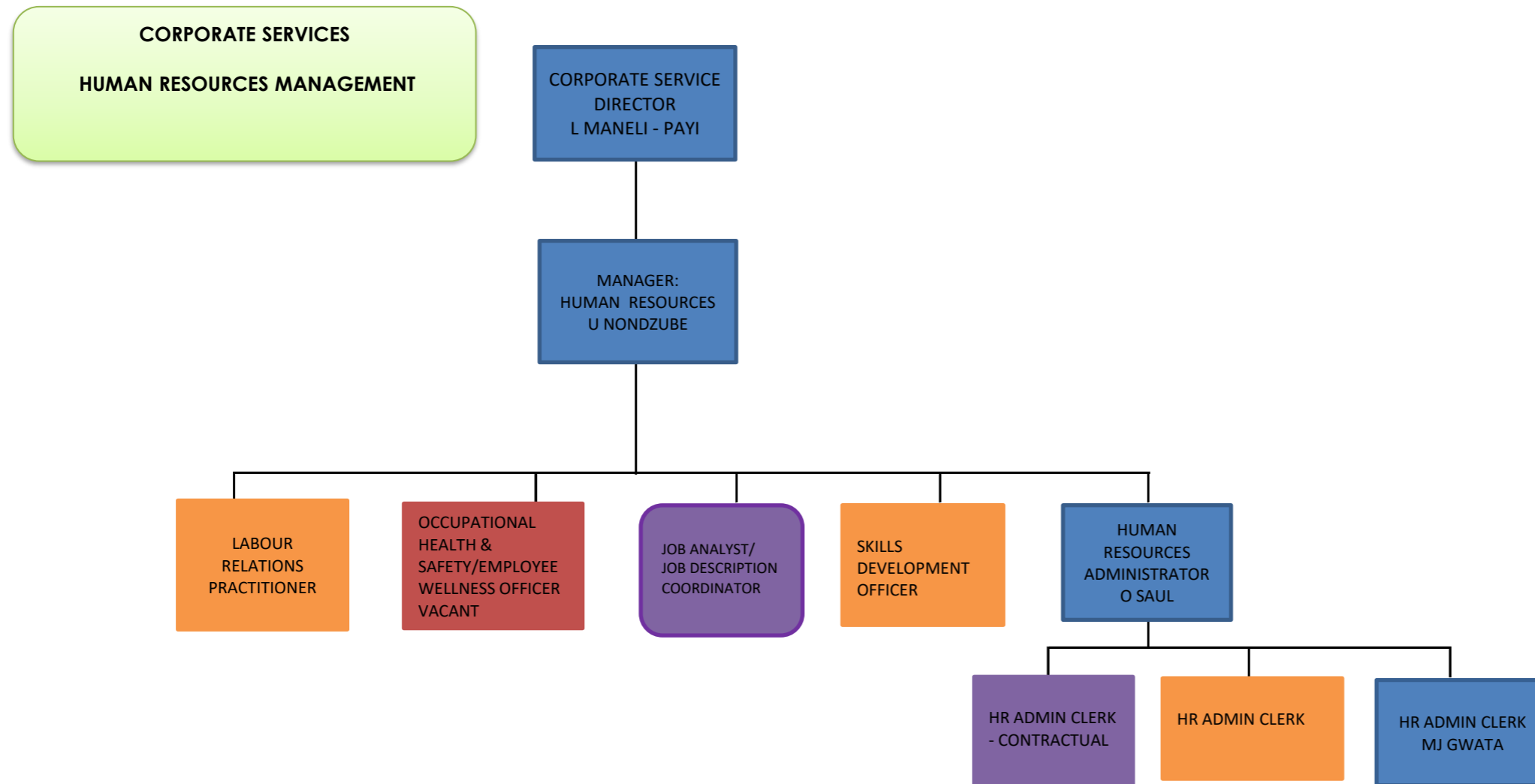


OFFICE OF THE MUNICIPAL MANAGER

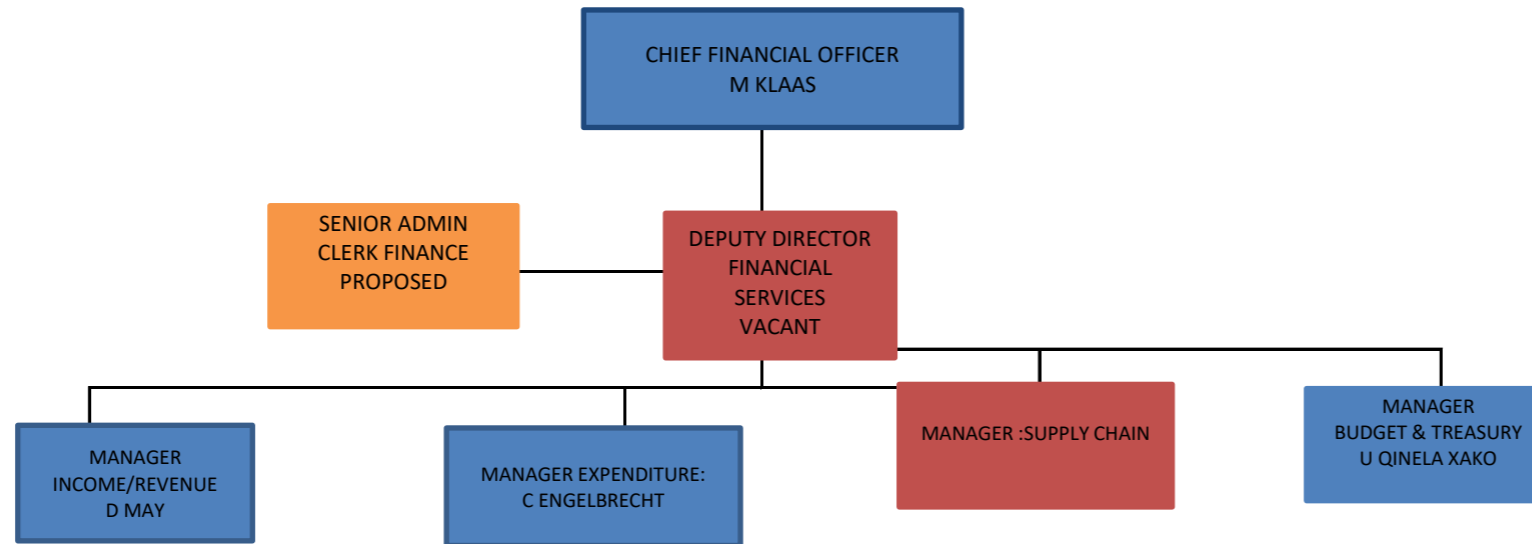




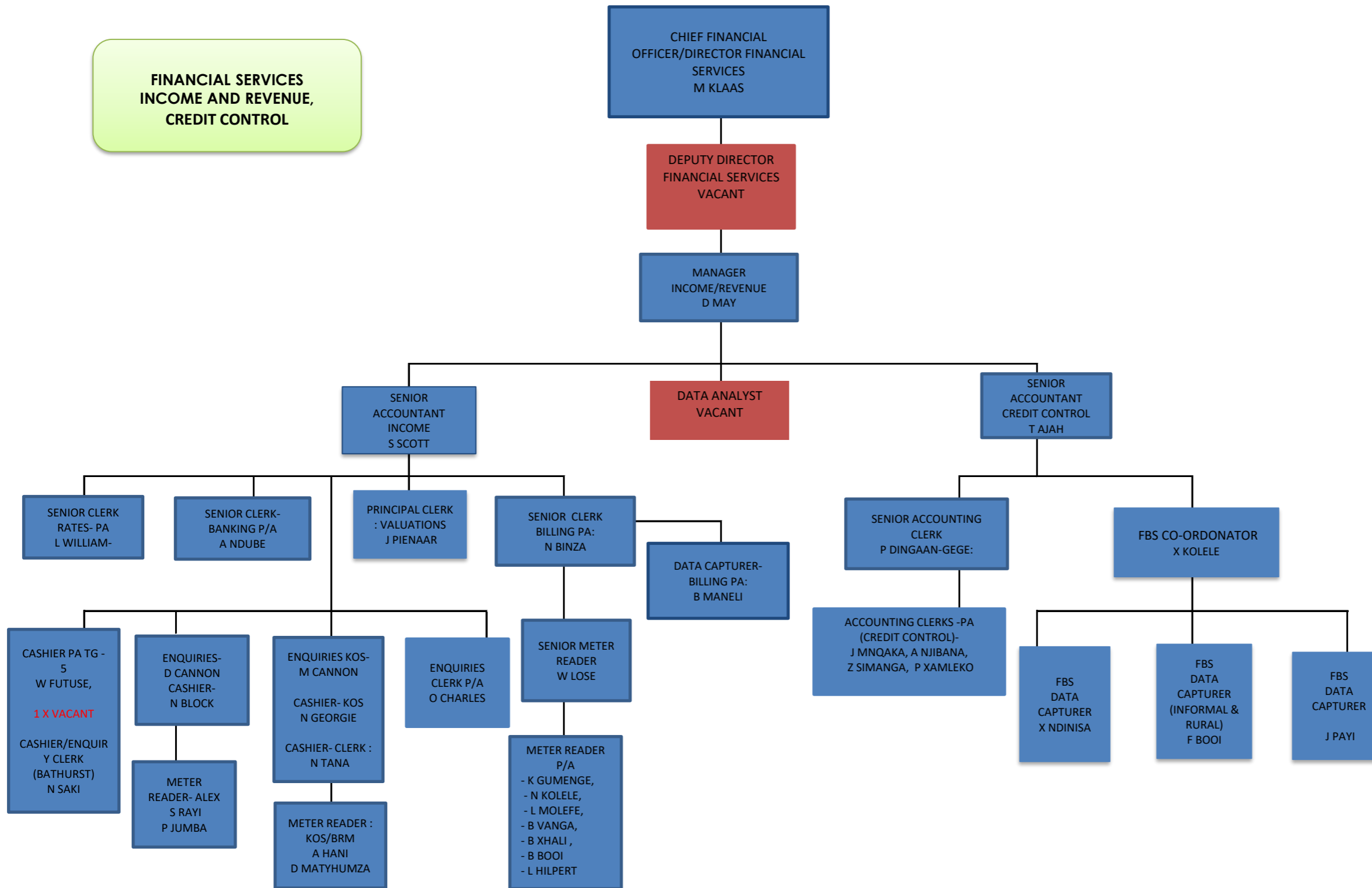


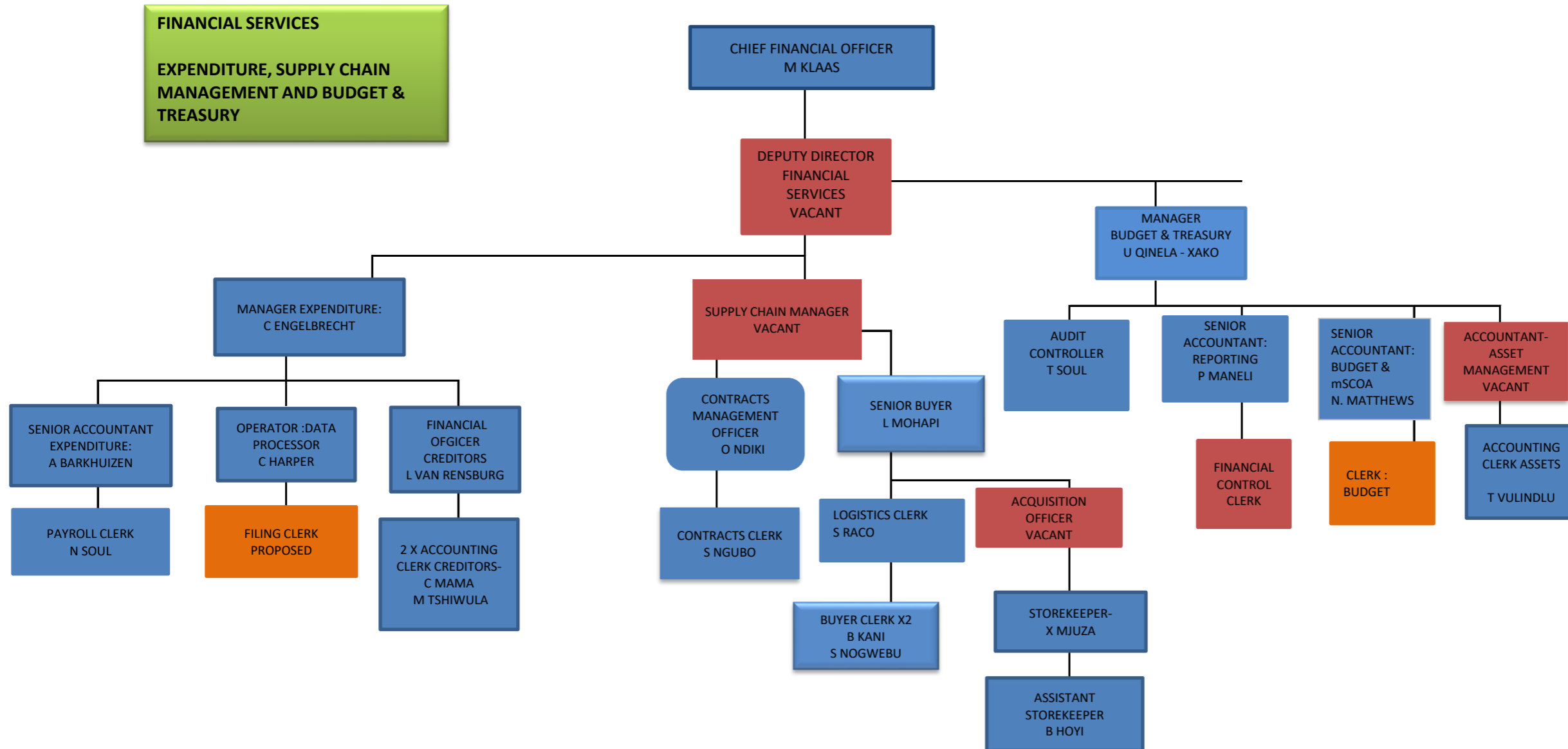


FINANCIAL SERVICES

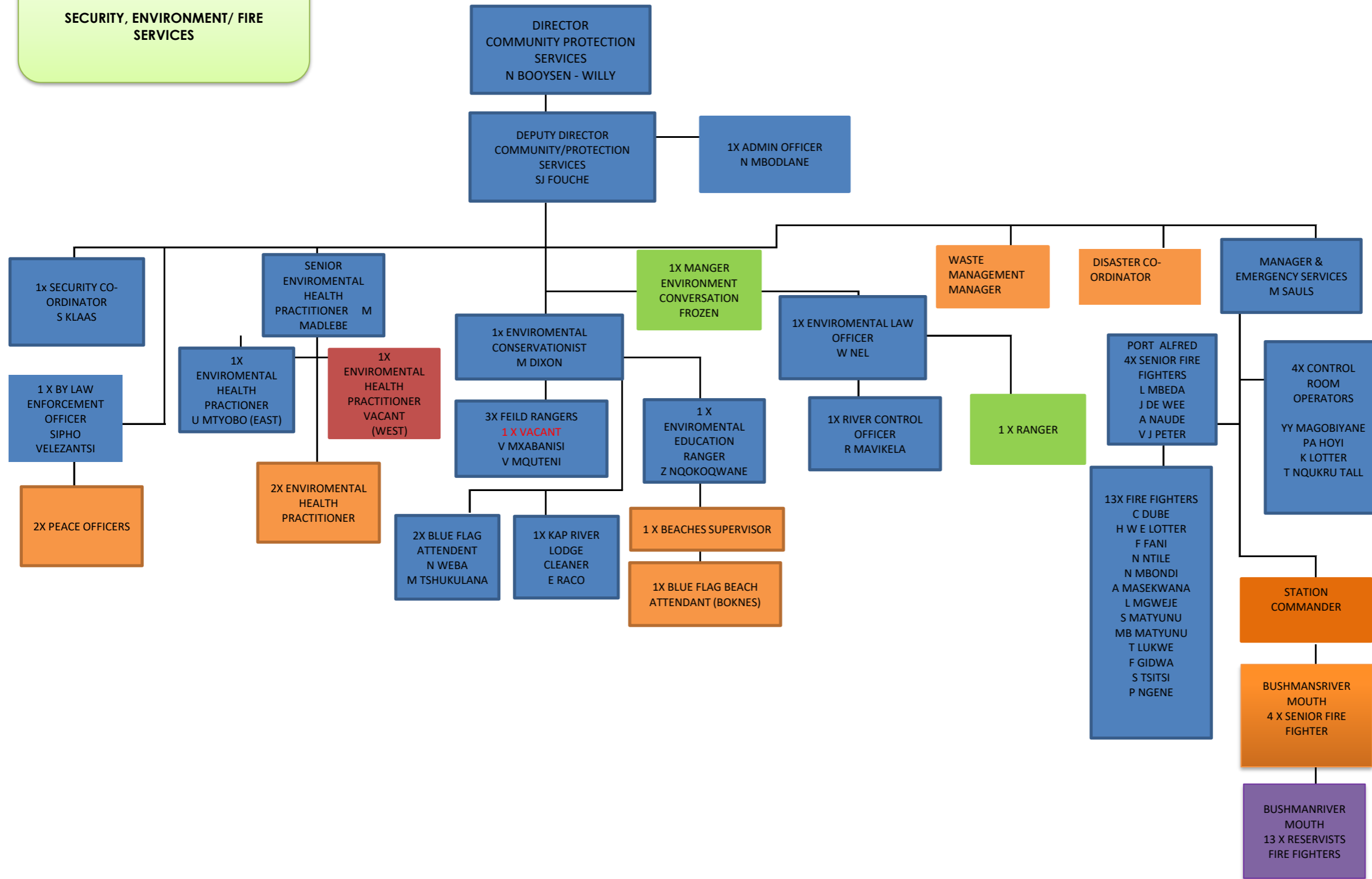


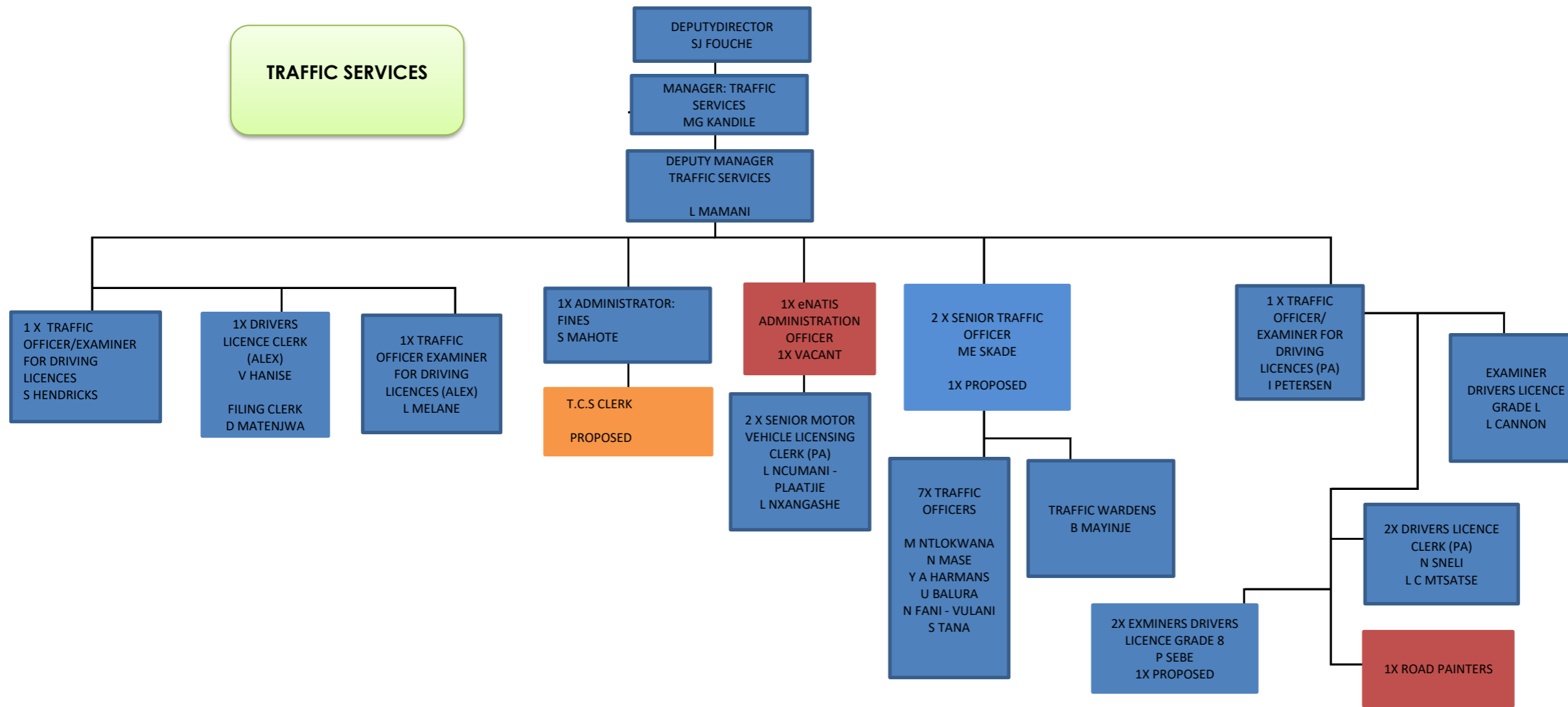
**FINANCIAL SERVICES
INCOME AND REVENUE,
CREDIT CONTROL**

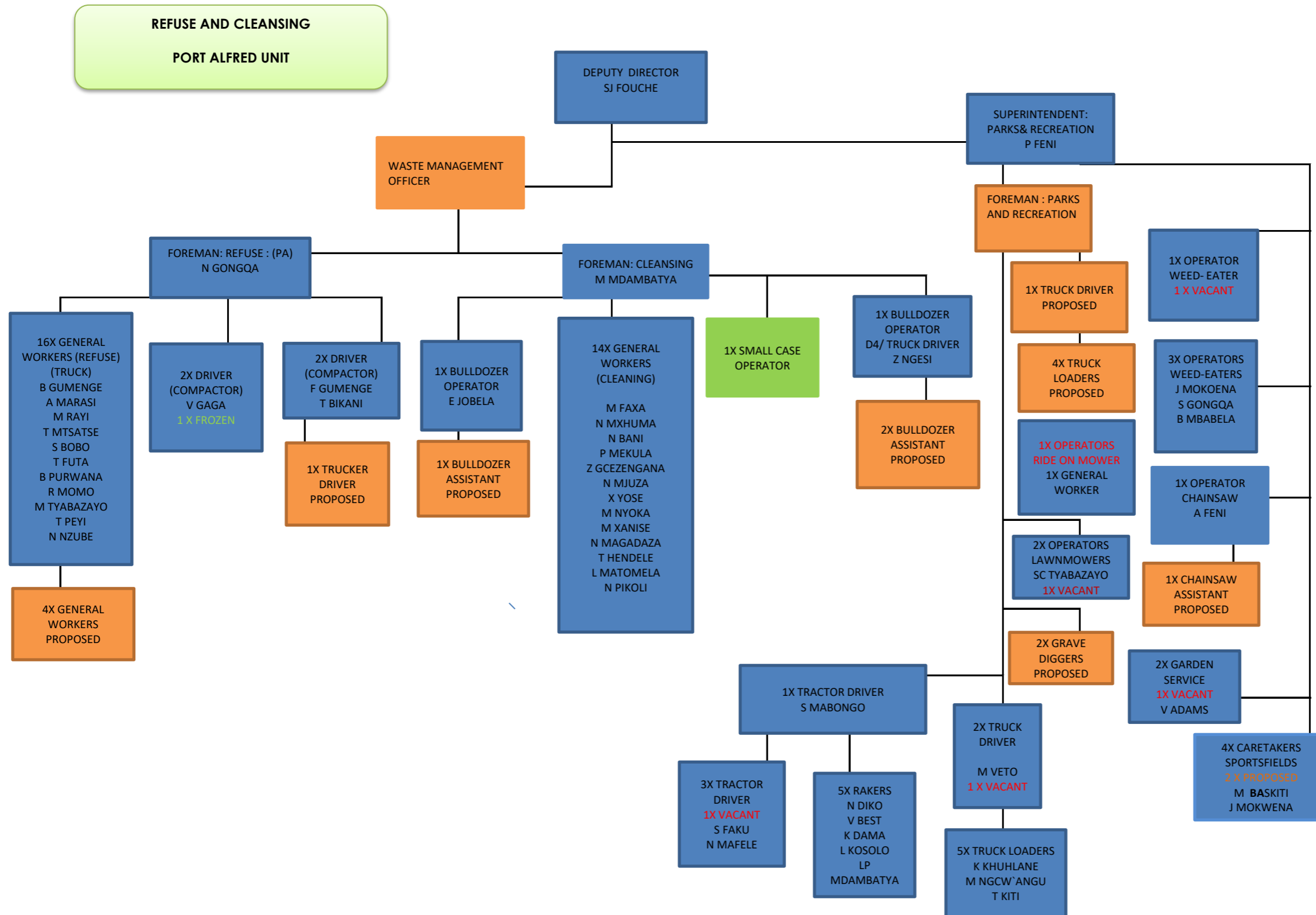




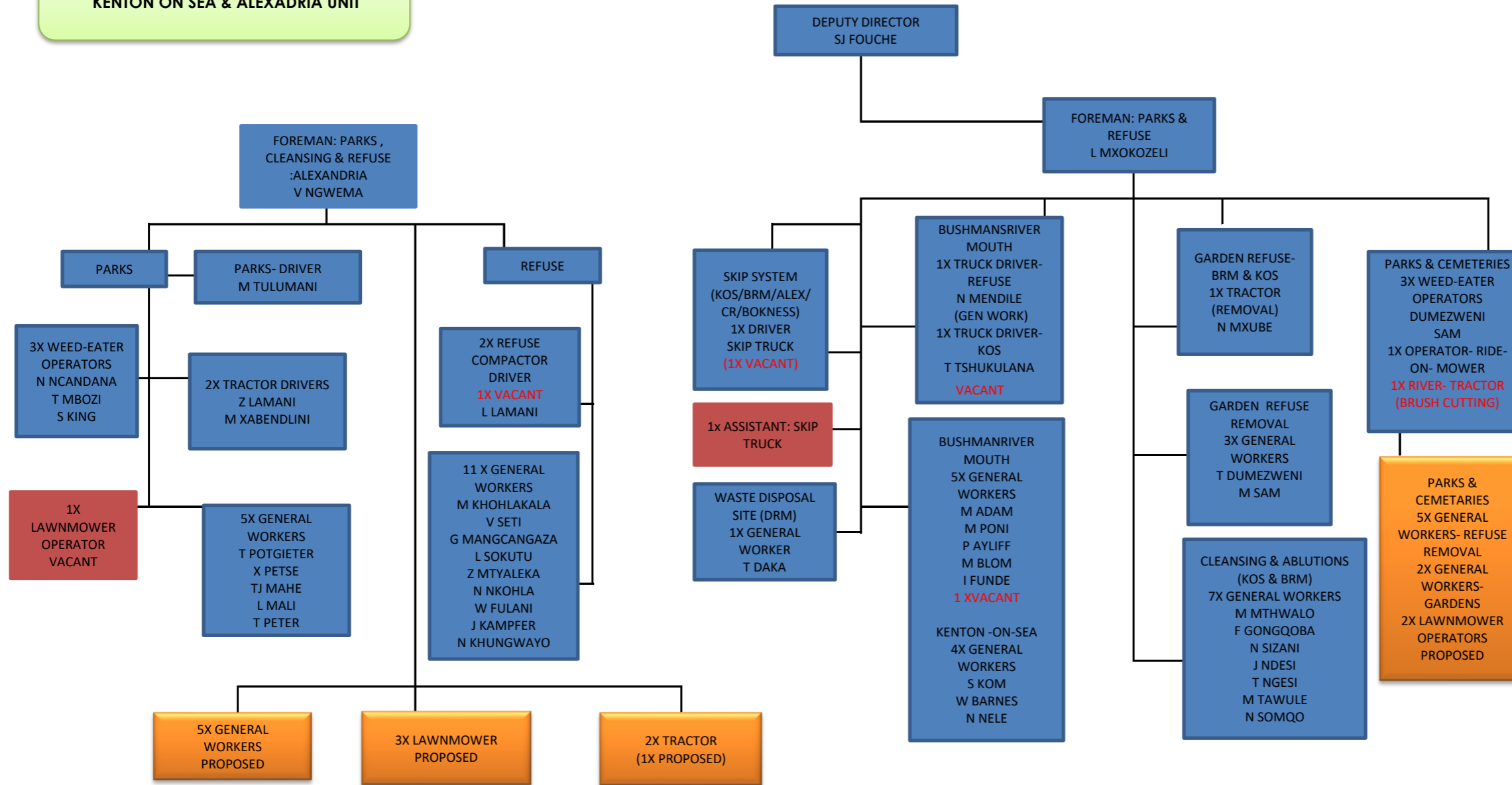
COMMUNITY/PROTECTION SERVICES
SECURITY, ENVIRONMENT/ FIRE SERVICES

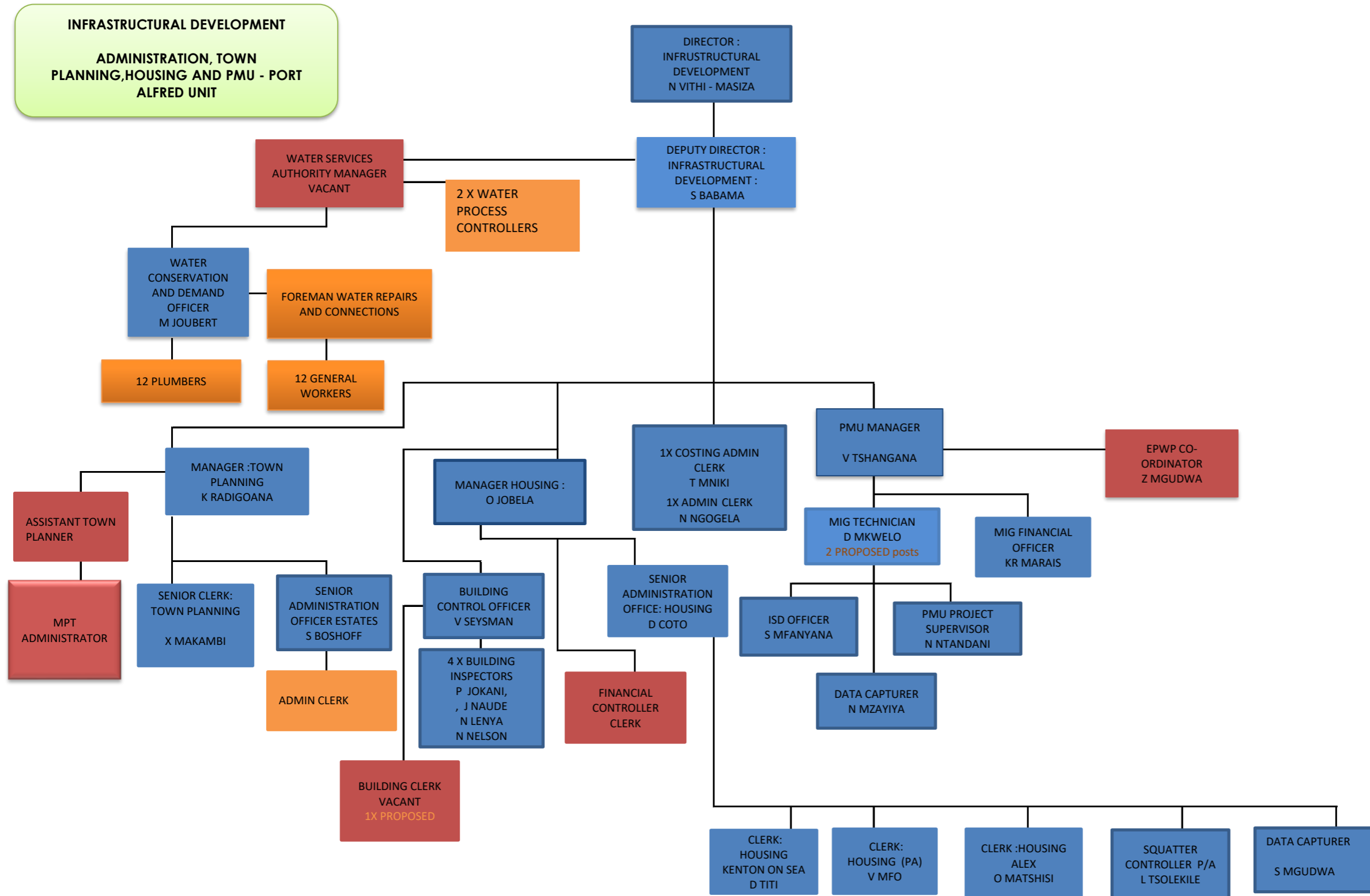




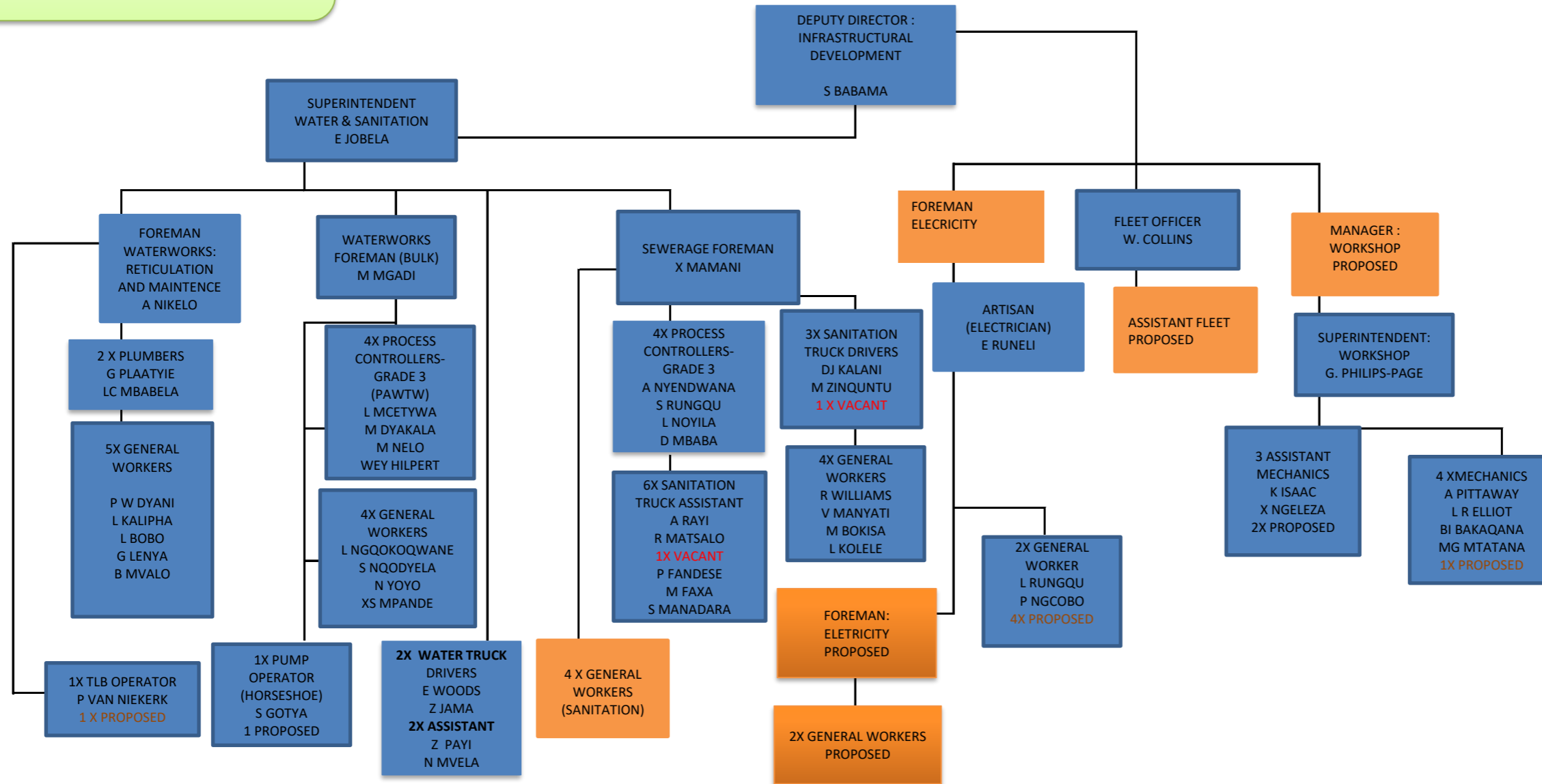


**PARKS, REFUSE AND CLEANSING
KENTON ON SEA & ALEXADRIA UNIT**

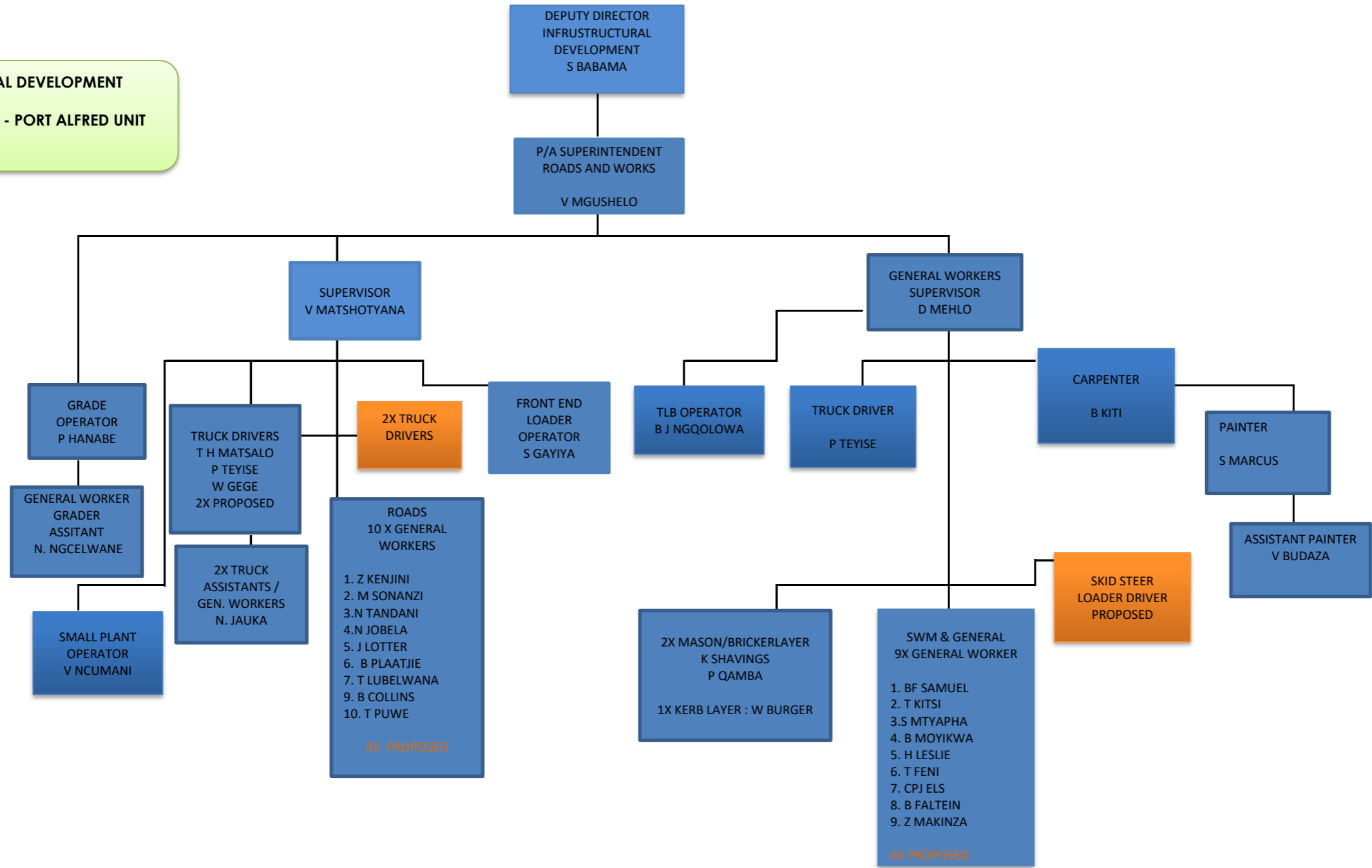


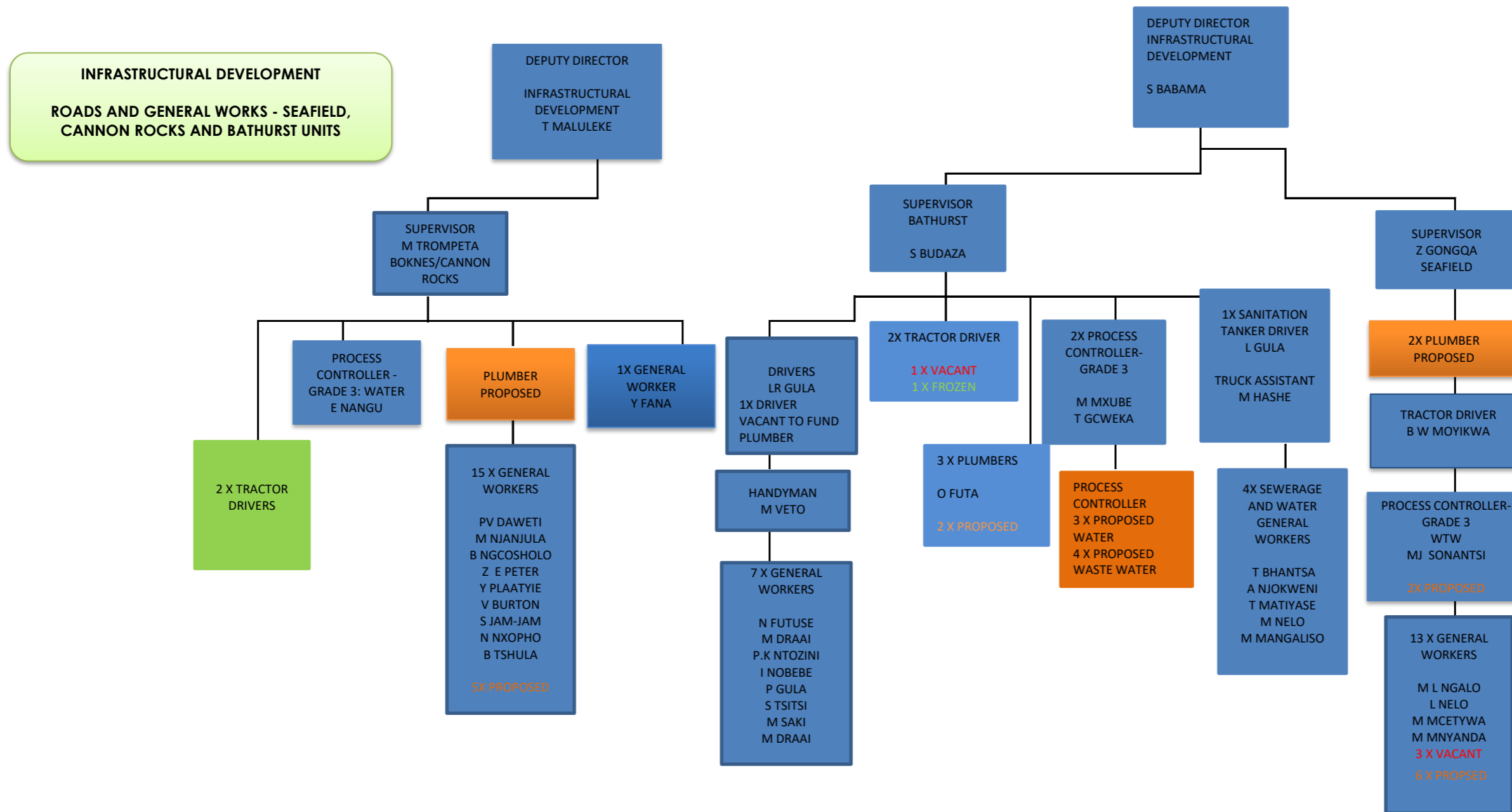


INFRASTRUCTURAL DEVELOPMENT
WATER WORKS, SANITATION, ELECTRICITY,
FLEET AND WORKSHOP

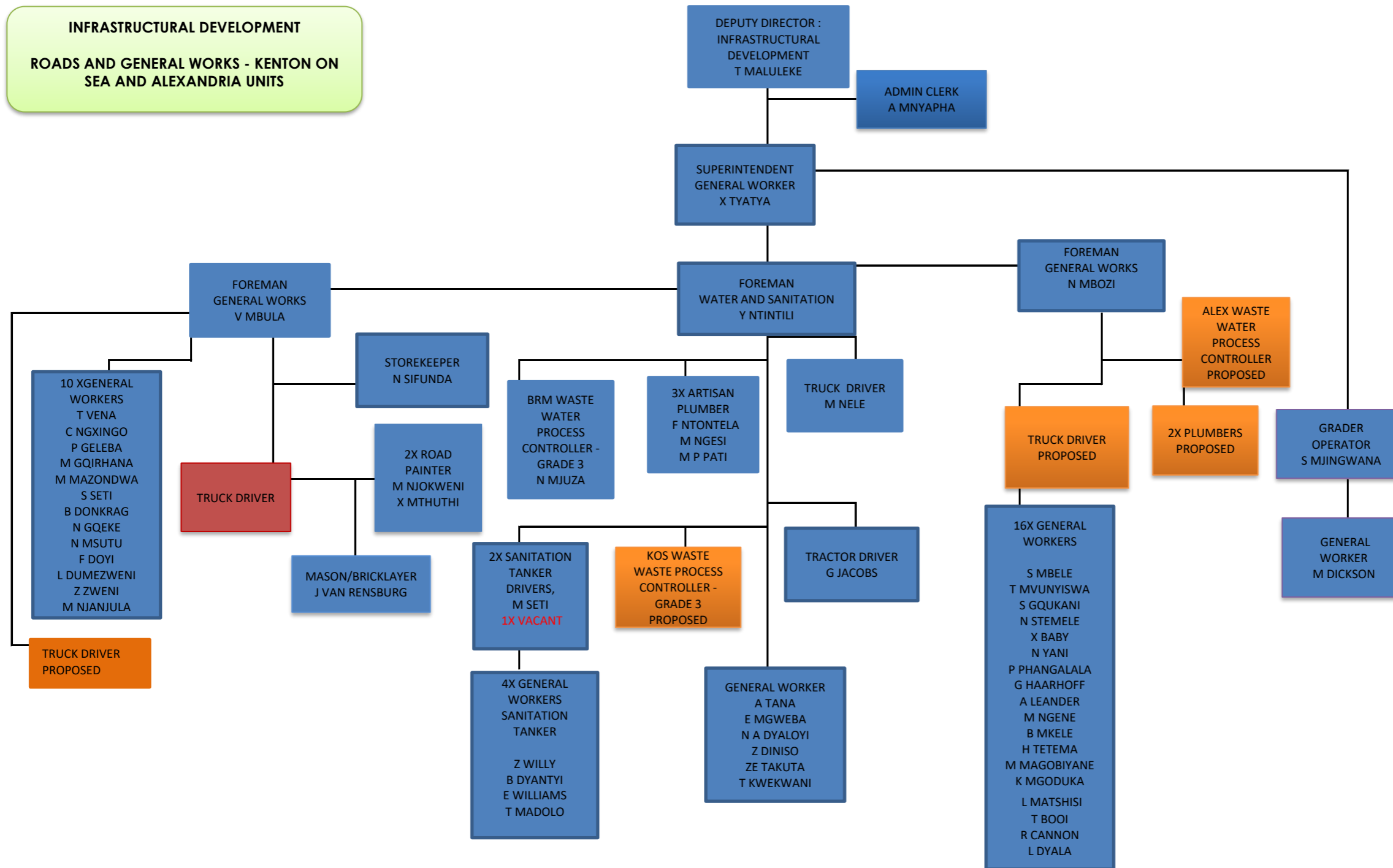


**INFRASTRUCTURAL DEVELOPMENT
ROAD DEPARTMENT - PORT ALFRED UNIT**





INFRASTRUCTURAL DEVELOPMENT
ROADS AND GENERAL WORKS - KENTON ON
SEA AND ALEXANDRIA UNITS



ANNEXURE B

Report of the auditor-general to the Eastern Cape Provincial Legislature on the Ndlambe Local Municipality

Report on the audit of the financial statements

Opinion

1. I have audited the financial statements of the Ndlambe Local Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2023, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Ndlambe Local Municipality as at 30 June 2023 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the Division of Revenue Act 5 of 2022 (Dora).

Basis for opinion

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

Emphasis of matters

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

Restatement of corresponding figures

7. As disclosed in note 43 to the financial statements, the corresponding figures for 30 June 2022 were restated as a result of an error in the financial statements of the municipality at, and for the year ended 30 June 2023

Material losses and impairments

8. As disclosed in note 48 to the financial statements, material water losses of R22,3 million (2022: R14,1million) were incurred, which represents 45,3% (2022: 38,2%) of total water purchased. The losses were predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore, apparent losses were realised due to metering inefficiencies, meter faults, and unauthorised and unmetered consumption
9. As disclosed in notes 4 and 5 to the financial statements, impairments of R50,4 million (2022: R48,9 million) relating to receivables from non-exchange and R127,6 million (2022: R118,1 million) relating to receivables from exchange transactions were incurred as a result of irrecoverable debtors.

Unauthorised expenditure

10. As disclosed in note 44 to the financial statements, unauthorised expenditure of R124,3 million was incurred in the current year and previous years due to overspending of cash and non-cash items in various municipal departments. This balance is an accumulation of current and previous year amounts. In the current year, R75,5 million was written off, while in the previous year, R71 million had been written off.

Irregular expenditure

11. As disclosed in note 46 to the financial statements, irregular expenditure of R235,2 million (2022: R301,8 million) was incurred in the current year and previous years due to supply chain management (SCM) regulations and policy deviations. This balance is an accumulation of current and previous year amounts. In the current year, R148,5 million was written off, while in the previous year, R410,3 million had been written off.

Unspent conditional grants

12. As disclosed in note 17 to the financial statements, the municipality has unspent conditional grants and receipts of R14,6 million (2022: R16,7 million).

Other matter

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

Unaudited disclosure note

14. 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. The disclosure requirements 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

15. 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 the Dora; and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

17. 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.
18. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

Report on the audit of the annual performance report

19. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected development priorities presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.
20. I selected the following development priority presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a development priority that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

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

21. I evaluated the reported performance information for the selected development priority against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it

provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives.

22. I performed procedures to test whether:

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

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

24. I did not identify any material findings on the reported performance information for the development priority, basic service delivery.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

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

Material misstatements

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

Report on compliance with legislation

28. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.
29. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
30. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
31. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual report

32. The local community was not invited to submit representations in connection with the 2021-22 annual report, as required by section 127(5)(a)(ii) of the MFMA.
33. The oversight report adopted by the council on the 2021-22 annual report was not made public, as required by section 129(3) of the MFMA.

Expenditure management

34. Reasonable steps were not taken to prevent irregular expenditure amounting to R81,8 million as disclosed in note 46 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by not adequately applying section 36 of the SCM regulations.
35. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R654 679, as disclosed in note 45 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by the misappropriation of traffic department deposits.
36. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R84 million, as disclosed in note 44 to the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by overspending of the budget per municipal department on cash and non-cash items.

Consequence management

37. Fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Human resource management

38. Appropriate systems and procedures to monitor, measure and evaluate performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA.

39. Bonuses were paid to the municipal manager and senior managers before the annual report for the applicable performance year was tabled and adopted by the council, as required by municipal performance regulations for municipal managers and managers directly accountable to municipal managers 8(1).

Other information in the annual report

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

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

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

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

44. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report on that fact.

Internal control deficiencies

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

46. A formal code of conduct is in place at the municipality that addresses appropriate ethical and moral behaviour. The implementation of the code, however, was not effective in ensuring that instances of irregular, fruitless and wasteful expenditure did not occur. Furthermore, leadership was unable to effectively detect and correct material misstatements in the annual performance report, and adjustments were made to address material findings in performance reporting. In addition, leadership did not put measures in place to ensure that appropriate consequences were taken against instances of non-compliance.
47. Management developed an audit action plan; however, it was not adequately implemented and monitored to ensure findings raised in the prior year did not re-occur. Specifically, the municipality has not developed a compliance monitoring tool to monitor compliance with all the relevant laws and regulations applicable to the municipality to ensure compliance by all municipal officials. As a result, material non-compliance with the laws and regulations has been identified.
48. The municipality did not ensure that there is an adequately resourced internal audit function to identify internal control deficiencies. This is evidenced by the material findings in performance information that was subsequently corrected by management. Furthermore, repeat material findings have been identified in compliance with laws and regulations.

Other reports

49. I draw attention to the following engagements conducted by various parties. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
50. The municipality conducted a forensic investigation in connection with the suspected fraud in the traffic department in the 2022-23 year. The municipal manager took steps regarding the matter and immediately suspended the affected officials.
51. The forensic investigation was conducted and was tabled to the council on the 28 November 2023, which will allow the municipality to proceed with the final steps to be taken.

Auditor - General.

Auditor General

East London

30 November 2023



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

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

Financial statements

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

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

Communication with those charged with governance

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

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

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

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

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

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

ANNEXURE C



Ndlambe Local Municipality

Annual Financial Statements
for the year ended 30 June 2023

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Legal form of entity	Ndlambe Municipality (EC 105) is a local municipality performing the functions as set out in the Constitution. (Act no 108 of 1996)
Grading of local authority	Grade 3
Nature of business and principal activities	Municipal Services
Executive committee	
Mayor	Councillor KC Ncamiso - Corporate Services Portfolio
Speaker	Councillor AL Marasi
Executive Councillors	Councillor ST Dyakala - Infrastructure Portfolio Councillor NF Memani - Community Protection Portfolio Councillor S Venene - Finance Portfolio
Councillors	Councillor A Nyumka - MPAC Chair Councillor S Kolosa - Chief Whip Councillor A Bukani Councillor N Sweli Councillor EHK Walker Councillor NE Haynes Councillor P Khungwayo Councillor SI Melani Councillor S Zweni Councillor MW Mgweba Councillor PY Kani Councillor ZW Myali Councillor WG Johannes Councillor T Mbekela Councillor X Runeli

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

General Information

Primary legislation governing the municipality's operations

Local Government Municipal Finance Management Act (Act No 56 of 2003)

Local Government: Municipal Systems Act (Act 32 of 2000)

Local Government: Municipal Structures Act (Act 117 of 1998)

Constitution of the Republic of South Africa (Act 108 of 1998)

Municipal Property Rates Act (Act 6 of 2004)

Accounting Officer

R Dumezweni
rdumezweni@ndlambe.gov.za

Chief Finance Officer (CFO)

M Klaas
mklaas@ndlambe.gov.za

Business address

47 Campbell Street
Port Alfred
6170

Postal address

P O Box 13
Port Alfred
6170

Bankers

First National Bank

Auditors

Auditor General

Jurisdiction

The Ndlambe Local Municipality includes the following areas:

Port Alfred

Bathurst

Alexandria

Kenton-on-Sea

Cannon-Rocks

Seafield

Marselle

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Index

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

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Abbreviations used:

DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
LED	Local Economic Development
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)
MSIG	Municipal Systems Improvement Grant
FMG	Financial Management Grant
DSRAC	Department of Sports, Recreation, Arts and Culture
DME	Department of Minerals and Energy
INEP	Integrated National Electrification Programme
DWAF	Department of Water and Forestry
ACIP	Accelerated Capital Infrastructure Project
DoRA	Division of Revenue Act
DME	Department of Minerals and Energy
DWS	Department of Water and Sanitation
SBDM	Sarah Baartman District Municipality
CoGTA	Department of Co-operative Governance and Traditional Affairs
VAT	Value Added Tax
SARS	South African Revenue Service

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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 places 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 2024 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The annual financial statements set out on pages 5 to 103, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:



R Dumezweni
Accounting Officer

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
Assets			
Current Assets			
Inventories	3	1 184 641	1 146 323
Receivables from non-exchange transactions	4	21 134 680	21 191 062
Receivables from exchange transactions	5	28 810 745	28 365 756
VAT receivable	6	13 578 962	7 255 858
Cash and cash equivalents	7	67 235 366	77 785 500
Operating lease asset	8	17 424	7 960
		131 961 818	135 752 459
Non-Current Assets			
Investment property	9	258 800 699	261 357 291
Property, plant and equipment	10	1 185 193 949	1 090 530 031
Intangible assets	11	104 267	146 537
Heritage assets	12	16	16
Other financial assets	13	44 872	42 962
		1 444 143 803	1 352 076 837
Total Assets		1 576 105 621	1 487 829 296
Liabilities			
Current Liabilities			
Consumer deposits	15	2 661 391	2 537 867
Payables from exchange transactions	16	59 019 954	43 856 855
Unspent conditional grants and receipts	17	14 567 942	16 676 701
Financial liabilities - DBSA	18	1 464 213	1 919 728
Operating lease liability	8	-	46 620
Employee benefit obligation	19	19 642 248	16 969 313
Provisions	20	12 497 830	12 014 775
		109 853 578	94 021 859
Non-Current Liabilities			
Financial liabilities - DBSA	18	986 301	2 450 514
Employee benefit obligation	19	62 977 000	65 229 744
Provisions	20	60 296 161	60 330 172
		124 259 462	128 010 430
Total Liabilities		234 113 040	222 032 289
Net Assets		1 341 992 581	1 265 797 007
Accumulated surplus		1 341 992 581	1 265 797 007
Total Net Assets		1 341 992 581	1 265 797 007

* See Note 43

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	22	181 743 495	166 321 134
Rendering of services		421 554	430 870
Rental of facilities and equipment		1 046 827	796 315
Interest received - Trade and other receivables		8 095 895	5 657 234
Licences and permits		3 685 609	3 267 204
Housing debtor income		1 859 224	1 444 801
Other income	23	4 338 750	4 473 608
Interest received - investment	24	7 977 378	4 278 823
Total revenue from exchange transactions		209 168 732	186 669 989
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	143 573 186	134 328 925
Licences and Permits - Non-exchange		1 265 973	1 211 988
Environmental levies		5 680 436	5 021 013
Interest received - Non-exchange receivables		3 845 778	2 976 991
Transfer revenue			
Government grants & subsidies	26	269 722 218	208 894 930
Public contributions and donations	27	613 000	6 435 634
Fines, Penalties and Forfeits		342 733	675 422
Total revenue from non-exchange transactions		425 043 324	359 544 903
Total revenue	21	634 212 056	546 214 892
Expenditure			
Employee related costs	28	(184 821 563)	(171 269 622)
Remuneration of councillors	29	(7 671 207)	(7 812 605)
Depreciation and amortisation	30	(48 964 371)	(47 494 773)
Finance costs	31	(7 967 221)	(6 696 803)
Lease rentals on operating lease		(1 953 178)	(2 035 605)
Debt Impairment	32	(59 826 821)	(47 323 184)
Alternative Energy Programmes		(3 758 400)	(2 626 503)
Bulk purchases	33	(89 196 010)	(81 882 500)
Contracted services	34	(72 787 326)	(77 506 991)
Transfers and Subsidies		(4 528 658)	(3 349 996)
General Expenses	35	(90 118 255)	(68 365 430)
Total expenditure		(571 593 010)	(516 364 012)
Operating surplus		62 619 046	29 850 880
Loss on disposal of assets and liabilities		(1 973 920)	(3 665 364)
Fair value adjustments	36	7 146 353	(837 645)
Actuarial gains/(losses)	19	11 193 548	6 908 209
Impairment loss	37	(2 789 447)	(10 636 882)
		13 576 534	(8 231 682)
Surplus for the year		76 195 580	21 619 198

* See Note 43

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Statement of Changes in Net Assets

Figures in Rand		Accumulated surplus / deficit	Total net assets
Balance at 01 July 2021		1 244 177 809	1 244 177 809
Changes in net assets			
Surplus for the year		21 619 198	21 619 198
Total changes		21 619 198	21 619 198
Restated* Balance at 01 July 2022	43	1 265 797 001	1 265 797 001
Changes in net assets			
Surplus for the year		76 195 580	76 195 580
Total changes		76 195 580	76 195 580
Balance at 30 June 2023		1 341 992 581	1 341 992 581
Note(s)			

* See Note 43

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
Cash flows from operating activities			
Receipts			
Rates and services		273 881 973	271 538 864
Government Grants and Subsidies		267 726 458	234 727 441
Interest income		17 505 292	10 046 383
Other receipts		6 540 707	6 593 831
		<u>565 654 430</u>	<u>522 906 519</u>
Payments			
Employee costs		(192 492 770)	(179 082 236)
Suppliers		(223 668 049)	(222 114 431)
Finance costs		(7 967 221)	(6 696 803)
Grants and subsidies		(4 528 658)	(3 349 995)
		<u>(428 656 698)</u>	<u>(411 243 465)</u>
Net cash flows from operating activities	39	<u>136 997 732</u>	<u>111 663 054</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(145 833 751)	(110 277 061)
Proceeds from sale of property, plant and equipment	10	205 613	1 060 157
		<u>(145 628 138)</u>	<u>(109 216 904)</u>
Net cash flows from investing activities		<u>(145 628 138)</u>	<u>(109 216 904)</u>
Cash flows from financing activities			
Repayment of financial liabilities - dbsa		(1 919 728)	(1 738 013)
		<u>(1 919 728)</u>	<u>(1 738 013)</u>
Net cash flows from financing activities		<u>(1 919 728)</u>	<u>(1 738 013)</u>
Net increase/(decrease) in cash and cash equivalents		(10 550 134)	708 137
Cash and cash equivalents at the beginning of the year		77 785 500	77 077 363
Cash and cash equivalents at the end of the year	7	<u>67 235 366</u>	<u>77 785 500</u>

* See Note 43

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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	209 431 769	(2 802 124)	206 629 645	181 743 495	(24 886 150)	53.1
Rendering of services	487 416	-	487 416	421 554	(65 862)	53.2
Rental of facilities and equipment	960 732	-	960 732	1 046 827	86 095	53.3
Interest received	5 445 828	-	5 445 828	8 095 895	2 650 067	53.4
Licences and permits	12 267 360	-	12 267 360	3 685 609	(8 581 751)	53.5
Housing debtor income	295 957	-	295 957	1 859 224	1 563 267	53.6
Other income	4 574 772	-	4 574 772	4 338 750	(236 022)	53.7
Interest received - investment	6 787 080	-	6 787 080	7 977 378	1 190 298	53.8
Total revenue from exchange transactions	240 250 914	(2 802 124)	237 448 790	209 168 732	(28 280 058)	
Revenue from non-exchange transactions						
Taxation revenue						
Property rates	142 586 760	-	142 586 760	143 573 186	986 426	53.9
Licences and Permits (Non-exchange)	-	-	-	1 265 973	1 265 973	53.10
Environmental levies	3 919 471	7 210 440	11 129 911	5 680 436	(5 449 475)	53.11
Interest received - non-exchange receivables	-	-	-	3 845 778	3 845 778	53.12
Transfer revenue						
Government grants & subsidies	261 092 328	23 341 430	284 433 758	269 722 218	(14 711 540)	53.13
Public contributions and donations	-	500 000	500 000	613 000	113 000	53.14
Fines, Penalties and Forfeits	769 126	-	769 126	342 733	(426 393)	53.15
Total revenue from non-exchange transactions	408 367 685	31 051 870	439 419 555	425 043 324	(14 376 231)	
Total revenue	648 618 599	28 249 746	676 868 345	634 212 056	(42 656 289)	
Expenditure						
Employee related costs	(178 807 802)	10 867 436	(167 940 366)	(184 821 563)	(16 881 197)	53.16
Remuneration of councillors	(8 286 091)	280 000	(8 006 091)	(7 671 207)	334 884	53.17
Depreciation and amortisation	(47 076 101)	-	(47 076 101)	(48 964 371)	(1 888 270)	53.18
Impairment loss	-	-	-	(2 789 447)	(2 789 447)	53.19
Finance costs	(374 808)	-	(374 808)	(7 967 221)	(7 592 413)	53.20
Lease rentals on operating lease	(6 858 821)	4 130 675	(2 728 146)	(1 953 178)	774 968	53.21
Debt Impairment	(55 848 189)	-	(55 848 189)	(59 826 821)	(3 978 632)	53.22
Alternative Energy Programmes	(3 852 869)	-	(3 852 869)	(3 758 400)	94 469	53.23
Bulk purchases	(63 193 119)	(5 767 460)	(68 960 579)	(89 196 010)	(20 235 431)	53.24
Contracted Services	(78 669 531)	5 716 255	(72 953 276)	(72 787 326)	165 950	53.25
Transfers and Subsidies	(3 511 000)	(746 000)	(4 257 000)	(4 528 658)	(271 658)	53.26
General Expenses	(67 744 515)	(18 280 687)	(86 025 202)	(90 118 255)	(4 093 053)	53.27
Total expenditure	(514 222 846)	(3 799 781)	(518 022 627)	(574 382 457)	(56 359 830)	
Operating surplus	134 395 753	24 449 965	158 845 718	59 829 599	(99 016 119)	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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						
Loss on disposal of assets and liabilities	-	-	-	(1 973 920)	(1 973 920)	53.28
Fair value adjustments	-	-	-	7 146 353	7 146 353	53.29
Actuarial gains/losses	-	-	-	11 193 548	11 193 548	53.30
	-	-	-	16 365 981	16 365 981	
Surplus	134 395 753	24 449 965	158 845 718	76 195 580	(82 650 138)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	134 395 753	24 449 965	158 845 718	76 195 580	(82 650 138)	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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 Position						
Assets						
Current Assets						
Inventories	1 094 900	(777 500)	317 400	1 184 641	867 241	53.31
Operating lease asset	128 191	-	128 191	17 424	(110 767)	53.32
Receivables from non-exchange transactions	14 739 676	-	14 739 676	21 134 680	6 395 004	53.33
VAT receivable	13 895 312	-	13 895 312	12 163 787	(1 731 525)	53.34
Receivables from exchange transactions	32 582 812	4 408 316	36 991 128	28 810 745	(8 180 383)	53.33
Cash and cash equivalents	113 414 307	(24 121 802)	89 292 505	67 235 366	(22 057 139)	53.35
	175 855 198	(20 490 986)	155 364 212	130 546 643	(24 817 569)	
Non-Current Assets						
Investment property	258 944 474	-	258 944 474	258 800 699	(143 775)	53.36
Property, plant and equipment	967 450 003	44 515 929	1 011 965 932	1 185 193 949	173 228 017	53.37
Intangible assets	221 376	(8 000)	213 376	104 267	(109 109)	53.38
Heritage assets	16	-	16	16	-	53.39
Other financial assets	49 246	-	49 246	44 872	(4 374)	53.40
	1 226 665 115	44 507 929	1 271 173 044	1 444 143 803	172 970 759	
Total Assets	1 402 520 313	24 016 943	1 426 537 256	1 574 690 446	148 153 190	
Liabilities						
Current Liabilities						
Financial liabilities - DBSA	1 464 213	-	1 464 213	1 464 213	-	53.41
Operating lease liability	57 445	-	57 445	-	(57 445)	53.42
Payables from exchange transactions	56 759 323	(434 021)	56 325 302	59 019 945	2 694 643	53.43
Consumer deposits	2 432 573	9 000	2 441 573	2 661 391	219 818	53.44
Employee benefit obligation	24 095 765	-	24 095 765	19 642 248	(4 453 517)	53.45
Unspent conditional grants and receipts	1 048 438	(8 000)	1 040 438	14 567 942	13 527 504	53.46
Provisions	13 658 880	-	13 658 880	12 497 830	(1 161 050)	53.47
	99 516 637	(433 021)	99 083 616	109 853 569	10 769 953	
Non-Current Liabilities						
Financial liabilities - DBSA	986 300	-	986 300	986 301	1	53.41
Employee benefit obligation	56 881 253	-	56 881 253	62 977 000	6 095 747	53.45
Provisions	50 133 550	-	50 133 550	60 296 161	10 162 611	53.47
	108 001 103	-	108 001 103	124 259 462	16 258 359	
Total Liabilities	207 517 740	(433 021)	207 084 719	234 113 031	27 028 312	
Net Assets	1 195 002 573	24 449 964	1 219 452 537	1 340 577 415	121 124 878	
Net Assets						
Reserves						
Accumulated surplus	1 195 002 573	24 449 964	1 219 452 537	1 341 992 581	122 540 044	53.48

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Rates and services	295 765 000	1 936 000	297 701 000	273 881 973	(23 819 027)	53.49
Government Grants and subsidies	260 822 000	48 761 000	309 583 000	267 726 458	(41 856 542)	53.50
Interest income	6 787 000	-	6 787 000	17 505 292	10 718 292	53.51
Other receipts	19 770 000	187 000	19 957 000	6 540 707	(13 416 293)	53.52
	583 144 000	50 884 000	634 028 000	565 654 430	(68 373 570)	
Payments						
Supplier and Employee costs	(398 396 000)	(3 751 000)	(402 147 000)	(416 160 819)	(14 013 819)	53.53
Finance costs	(422 000)	-	(422 000)	(7 967 221)	(7 545 221)	53.54
Grants and subsidies paid	(3 511 000)	(42 579 000)	(46 090 000)	(4 528 658)	41 561 342	53.55
	(402 329 000)	(46 330 000)	(448 659 000)	(428 656 698)	20 002 302	
Net cash flows from operating activities	180 815 000	4 554 000	185 369 000	136 997 732	(48 371 268)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(142 921 000)	(43 401 000)	(186 322 000)	(145 833 751)	40 488 249	53.56
Proceeds from sale of property, plant and equipment	-	-	-	205 614	205 614	53.57
Decrease in non-current investments	67 000	(67 000)	-	-	-	53.58
Net cash flows from investing activities	(142 854 000)	(43 468 000)	(186 322 000)	(145 628 137)	40 693 863	
Cash flows from financing activities						
Decrease in consumer deposits	50 000	9 000	59 000	-	(59 000)	53.59
Repayment of financial liabilities - DBSA	(1 920 000)	-	(1 920 000)	(1 919 728)	272	53.60
Net cash flows from financing activities	(1 870 000)	9 000	(1 861 000)	(1 919 728)	(58 728)	
Net increase/(decrease) in cash and cash equivalents	36 091 000	(38 905 000)	(2 814 000)	(10 550 133)	(7 736 133)	
Cash and cash equivalents at the beginning of the year	75 364 000	16 677 000	92 041 000	77 785 500	(14 255 500)	53.61
Cash and cash equivalents at the end of the year	111 455 000	(22 228 000)	89 227 000	67 235 367	(21 991 633)	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

Figures in Rand	Note(s)	2023	2022
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1. Significant account policies

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

1.1 Basis of preparations

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.

Assets, liabilities, revenues and expenses were not offset, except where offsetting is either required or permitted by a Standard of GRAP.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

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

1.3 Going concern assumption

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

1.4 Materiality

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

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

1.5 Significant judgements and sources of estimation uncertainty

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

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

Trade receivables / Held to maturity investments and/or loans and receivables

The municipality assesses its trade receivables, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the municipality 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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Allowance for slow moving, damaged and obsolete stock

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operation surplus note.

Fair value estimation

The fair value of financial instruments traded in active markets (such as trading and available-for-sale securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the municipality is the current bid price.

The fair value of financial instruments that are not traded in an active market (for example, over-the counter derivatives) is determined by using valuation techniques. The municipality uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments are used for long-term debt. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using quoted forward exchange rates at the end of the reporting period.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

Impairment testing

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

The municipality reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. In addition, goodwill is tested on an annual basis for impairment. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use of goodwill and tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including [list entity specific variables, i.e. production estimates, supply demand], together with economic factors such as [list economic factors such as exchange rates inflation interest].

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 20 - Provisions.

Useful lives of waste and water network and other assets

The municipality's management, through the use of an external service provider, determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norm. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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

The municipality determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the municipality considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 19.

Effective interest rate

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

Allowance for doubtful debts

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

Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follows -

The municipality considers the nature of the agreements entered into between itself and other entities. A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Should it render a service on behalf of another entity or vice versa, it will trigger the need to the related disclosure in terms of GRAP 109.

The municipality has identified that it acts as an agent for the collection of motor vehicle licence fees on behalf of the department of Transport.

Additional information is disclosed in Note 52.

Impairment of statutory receivables

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

1.6 Investment property

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

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

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

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.6 Investment property (continued)

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

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

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

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

Cost model

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

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

Item	Useful life
Property - land	indefinite
Property - buildings	30 years

Compensation from third parties for investment property that was impaired, lost or given up is recognised in surplus or deficit when the compensation becomes receivable.

Property interests held under operating leases are classified and accounted for as investment property in the following circumstances:

When classification is difficult, the criteria used to distinguish investment property from owner-occupied property and from property held for sale in the ordinary course of operations, including the nature or type of properties classified as held for strategic purposes, are as follows:

The nature OR type of properties classified as held for strategic purposes are as follows:

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note).

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

1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

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.

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

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

Item	Depreciation method	Average useful life
Land		Indefinite
Buildings	Straight-line	50 Years
Plant and machinery	Straight-line	5 - 15 Years
Motor vehicles	Straight-line	5 - 15 Years
Office equipment	Straight-line	5 - 15 Years
IT equipment	Straight-line	5 - 15 Years
Community	Straight-line	10 - 30 Years
Electricity Network	Straight-line	15 - 80 Years
Roads	Straight-line	15 - 80 Years
Wastewater Network	Straight-line	15 - 60 Years
Water Network	Straight-line	15 -100 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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.7 Property, plant and equipment (continued)

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).

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

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

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

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

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1.8 Intangible assets (continued)

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
Computer software, other	Straight-line	5 - 15 Years

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 11).

1.9 Heritage assets

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

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

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

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

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

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

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

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

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

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

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

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

Ndlambe Local Municipality

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Accounting Policies

1.9 Heritage assets (continued)

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

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

Recognition

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

Initial measurement

Heritage assets are measured at cost.

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

Subsequent measurement

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

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

1.10 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

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.

Ndlambe Local Municipality

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Accounting Policies

1.10 Financial instruments (continued)

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

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

A financial asset is:

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

A financial 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 unitised 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.

Ndlambe Local Municipality

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Accounting Policies

1.10 Financial instruments (continued)

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;
- contingent consideration of an acquirer in a transfer of functions between entities not under common control to which the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control (GRAP 106) applies
- combined instruments that are designated at fair value;
- instruments held for trading. A financial instrument is held for trading if:
 - it is acquired or incurred principally for the purpose of selling or repurchasing it in the near-term; or
 - on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short term profit-taking;
 - non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; and
 - financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost
Other financial assets	Financial asset measured at fair value

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Payables from exchange transactions	Financial liability measured at amortised cost
DBSA Loans	Financial liability measured at amortised 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.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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 [if subsequently measured at 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.

Ndlambe Local Municipality

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Accounting Policies

1.10 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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.

Fair value measurement considerations

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, an 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.

Gains and losses

A gain or loss arising from a change in the fair value of a financial asset or financial liability measured at fair value is recognised in surplus or deficit.

For financial assets and financial liabilities measured at amortised cost or cost, a gain or loss is recognised in surplus or deficit when the financial asset or financial liability is derecognised or impaired, or through the amortisation process.

Impairment and uncollectibility of financial assets

The entity assesses at the end of each reporting period whether there is any objective evidence that a financial asset or group of financial assets is impaired.

Financial assets measured at amortised cost:

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced directly OR through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed directly OR by adjusting an allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised cost would have been had the impairment not been recognised at the date the impairment is reversed. The amount of the reversal is recognised in surplus or deficit.

Financial assets measured at cost:

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.10 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the entity transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the entity, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the other party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity :
 - derecognise the asset; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair values at that date. Any difference between the consideration received and the amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfer.

If the entity transfers a financial asset in a transfer that qualifies for derecognition in its entirety and retains the right to service the financial asset for a fee, it recognises either a servicing asset or a servicing liability for that servicing contract. If the fee to be received is not expected to compensate the entity adequately for performing the servicing, a servicing liability for the servicing obligation is recognised at its fair value. If the fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset is recognised for the servicing right at an amount determined on the basis of an allocation of the carrying amount of the larger financial asset.

If, as a result of a transfer, a financial asset is derecognised in its entirety but the transfer results in the entity obtaining a new financial asset or assuming a new financial liability, or a servicing liability, the entity recognise the new financial asset, financial liability or servicing liability at fair value.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in surplus or deficit.

If the transferred asset is part of a larger financial asset and the part transferred qualifies for derecognition in its entirety, the previous carrying amount of the larger financial asset is allocated between the part that continues to be recognised and the part that is derecognised, based on the relative fair values of those parts, on the date of the transfer. For this purpose, a retained servicing asset is treated as a part that continues to be recognised. The difference between the carrying amount allocated to the part derecognised and the sum of the consideration received for the part derecognised is recognised in surplus or deficit.

If a transfer does not result in derecognition because the entity has retained substantially all the risks and rewards of ownership of the transferred asset, the entity continues to recognise the transferred asset in its entirety and recognise a financial liability for the consideration received. In subsequent periods, the entity recognises any revenue on the transferred asset and any expense incurred on the financial liability. Neither the asset, and the associated liability nor the revenue, and the associated expenses are offset.

Financial liabilities

The entity removes a financial liability (or a part of a financial liability) from its statement of financial position when it is extinguished — i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

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Accounting Policies

1.10 Financial instruments (continued)

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit. Any liabilities that are waived, forgiven or assumed by another entity by way of a non-exchange transaction are accounted for in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers).

1.11 Statutory receivables

Identification

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

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

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

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

The transaction amount for a statutory receivable means the amount specified in, or calculated, levied or charged in accordance with, legislation, supporting regulations, or similar means.

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

Impairment losses

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

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Accounting Policies

1.11 Statutory receivables (continued)

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

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

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

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

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

Any previously recognised impairment loss is adjusted either directly or by adjusting the allowance account. The adjustment does not result in the carrying amount of the statutory receivable or group of statutory receivables exceeding what the carrying amount of the receivable(s) would have been had the impairment loss not been recognised at the date the impairment is revised. The amount of any adjustment is recognised in surplus or deficit.

Derecognition

The municipality derecognises a statutory receivable, or a part thereof, when:

- the rights to the cash flows from the receivable are settled, expire or are waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:
 - derecognise the receivable; and
 - recognise separately any rights and obligations created or retained in the transfer.

The carrying amounts of any statutory receivables transferred are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. The entity considers whether any newly created rights and obligations are within the scope of the Standard of GRAP on Financial Instruments or another Standard of GRAP. Any difference between the consideration received and the amounts derecognised and, those amounts recognised, are recognised in surplus or deficit in the period of the transfer.

1.12 Leases

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

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

Ndlambe Local Municipality

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Accounting Policies

1.12 Leases (continued)

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Inventories are measured at the lower of cost and current replacement cost where they are held for;

- distribution at no charge or for a nominal charge; or
- consumption in the production process of goods to be distributed at no charge or for a nominal charge.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

Current replacement cost is the cost the municipality incurs to acquire the asset on the reporting date.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs.

The cost of inventories is assigned using the formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

1.14 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.

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1.14 Impairment of cash-generating assets (continued)

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

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

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the municipality also tests a cash-generating intangible asset with an indefinite useful life or a cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

When estimating the value in use of an asset, the municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and the municipality applies the appropriate discount rate to those future cash flows.

Basis for estimates of future cash flows

In measuring value in use the municipality:

- base cash flow projections on reasonable and supportable assumptions that represent management's best estimate of the range of economic conditions that will exist over the remaining useful life of the asset. Greater weight is given to external evidence;
- base cash flow projections on the most recent approved financial budgets/forecasts, but excludes any estimated future cash inflows or outflows expected to arise from future restructuring's or from improving or enhancing the asset's performance. Projections based on these budgets/forecasts covers a maximum period of five years, unless a longer period can be justified; and
- estimate cash flow projections beyond the period covered by the most recent budgets/forecasts by extrapolating the projections based on the budgets/forecasts using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. This growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the entity operates, or for the market in which the asset is used, unless a higher rate can be justified.

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Composition of estimates of future cash flows

Estimates of future cash flows include:

- projections of cash inflows from the continuing use of the asset;
- projections of cash outflows that are necessarily incurred to generate the cash inflows from continuing use of the asset (including cash outflows to prepare the asset for use) and can be directly attributed, or allocated on a reasonable and consistent basis, to the asset; and
- net cash flows, if any, to be received (or paid) for the disposal of the asset at the end of its useful life.

Estimates of future cash flows exclude:

- cash inflows or outflows from financing activities; and
- income tax receipts or payments.

The estimate of net cash flows to be received (or paid) for the disposal of an asset at the end of its useful life is the amount that the municipality expects to obtain from the disposal of the asset in an arm's length transaction between knowledgeable, willing parties, after deducting the estimated costs of disposal.

Cash-generating units

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, the municipality use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

The carrying amount of a cash-generating unit is determined on a basis consistent with the way the recoverable amount of the cash-generating unit is determined.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

In allocating an impairment loss, the entity does not reduce the carrying amount of an asset below the highest of:

- its fair value less costs to sell (if determinable);
- its value in use (if determinable); and
- zero.

The amount of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other cash-generating assets of the unit.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

Ndlambe Local Municipality

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, the entity estimates the recoverable amount of that asset.

An impairment loss recognised in prior periods for a cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the cash-generating asset is adjusted in future periods to allocate the cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

A reversal of an impairment loss for a cash-generating unit is allocated to the cash-generating assets of the unit pro rata with the carrying amounts of those assets. These increases in carrying amounts are treated as reversals of impairment losses for individual assets. No part of the amount of such a reversal is allocated to a non-cash-generating asset contributing service potential to a cash-generating unit.

In allocating a reversal of an impairment loss for a cash-generating unit, the carrying amount of an asset is not increased above the lower of:

- its recoverable amount (if determinable); and
- the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior periods.

The amount of the reversal of the impairment loss that would otherwise have been allocated to the asset is allocated pro rata to the other assets of the unit.

1.15 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.

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Accounting Policies

1.15 Impairment of non-cash-generating assets (continued)

Useful life is either:

- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Depreciated replacement cost approach

The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the current reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the municipality recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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Accounting Policies

1.15 Impairment of non-cash-generating assets (continued)

Reversal of an impairment loss

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit.

Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

1.16 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

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Accounting Policies

1.16 Employee benefits (continued)

Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as:

- wages, salaries and social security contributions;
- short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service;
- bonus, incentive and performance related payments payable within twelve months after the end of the reporting period in which the employees render the related service; and
- non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The entity measures the expected cost of accumulating compensated absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The entity recognises the expected cost of bonus, incentive and performance related payments when the entity has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made. A present obligation exists when the entity has no realistic alternative but to make the payments.

Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

Ndlambe Local Municipality

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Accounting Policies

1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

Ndlambe Local Municipality

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Accounting Policies

1.16 Employee benefits (continued)

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-measures the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Ndlambe Local Municipality

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Accounting Policies

1.16 Employee benefits (continued)

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. The municipality also provides a gratuity and housing subsidy on retirement to certain employees. An annual charge to income is made to cover both these liabilities.

The amount recognised as a liability for other long-term employee benefits is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly.

The entity shall recognise the net total of the following amounts as expense or revenue, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement right recognised as an asset;
- actuarial gains and losses, which shall all be recognised immediately;
- past service cost, which shall all be recognised immediately; and
- the effect of any curtailments or settlements.

1.17 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Ndlambe Local Municipality

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Accounting Policies

1.17 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 41.

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, an municipality recognises the obligation at the higher of:

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

Ndlambe Local Municipality

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Accounting Policies

1.17 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

The amount of revenue arising on a transaction which is statutory (non-contractual) in nature is usually measured by reference to the relevant legislation, regulation or similar means. The fee structure, tariffs or calculation basis specified in legislation, regulation or similar means is used to determine the amount of revenue that should be recognised. This amount represents the fair value, on initial measurement, of the consideration received or receivable for revenue that arises from a statutory (non-contractual) arrangement (see the accounting policy on Statutory Receivables).

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Ndlambe Local Municipality

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Accounting Policies

1.18 Revenue from exchange transactions (continued)

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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.

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Accounting Policies

1.19 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

Ndlambe Local Municipality

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Accounting Policies

1.19 Revenue from non-exchange transactions (continued)

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for value added tax is the undertaking of taxable activity during the taxation period by the taxpayer.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.

Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Ndlambe Local Municipality

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Accounting Policies

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.21 Borrowing costs

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

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.22 Accounting by principals and agents (continued)

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.23 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.24 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.26 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

Ndlambe Local Municipality

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Accounting Policies

1.27 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

1.28 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on an accrual basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.29 Related parties

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

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

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

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

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

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

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

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

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

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Accounting Policies

1.30 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.31 Commitments

Items are classified as commitments when the municipality has committed itself to future transactions that will normally result in the outflow of cash. A commitment is disclosed to the extent that it has not already been recognised elsewhere in the financial statements.

At the end of the financial period the municipality determined commitments in respect of capital expenditure in terms of GRAP 17 that has been approved and contracted for.

1.32 Material Losses (Water and Electricity)

Water and electricity losses are required to be disclosed as part of the material loss disclosure of the MFMA Section 125. Losses are calculated on the following basis -

Nr of units of lost supply, being the difference between what was supplied and what has been sold at the per unit tariff rate.

The unit tariff rate, in the case of electricity being the lower rate of Kwh as charged per council and the case of water the lowest rate per KI (incl VAT).

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2023 2022

2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• Guideline: Guideline on Accounting for Landfill Sites	01 April 2023	Unlikely there will be a material impact
• GRAP 103 (as revised): Heritage Assets	01 April 2009	Unlikely there will be a material impact
• GRAP 25 (as revised): Employee Benefits	01 April 2023	Unlikely there will be a material impact
• iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction	01 April 2023	Unlikely there will be a material impact
• Guideline: Guideline on the Application of Materiality to Financial Statements	01 April 2009	Unlikely there will be a material impact
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact
• iGRAP 21: The Effect of Past Decisions on Materiality	01 April 2023	Unlikely there will be a material impact
• GRAP 2020: Improvements to the standards of GRAP 2020	01 April 2023	Unlikely there will be a material impact
• GRAP 1 (amended): Presentation of Financial Statements	01 April 2023	Unlikely there will be a material impact

3. Inventories

Water for distribution	76 321	75 960
Stores, materials and fuels	1 108 320	1 070 363
	1 184 641	1 146 323

Inventories recognised as an expense during the year (General expenses - Other materials) 3 973 979 5 186 850

Game is held for recreational purposes in the form of viewing of game at the reserves by the public. These animals are held for the enjoyment of the public and not for resale. It is not the intention of the municipality to trade in wildlife and as such these animals have not been recognised as Biological assets or non-living resources.

4. Receivables from non-exchange transactions

Consumer debtors - Rates	61 627 261	61 629 311
Environmental Levies	8 713 027	7 948 124
Traffic department receipting under investigation	654 679	-
Deposits	85 500	85 500
Housing Sundry	125 061	125 061
Recoverable legal expenses	326 494	326 494
Provision for doubtful debts - Environmental Levies	(7 918 301)	(7 180 783)
Provision for doubtful debts - Consumer debtors - Rates	(42 479 041)	(41 742 645)
	21 134 680	21 191 062

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
4. Receivables from non-exchange transactions (continued)		
Statutory receivables included in receivables from non-exchange transactions above are as follows:		
Consumer debtors - Rates	61 627 261	61 629 311
Environmental Levies	8 713 027	7 948 124
Provision for doubtful debts - Receivables from Non-Exchange transactions	(50 397 342)	(48 923 428)
	19 942 946	20 654 007
Financial asset receivables included in receivables from non-exchange transactions above	1 191 734	537 055
Total receivables from non-exchange transactions	21 134 680	21 191 062

Statutory receivables general information

Statutory receivables past due but not impaired

Statutory receivables which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R 5 341 888 (2022: R 7 470 243) were past due but not impaired.

Factors the entity considered in assessing statutory receivables past due but not impaired

The municipality has adopted a policy for the determination of the provision for doubtful debts based on the national treasury principals. These principals are used to rate debtors based on various risk criteria associated with the type and status of their accounts. Furthermore an analysis is undertaken to accumulate the risk associated with the long outstanding nature of each account. These factors produce an overall risk factor which is utilised to prepare an impaired amount. The collectable cashflow is therefore determined and present valued based on the average days outstanding on each account. The overall impairment is thereafter pro-rata'ed per non-exchange and exchange portions of each debtors' account. Lastly, this is accumulated to produce the provision for impairment as raised at year end. Refer to the municipal policy for full details.

Statutory receivables impaired

As of 30 June 2023, Statutory receivables of R 50 397 823 (2022: R 48 923 428) were impaired and provided for.

Reconciliation of provision for impairment for statutory receivables

Opening balance	(48 923 428)	(45 564 128)
Provision for impairment	(7 336 930)	(7 018 278)
Amounts written off as uncollectible	5 862 535	3 658 978
	(50 397 823)	(48 923 428)

Receivables from non-exchange transactions past due but not impaired

Other receivables from non-exchange transactions which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R 537 055 (2022: R 537 055) were past due but not impaired.

5. Receivables from exchange transactions

Gross balances

Electricity	27 341 753	28 366 992
Water	62 208 549	53 450 487
Waste water	21 964 419	20 690 373
Refuse	28 622 666	25 986 608
Prepaid Electricity Sales - Vendors	378 259	1 401 744
Housing rental	1 285 871	1 071 928
Service charges and other	14 624 139	15 519 131
	156 425 656	146 487 263

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Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Receivables from exchange transactions (continued)		
Less: Allowance for impairment		
Provision for Doubtful debts - Electricity	(15 528 568)	(16 749 379)
Provision for Doubtful debts - Water	(51 380 004)	(44 411 925)
Provision for Doubtful debts - Waste water	(19 518 428)	(18 390 779)
Provision for Doubtful debts - Refuse	(25 789 236)	(23 400 389)
Provision for Doubtful debts - Housing rental	(1 240 687)	(1 017 931)
Provision for Doubtful debts - Service charges and other	(14 157 988)	(14 151 104)
	(127 614 911)	(118 121 507)
Net balance		
Electricity	11 813 185	11 617 613
Water	10 828 545	9 038 562
Waste water	2 445 991	2 299 594
Refuse	2 833 430	2 586 219
Prepaid electricity sales - Vendors	378 259	1 401 744
Housing rental	45 184	53 997
Service charges and other	466 151	1 368 027
	28 810 745	28 365 756
Electricity		
Current (0 -30 days)	9 563 312	8 141 034
31 - 60 days	927 326	2 469 517
61 - 90 days	785 554	1 560 448
91 - 120 days	701 220	1 307 874
121 - 365 days	5 374 257	6 335 439
> 365 days	9 990 084	8 552 680
	27 341 753	28 366 992
Water		
Current (0 -30 days)	11 819 594	7 386 104
31 - 60 days	2 350 752	2 014 022
61 - 90 days	1 972 464	1 776 902
91 - 120 days	1 971 492	1 810 630
121 - 365 days	12 442 951	7 935 662
> 365 days	31 651 296	32 527 167
	62 208 549	53 450 487
Waste water		
Current (0 -30 days)	2 658 958	1 426 517
31 - 60 days	814 770	735 252
61 - 90 days	748 377	604 475
91 - 120 days	707 423	583 379
121 - 365 days	4 684 153	3 170 300
> 365 days	12 350 738	14 170 450
	21 964 419	20 690 373

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
5. Receivables from exchange transactions (continued)		
Refuse		
Current (0 -30 days)	3 154 447	1 678 456
31 - 60 days	928 951	886 265
61 - 90 days	863 579	715 238
91 - 120 days	798 476	645 002
121 - 365 days	5 361 319	3 695 647
> 365 days	17 515 894	18 366 000
	28 622 666	25 986 608
Prepaid electricity sales - Vendors		
Current (0 -30 days)	378 259	1 401 744
Housing rental		
Current (0 -30 days)	142 026	72 426
31 - 60 days	48 466	36 752
61 - 90 days	48 039	35 661
91 - 120 days	46 610	34 988
121 - 365 days	306 521	147 885
> 365 days	694 209	744 216
	1 285 871	1 071 928
Service charges and other		
Current (0 -30 days)	278 900	1 362 454
31 - 60 days	143 063	238 020
61 - 90 days	247 178	214 662
91 - 120 days	285 664	212 841
121 - 365 days	3 261 949	1 444 172
> 365 days	10 407 385	12 046 982
	14 624 139	15 519 131
Reconciliation of allowance for impairment		
Balance at beginning of the year	(118 121 507)	(98 199 767)
Contributions to allowance	(59 573 329)	(46 768 590)
Debt impairment written off against allowance	50 079 925	26 846 850
	(127 614 911)	(118 121 507)
Consumer debtors past due but not impaired		
Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2023, R 7 030 600 (2022: R 6 405 340) were past due but not impaired.		
Consumer debtors impairment process		
<p>The municipality has adopted a policy for the determination of the provision for doubtful debts based on the national treasury principals. These principals are used to rate debtors based on various risk criteria associated with the type and status of their accounts. Furthermore an analysis is undertaken to accumulate the risk associated with the long outstanding nature of each account. These factors produce an overall risk factor which is utilised to prepare an impaired amount. The collectable cashflow is therefore determined and present valued based on the average days outstanding on each account. The overall impairment is thereafter pro-rata'ed per non-exchange and exchange portions of each debtors' account. Lastly, this is accumulated to produce the provision for impairment as raised at year end. This process is similar to the process undertaken for the provision of doubtful debts as documented under note 4. Refer to the municipal policy for full details.</p>		

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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6. VAT receivable

VAT	13 578 962	7 255 858
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VAT receivable represents the Net amount of refunds outstanding along with the yet to be claimed Input VAT on accruals and yet to be declared Output VAT on outstanding Accounts receivable. This is as a result of the differences between the cash basis of declarations to SARS and the Accrual basis of accounting for the GRAP annual financial statements.

7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	5 511	5 111
Bank balances	7 533 278	6 027 941
Short-term deposits	59 696 577	71 752 448
	67 235 366	77 785 500

Ndlambe Municipality also holds four bank accounts with the New Republic Bank Limited. These accounts related to bank investments made by Port Alfred TLC. New Republic Bank Limited went into liquidation in 1999. These accounts do not show any withdrawable funds/balances and are not active on bank confirmation searches. The liquidation process is however ongoing and during the prior year distributions have been made in accordance with the liquidation process as disclosed in note 23.

Cash and cash equivalents pledged as collateral

Total financial assets ceded to DBSA There is a cession recorded against the account (FNB-71078484865) to this value. Refer to note regarding DBSA loans.	1 300 000	1 300 000
Total financial assets pledged as guarantee to ESKOM There is a guarantee recorded against the FNB bank accounts in favour of ESKOM.	10 378 790	10 378 790

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
	7 479 844	5 684 152	9 864 837	7 533 278	6 027 941	9 864 837
FIRST NATIONAL BANK General Account-Current	6 848 150	3 119 050	6 923 549	6 901 584	3 462 839	6 923 549
FIRST NATIONAL BANK Current Account-Housing	13 352	106 172	715 338	13 352	106 172	715 338
FIRST NATIONAL BANK Current Account - Revolving	618 342	2 458 930	2 225 950	618 342	2 458 930	2 225 950
	22 216 453	34 854 052	38 840 559	22 216 453	34 854 052	38 840 559
FIRST NATIONAL BANK CRR Call Accounts	5 372 699	18 096 193	32 576 527	5 372 699	18 096 193	32 576 527
FIRST NATIONAL BANK Fixed Deposit Account DBSA	3 149 305	3 139 220	3 124 438	3 149 305	3 139 220	3 124 438
FIRST NATIONAL BANK Call Account - Eskom	3 164 582	3 154 458	3 139 594	3 164 582	3 154 458	3 139 594
FIRST NATIONAL BANK Call Account - Eskom Guarantee	10 529 867	10 464 181	-	10 529 867	10 464 181	-
	12 303 392	20 883 266	14 694 740	12 303 392	20 883 266	14 694 740
STANDARD BANK Notice Bank - Alex	228 382	213 606	200 897	228 382	213 606	200 897
STANDARD BANK Call Account - FMG 003	-	-	778 610	-	-	778 610
STANDARD BANK Call Account - Ndlambe waste managment 006	-	-	-	-	-	-
STANDARD BANK Call Account - LED Kapriver 007	-	-	-	-	-	-
STANDARD BANK Call Account - Fire Officer 008	32 691	1 979 540	483 647	32 691	1 979 540	483 647
STANDARD BANK Upgrade road 009	-	1 278 940	603 935	-	1 278 940	603 935
STANDARD BANK Upgrade Bathurst Bulkwater supply 010	-	1 332 068	1 289 307	-	1 332 068	1 289 307
STANDARD BANK Bathurts Water 011	-	287 602	937 711	-	287 602	937 711
STANDARD BANK PMU 012	-	-	-	-	-	-
STANDARD BANK INEG 014	-	3 370	-	-	3 370	-
STANDARD BANK Upgrade Roads 015	-	-	-	-	-	-
STANDARD BANK LED Mobile 016	-	-	-	-	-	-
STANDARD BANK Equitable Share Councillors 017	-	-	-	-	-	-
STANDARD BANK Revolving Account 018	-	-	-	-	-	-
STANDARD BANK EPWP 019	358 052	-	5 847	358 052	-	5 847

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand					2023	2022
7. Cash and cash equivalents (continued)						
STANDARD BANK	-	-	-	-	-	-
DEDEA West Beach 020						
STANDARD BANK	-	-	-	-	-	-
Drought Relief 021						
STANDARD BANK	-	1 291 321	266 013	-	1 291 321	266 013
MIG Upgrade Sewer 022						
STANDARD BANK	78 646	1 040 431	722 526	78 646	1 040 431	722 526
Water Service Infrastructure 023						
STANDARD BANK	-	3 453 435	4 020 813	-	3 453 435	4 020 813
Drought Relief 024						
STANDARD BANK	1 313 558	1 372 403	1 373 927	1 313 558	1 372 403	1 373 927
EC Sports 025						
STANDARD BANK	-	8 031 237	4 011 507	-	8 031 237	4 011 507
Ndlambe Building Acc's 026						
STANDARD BANK	609 017	-	-	609 017	-	-
COGTA Retention 027						
STANDARD BANK	2 538 944	396 403	-	2 538 944	396 403	-
OTP 028						
STANDARD BANK	168 661	135 105	-	168 661	135 105	-
Wentzel Park 029						
STANDARD BANK	19 021	67 805	-	19 021	67 805	-
Wentzel Park Retention 030						
STANDARD BANK	153 751	-	-	153 751	-	-
Klipfontein 031						
STANDARD BANK	101 167	-	-	101 167	-	-
Nemato Bayso 032						
STANDARD BANK	32 082	-	-	32 082	-	-
Nemato Ezidonkini 033						
STANDARD BANK	2 000 346	-	-	2 000 346	-	-
Nemato New Rest 034						
STANDARD BANK	1 781 127	-	-	1 781 127	-	-
MMarselle Zihagu 500 035						
STANDARD BANK	940 838	-	-	940 838	-	-
Cogta Retention 036						
STANDARD BANK	292 218	-	-	292 218	-	-
Nemato Cricket field 037						
STANDARD BANK	713 347	-	-	713 347	-	-
Alex Brakfontein 038						
STANDARD BANK	925 120	-	-	925 120	-	-
Kenton-on-Sea 039						
STANDARD BANK	16 424	-	-	16 424	-	-
Kos ISBT 10 Retention 040						
	24 402 936	4 634 858	2 404 770	24 402 936	4 634 858	2 404 770
INVESTEC BANK	-	-	-	-	-	-
Call Account - Disaster 501						
INVESTEC BANK	-	-	-	-	-	-
Call Account - FMG 502						
INVESTEC BANK	-	-	-	-	-	-
Call Account - FMG 503						
INVESTEC BANK	-	-	-	-	-	-
Call Account - LED Essential Oil 504						
INVESTEC BANK	-	-	-	-	-	-
Call account -Chicory 506						
INVESTEC BANK	-	-	-	-	-	-
Call Account - Cacadu IDP 510						
INVESTEC BANK	-	-	-	-	-	-
Call Account-EC Sports 511						

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand				2023	2022		
7. Cash and cash equivalents (continued)							
INVESTEC BANK	851 675	699 940	464 730	851 675	699 940	464 730	
Call Account -LG Seta 512							
INVESTEC BANK	-	-	-	-	-	-	
EPWP 514							
INVESTEC BANK	-	-	-	-	-	-	
Call Account - EC Loc Gov LED							
Section Assist 515							
INVESTEC BANK	-	-	-	-	-	-	
Equitable share Councillors 516							
INVESTEC BANK	2 175 490	2 118 096	1 835 922	2 175 490	2 118 096	1 835 922	
Call Account-PrepwaterMete523							
INVESTEC BANK	-	-	-	-	-	-	
Call Account-LED Initia 524							
INVESTEC BANK Call	1 828 917	1 816 822	104 118	1 828 917	1 816 822	104 118	
Account-Retention 526							
INVESTEC BANK	-	-	-	-	-	-	
Call Account-DME 509							
INVESTEC BANK	-	-	-	-	-	-	
Call Account-Disaster relief 529							
INVESTEC BANK	-	-	-	-	-	-	
Call Acc-MIG Water Ret. 530							
INVESTEC BANK	1 460 527	-	-	1 460 527	-	-	
Call Account-MIG Roads 532							
INVESTEC BANK	31 466	-	-	31 466	-	-	
Call Ac-MIG Bulk Sewerage 533							
INVESTEC BANK	5 283	-	-	5 283	-	-	
Call Acc-Integrated Elec 534							
INVESTEC BANK	22 563	-	-	22 563	-	-	
Call Account-MIG PMU 535							
INVESTEC BANK	1 246 886	-	-	1 246 886	-	-	
Call Acc-Financial Man. 536							
INVESTEC BANK	16 231 923	-	-	16 231 923	-	-	
Call Account-WSIG 537							
INVESTEC BANK	346 534	-	-	346 534	-	-	
Call Acc-Ndlambe Capital							
Res.538							
INVESTEC BANK	427	-	-	427	-	-	
Call Acc-MIG Sportfield 539							
INVESTEC BANK	201 245	-	-	201 245	-	-	
Call Acc-Greenest Town 540							
	947 123	11 380 270	11 267 347	947 123	11 380 270	11 267 347	
ABSA BANK	-	407 021	-	-	407 021	-	
Call Account - PMU 0075							
ABSA BANK	-	5	-	-	5	-	
Call Account - Roads 0651							
ABSA BANK	-	-	-	-	-	-	
Call Account - Sportsfield 1801							
ABSA BANK	-	-	-	-	-	-	
Call Account - Sewer Projects							
2132							
ABSA BANK	-	-	-	-	-	-	
Call Account - Waterworks 2417							
ABSA BANK	869 031	2 731 566	1 575 136	869 031	2 731 566	1 575 136	
Call Account - Councillors							
Equitable Share 3669							
ABSA BANK	48 511	885 501	-	48 511	885 501	-	
Call Account - Revolving 9340							

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand					2023	2022
7. Cash and cash equivalents (continued)						
ABSA BANK	-	7 718	9 692 211	-	7 718	9 692 211
Call Account -Additional Equitable share - Covid19 9798						
ABSA BANK	29 581	5 341 062	-	29 581	5 341 062	-
Call Account -071						
ABSA BANK	-	2 007 397	-	-	2 007 397	-
Call Account -637						
Total	67 349 748	77 436 598	77 072 253	67 403 182	77 780 387	77 072 253
8. Operating lease asset (liability)						
Current assets				17 424	7 960	
Current liabilities				-	(46 620)	
				17 424	(38 660)	

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

9. Investment property

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	267 919 450	(9 118 751)	258 800 699	270 474 955	(9 117 664)	261 357 291

Reconciliation of investment property - 2023

	Opening balance	Disposals/Derecognitions	Depreciation	Total
Land	236 227 985	(1 380 000)	-	234 847 985
Buildings	25 129 306	-	(1 176 592)	23 952 714
	261 357 291	(1 380 000)	(1 176 592)	258 800 699

Reconciliation of investment property - 2022

	Opening balance	Additions	Disposals/Derecognitions	Depreciation	Total
Land	233 814 088	4 913 937	(2 500 040)	-	236 227 985
Investment property	26 305 897	-	-	(1 176 591)	25 129 306
	260 119 985	4 913 937	(2 500 040)	(1 176 591)	261 357 291

Pledged as security

No Investment Property has been pledged as security.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	83 760 691	-	83 760 691	82 260 691	-	82 260 691
Buildings	158 436 973	(43 889 477)	114 547 496	146 492 454	(39 098 660)	107 393 794
Plant and machinery	10 048 793	(6 950 412)	3 098 381	9 686 044	(7 227 455)	2 458 589
Motor vehicles	55 558 346	(31 717 167)	23 841 179	48 473 109	(27 993 614)	20 479 495
Office equipment	9 949 902	(7 704 128)	2 245 774	10 018 517	(7 859 559)	2 158 958
IT equipment	7 081 740	(3 592 204)	3 489 536	7 016 646	(4 592 009)	2 424 637
Electrical Network	159 181 015	(58 659 270)	100 521 745	158 541 559	(52 635 542)	105 906 017
Work in progress	186 160 260	-	186 160 260	112 374 641	-	112 374 641
Roads	478 131 756	(173 287 984)	304 843 772	470 243 144	(159 023 894)	311 219 250
Wastewater network	210 862 143	(57 582 417)	153 279 726	189 357 411	(52 827 540)	136 529 871
Water network	347 122 603	(137 717 214)	209 405 389	331 001 405	(123 677 317)	207 324 088
Total	1 706 294 222	(521 100 273)	1 185 193 949	1 565 465 621	(474 935 590)	1 090 530 031

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	82 260 691	1 500 000	-	-	-	-	83 760 691
Buildings	107 393 794	11 960 112	(11 457)	-	(4 584 337)	(210 616)	114 547 496
Plant and machinery	2 458 589	1 141 352	(19 609)	-	(468 241)	(13 710)	3 098 381
Motor vehicles	20 479 495	7 088 005	(158 489)	-	(3 314 730)	(253 102)	23 841 179
Office equipment	2 158 958	642 627	(34 952)	-	(498 166)	(22 693)	2 245 774
IT equipment	2 424 637	1 696 946	(103 492)	-	(516 947)	(11 608)	3 489 536
Electrical Network	105 906 017	639 456	-	-	(3 791 300)	(2 232 428)	100 521 745
Work in progress	112 374 641	121 127 024	-	(47 341 405)	-	-	186 160 260
Roads	311 219 250	-	-	7 894 842	(14 270 320)	-	304 843 772
Wastewater network	136 529 871	-	(338 127)	23 102 254	(5 968 982)	(45 290)	153 279 726
Water network	207 324 088	202 886	(131 997)	16 344 309	(14 333 897)	-	209 405 389
	1 090 530 031	145 998 408	(798 123)	-	(47 746 920)	(2 789 447)	1 185 193 949

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

10. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	82 260 691	-	-	-	-	-	82 260 691
Buildings	99 694 281	56 629	(6 609)	15 410 578	(4 378 581)	(3 382 504)	107 393 794
Plant and machinery	2 733 345	315 187	(8 201)	-	(526 856)	(54 886)	2 458 589
Motor vehicles	15 393 622	8 915 414	(28 785)	-	(3 620 835)	(179 921)	20 479 495
Office equipment	2 543 662	335 898	(26 962)	-	(658 879)	(34 761)	2 158 958
IT equipment	2 266 597	793 089	(52 753)	-	(544 127)	(38 169)	2 424 637
Electrical Network	94 570 022	681 401	(723 142)	16 233 288	(3 495 001)	(1 360 551)	105 906 017
Work in progress	172 261 259	97 541 584	-	(154 436 481)	-	(2 991 721)	112 374 641
Roads	318 034 216	-	(229 285)	7 418 377	(14 010 947)	6 889	311 219 250
Wastewater network	138 194 310	19 234	(1 132 680)	7 249 951	(5 709 331)	(2 091 613)	136 529 871
Water network	112 627 717	352 588	-	108 124 287	(13 270 858)	(509 646)	207 324 088
	1 040 579 722	109 011 024	(2 208 417)	-	(46 215 415)	(10 636 883)	1 090 530 031

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

10. Property, plant and equipment (continued)

Reconciliation of Work-in-Progress 2023

	Included within Buildings	Included within Roads	Included within Water Network	Included within Sewerage Network	Included Electrical Network	Total
Opening balance	110 000	-	78 137 340	34 127 298	-	112 374 638
Additions/capital expenditure	754 733	15 831 886	22 940 803	80 387 432	1 212 174	121 127 028
Transferred to completed assets	-	(7 894 842)	(16 344 310)	(23 102 254)	-	(47 341 406)
	864 733	7 937 044	84 733 833	91 412 476	1 212 174	186 160 260

Reconciliation of Work-in-Progress 2022

	Included within Buildings	Included within Roads	Included within Water Network	Included within Sewerage Network	Included Electrical Network	Total
Opening balance	13 072 277	-	141 555 953	17 633 029	-	172 261 259
Additions/capital expenditure	2 448 301	7 418 377	47 697 395	23 744 220	16 233 288	97 541 581
Transferred to completed assets	(15 410 578)	(7 418 377)	(108 124 287)	(7 249 951)	(16 233 288)	(154 436 481)
WIP Impairment	-	-	(2 991 721)	-	-	(2 991 721)
	110 000	-	78 137 340	34 127 298	-	112 374 638

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	21 745 922	17 846 541
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A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

11. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 863 522	(2 759 255)	104 267	2 894 604	(2 748 067)	146 537

Reconciliation of intangible assets - 2023

	Opening balance	Disposals	Amortisation	Total
Computer software, other	146 537	(1 410)	(40 860)	104 267

Reconciliation of intangible assets - 2022

	Opening balance	Disposals	Amortisation	Total
Computer software, other	266 369	(17 065)	(102 767)	146 537

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

12. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Conservation areas	16	-	16	16	-	16

Reconciliation of heritage assets 2023

	Opening balance	Total
Conservation areas	16	16

Reconciliation of heritage assets 2022

	Opening balance	Total
Conservation areas	16	16

13. Other financial assets

Designated at fair value

Listed shares	44 872	42 962
Terms and conditions		

Non-current assets

Designated at fair value	44 872	42 962
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Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand

2023

2022

14. Financial instruments disclosure

Categories of financial instruments

2023

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	28 810 745	28 810 745
Receivables from non-exchange transactions	-	1 191 734	1 191 734
Cash and cash equivalents	-	67 235 366	67 235 366
Other financial assets	44 872	-	44 872
	44 872	97 237 845	97 282 717

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	59 019 954	59 019 954
Financial liabilities - DBSA	2 450 514	2 450 514
	61 470 468	61 470 468

2022

Financial assets

	At fair value	At amortised cost	Total
Receivables from exchange transactions	-	28 365 756	28 365 756
Receivables from non-exchange transactions	-	537 055	537 055
Cash and cash equivalents	-	77 785 500	77 785 500
Other financial assets	42 962	-	42 962
	42 962	106 688 311	106 731 273

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	43 856 855	43 856 855
Financial liabilities - DBSA	4 370 242	4 370 242
	48 227 097	48 227 097

15. Consumer deposits

Electricity	1 756 682	1 745 871
Water	860 775	757 674
Housing rental	43 934	34 322
	2 661 391	2 537 867

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
16. Payables from exchange transactions		
Trade payables	6 565 075	12 424 557
Payments received in advanced	7 966 232	7 876 656
Accrued expense	17 352 409	11 582 556
Unidentified Direct Deposits	8 154 539	5 195 350
Retention monies	11 499 026	6 530 281
Human Settlements	7 341 390	106 172
Advanced Receipts - Land sales proceeds	141 283	141 283
	59 019 954	43 856 855
17. Unspent conditional grants and receipts		
Unspent conditional grants and receipts comprises of:		
Unspent conditional grants and receipts		
MIG	-	-
INEP	-	-
COGTA - Disaster Grant	-	7 848 524
EC Sports, Arts and Culture	1 166 953	1 131 249
EPWP	-	33
FMG	-	-
Water Services Infrastructure Grant	12 291 144	5 723 522
SBDM: Public Safety	1 109 845	1 973 373
	14 567 942	16 676 701
Movement during the year		
Balance at the beginning of the year	16 676 702	1 048 439
Additions during the year	126 327 000	87 409 373
Income recognition during the year	(128 435 760)	(71 781 111)
	14 567 942	16 676 701
The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and		
Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.		
See note 26 for reconciliation of grants from National/Provincial Government.		
These amounts are invested in a ring-fenced investment until utilised.		
18. Financial liabilities - DBSA		
At amortised cost		
DBSA Loan 101161/2 20 Years @ 10.89%	1 835 286	2 646 727
DBSA Loan 102557/1 15 Years @ 8.81%	615 228	1 723 515
	2 450 514	4 370 242
Total other financial liabilities	2 450 514	4 370 242
Non-current liabilities		
At amortised cost	986 301	2 450 514

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
18. Financial liabilities - DBSA (continued)		
Current liabilities		
At amortised cost	1 464 213	1 919 728
19. Employee benefit obligations		
Defined benefit plan		
Post retirement medical aid plan		
Pension benefits		
Net expense recognised in the statement of financial performance		
Current service cost	3 399 777	2 862 000
Interest cost	7 166 610	5 891 000
Actuarial (gains) losses	(10 100 500)	(6 615 645)
Benefits paid during the year	(2 457 161)	(2 480 081)
	(1 991 274)	(342 726)
Key assumptions used		
Assumptions used at the reporting date:		
Discount rates used	12,47 %	12,25 %
General earnings inflation rate (long term)	5,69 %	6,20 %
Health cost inflation rate (health cost trend)	8,08 %	8,77 %
Net discount rate	4,06 %	3,20 %
Average retirement age (Years)	62	62

Ndlambe Local Municipality

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Figures in Rand 2023 2022

19. Employee benefit obligations (continued)

Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on Post retirement medical aid - change in discount rate	51 063 000	65 699 000
Effect on Interest Costs - movement in health care inflation	8 253 089	6 272 052
Effect on Service Costs - movement in health care inflation	4 099 184	2 843 908

Amounts for the current and previous four years are as follows:

	2023	2022	2021	2020	2019
Defined benefit obligation	(57 639 000)	(59 630 274)	(59 973 000)	(52 499 290)	(59 171 458)

Long Service Awards

Ndlambe Municipality offers long service bonus awards to active employees, the amount of which is dependent on the annual salary of the individual employee. Councillors are not eligible for this benefit and were not taken into account. The award comprises of a percentage of their annual salaries as well as additional leave days to employees at the end of the specified time period.

The amounts recognised in the statement of financial position are as follows:

Carrying value of the defined benefit obligation-wholly unfunded

Present value of the defined benefit obligation-wholly unfunded	(9 026 961)	(8 153 000)
Benefits paid during the year	741 704	475 475
Current service costs	(948 048)	(964 000)
Interest Costs	(845 743)	(678 000)
Actuarial Gain/(Loss)	1 093 048	292 564
	(8 986 000)	(9 026 961)
Non-current liabilities	(7 756 000)	(7 854 140)
Current liabilities	(1 230 000)	(1 172 821)
	(8 986 000)	(9 026 961)

The fair value of plan assets includes:

Net expense recognised in the statement of financial performance

Current service cost	948 048	964 000
Interest cost	845 743	678 000
Actuarial (gains) losses	(1 093 048)	(292 564)
Benefits paid during the year	(741 704)	(475 475)
	(40 961)	873 961

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

19. Employee benefit obligations (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,08 %	10,02 %
General earnings inflation rate (long term)	6,47 %	7,65 %
Net discount rate	4,33 %	2,20 %
Average retirement age (Years)	62	62

Other assumptions

Assumed inflation & discount trends have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed discount rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on Long service Award - discount rate	8 562 000	9 453 000
Effect on Interest Costs - discount rate	962 000	892 000
Effect on Service Costs - discount rate	958 000	1 061 000

Amounts for the current and previous four years are as follows:

	2023	2022	2021	2020	2019
Defined benefit obligation	(8 986 000)	(9 026 961)	(8 153 000)	(6 817 936)	(6 980 880)

Other current employee benefits liabilities

Current liabilities		
Leave accrual	10 931 180	9 071 296
Bonus accrual	4 193 948	3 783 531
Overtime accrual	869 120	686 995
	15 994 248	13 541 822

Summary of Employee benefit obligations

The Employee benefit obligations disclosed above can be summarised as follows:

Current liabilities		
Leave accrual	10 931 180	9 071 296
Bonus accrual	4 193 948	3 783 531
Overtime accrual	869 120	686 995
Post retirement medical aid plan	2 418 000	2 254 670
Long service awards	1 230 000	1 172 821
	19 642 248	16 969 313
Non-current liabilities		
Post retirement medical aid plan	55 221 000	57 375 604
Long Service Awards	7 756 000	7 854 140
	62 977 000	65 229 744

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand 2023 2022

20. Provisions

Reconciliation of provisions - 2023

	Opening Balance	Fair Value Adjustments	Interest costs/Unwinding of Interest	Total
Environmental rehabilitation	72 344 947	(7 145 974)	7 595 018	72 793 991

Reconciliation of provisions - 2022

	Opening Balance	Fair Value Adjustments	Interest costs/Unwinding of Interest	Total
Environmental rehabilitation	65 369 036	831 361	6 144 550	72 344 947
Non-current liabilities			60 296 161	60 330 172
Current liabilities			12 497 830	12 014 775
			72 793 991	72 344 947

Ndlambe Municipality operates 5 landfill sites which by law will have to be permitted and closed in accordance with the "Minimum Requirements" and in accordance with the Environment Conservation Act. (Act no.73 of 1989) Closure will involve, inter alia, the application of final cover, topsoiling, vegetating, drainage maintenance and leachate management. This requirement does not extend over transfer stations which have been operated as transfer stations.

Closure of the landfill sites are dependant on a number of external factors, such as amongst others, waste minimisation and population changes. Previously there has been a court order to affect the closure of the Bushmens' landfill site, thereby directly affecting the provision estimation as the closure is now projected within the timeframes set out by the court ruling.

The site assessments and provision calculation was conducted by Zutari (Pty) Ltd.

21. Revenue

Rendering of services	421 554	430 870
Service charges	181 743 495	166 321 134
Rental of facilities and equipment	1 046 827	796 315
Interest received - trade and other receivables	8 095 895	5 657 234
Licences and permits (Exchange transactions)	3 685 609	3 267 204
Housing debtor income	1 859 224	1 444 801
Licences and Permits (Non-exchange)	1 265 973	1 211 988
Other income	4 338 750	4 473 608
Interest received - investment	7 977 378	4 278 823
Property rates	143 573 186	134 328 925
Environmental levies	5 680 436	5 021 013
Interest, Dividends and Rent on Land	3 845 778	2 976 991
Government grants & subsidies	269 722 218	208 894 930
Public contributions and donations	613 000	6 435 634
Fines, Penalties and Forfeits	342 733	675 422
	634 212 056	546 214 892

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
21. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Service charges	181 743 495	166 321 134
Rendering of services	421 554	430 870
Rental of facilities and equipment	1 046 827	796 315
Interest received - trade and other receivables	8 095 895	5 657 234
Licences and permits (Exchange)	3 685 609	3 267 204
Housing debtor income	1 859 224	1 444 801
Other income	4 338 750	4 473 608
Interest received - investment	7 977 378	4 278 823
	209 168 732	186 669 989
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Property rates	143 573 186	134 328 925
Licences or permits	1 265 973	1 211 988
Environmental levies	5 680 436	5 021 013
Interest, Dividends and Rent on Land	3 845 778	2 976 991
Transfer revenue		
Government grants & subsidies	269 722 218	208 894 930
Public contributions and donations	613 000	6 435 634
Fines, Penalties and Forfeits	342 733	675 422
	425 043 324	359 544 903
22. Service charges		
Sale of electricity	80 661 996	84 727 310
Sale of water	64 111 001	49 073 128
Solid waste	20 265 916	17 770 738
Sewerage and sanitation charges	16 704 582	14 749 958
	181 743 495	166 321 134
23. Other income		
Building plan fees	2 207 723	2 679 556
Encroachments	3 068	2 407
Commission on Insurance	228 148	214 256
Insurance refunds	462 889	626 094
Subdivisions	28 163	115 914
Sundry income	1 181 158	650 623
Town planning income	60 796	72 130
Camping fees	166 805	112 628
	4 338 750	4 473 608
24. Investment revenue		
Interest revenue		
Bank	7 977 378	4 278 823

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
25. Property rates		
Rates received		
Property rates	143 573 186	134 328 925
Valuations		
All	14 691 390 362	14 251 553 212

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.

Rates are levied on a monthly basis.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Government grants & subsidies		
Operating grants		
Unconditional: Equitable share	114 788 000	103 139 000
Unconditional: Equitable share: Cllrs & Ward Contribution	4 443 000	4 443 000
Unconditional: LG SETA Grants	304 304	316 953
Unconditional: SBDM Grant Revenue	1 667 623	1 207 838
Finance Management Grant	2 650 000	2 652 013
Greenest Town	200 000	-
Municipal Infrastructure Grant	1 536 368	1 433 150
Library Grant (DSRAC)	2 712 570	2 592 578
	128 301 865	115 784 532
Capital grants		
Unconditional: OTP Grant	3 376 005	16 297 914
Unconditional: Department of Water and Sanitation	16 507 527	3 192 688
Conditional: Regional Bulk Infrastructure Grant (RBIG)	-	8 516 427
SBDM - Public Safety (Capital)	2 939 528	-
Water Services Infrastructure Grant (Capital)	78 432 378	14 278 197
Department of Co-operative Governance and Traditional Affairs - Disaster Grant	7 848 524	7 380 476
Municipal Infrastructure Grant (Capital)	29 190 632	27 229 850
Expanded Public Works Prog Grant (EPWP) (Capital)	1 730 034	1 144 111
Library Grant (DSRAC) (Capital)	1 725	70 735
INEP (Capital)	1 394 000	15 000 000
	141 420 353	93 110 398
	269 722 218	208 894 930
Conditional and Unconditional		
Included in above are the following grants and subsidies received:		
Conditional grants received	126 327 000	106 130 049
Unconditional grants received	141 286 459	128 597 393
	267 613 459	234 727 442
MIG		
Current-year receipts	30 727 000	28 663 000
Conditions met - transferred to revenue	(30 727 000)	(28 663 000)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
INEP		
Current-year receipts	1 394 000	15 000 000
Conditions met - transferred to revenue	(1 394 000)	(15 000 000)
	-	-
Conditions still to be met - remain liabilities (see note 17).		

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
26. Government grants & subsidies (continued)		
Department of Co-operative Governance and Traditional Affairs - Disaster Grant		
Balance unspent at beginning of year	7 848 524	-
Current-year receipts	-	15 229 000
Conditions met - transferred to revenue	(7 848 524)	(7 380 476)
	-	7 848 524
Conditions still to be met - remain liabilities (see note 17).		
EC Sports/Arts and Culture		
Balance unspent at beginning of year	1 131 249	1 044 562
Current-year receipts	2 750 000	2 750 000
Conditions met - transferred to revenue	(2 714 296)	(2 663 313)
	1 166 953	1 131 249
Conditions still to be met - remain liabilities (see note 17).		
EPWP: Public Works		
Balance unspent at beginning of year	33	145
Current-year receipts	1 730 000	1 144 000
Conditions met - transferred to revenue	(1 730 033)	(1 144 112)
	-	33
Conditions still to be met - remain liabilities (see note 17).		
FMG		
Balance unspent at beginning of year	-	2 013
Current-year receipts	2 650 000	2 650 000
Conditions met - transferred to revenue	(2 650 000)	(2 652 013)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Regional Bulk Infrastructure Grant (RBIG)		
Balance unspent at beginning of year	-	(10 204 249)
Current-year receipts	-	18 720 676
Conditions met - transferred to revenue	-	(8 516 427)
	-	-
Conditions still to be met - remain liabilities (see note 17).		
Water Services Infrastructure Grant		
Balance unspent at beginning of year	5 723 522	1 719
Current-year receipts	85 000 000	20 000 000
Conditions met - transferred to revenue	(78 432 378)	(14 278 197)
	12 291 144	5 723 522
Conditions still to be met - remain liabilities (see note 17).		

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand 2023 2022

26. Government grants & subsidies (continued)

SBDM: Public Safety

Balance unspent at beginning of year	1 973 373	-
Current-year receipts	2 076 000	1 973 373
Conditions met - transferred to revenue	(2 939 528)	-
	1 109 845	1 973 373

Conditions still to be met - remain liabilities (see note 17).

27. Public contributions and donations

Sarah Baartman District Municipality - cash	500 000	1 026 000
University of Potsdam(Germany)	-	110 000
SALGA	-	385 697
Investment property transfers received	-	4 913 937
Sarah Baartman District Municipality - Fire equipment	113 000	-
	613 000	6 435 634

Sarah Baartman District Municipality donated the following funds during the current financial year -

Cash donation towards Alexandria Abbatoir:	R 500 000
Pumps for Fire services:	R 113 000

Sarah Baartman District Municipality donated the following funds during the previous financial year -

Cash donation towards anniversary celebration at Emzini Bathurst:	R 100 000
Cash donation towards the renovation of Krantz Port Alfred:	R 200 000
Cash donation towards Sarel Hayward Dam Pumpstation Line:	R 726 000

Potsdam University - Germany donated the following funds during the previous financial year -

Cash donation towards Multi Purpose Community Centre :	R 110 000
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SALGA donated the following funds during the previous financial year -

Cash donation towards acquisition of rainwater tanks:	R 325 697
Computer equipment to the value of :	R 60 000

Investment property transfers received-

Investment property in the form of land was transferred to the municipality during the previous year, these properties were fair valued	R4 913 937
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Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
28. Employee related costs		
Basic	96 546 739	90 528 810
Bonus	8 080 353	7 452 533
Allowances	7 791 551	4 239 147
Post-employment benefits	27 204 578	30 716 703
Medical aid - company contributions	13 375 930	12 141 982
UIF	1 040 812	989 208
Leave pay accrual charge	1 859 883	783 986
Overtime payments	14 596 338	10 871 383
Long-service awards	89 245	70 057
Car allowance	4 578 504	4 108 202
Housing benefits and allowances	503 789	597 383
Group insurance	249 093	252 333
Industrial levy	74 668	69 341
Employee costs - ex S57 managers	175 991 483	162 821 068
Remuneration of municipal manager		
Annual Remuneration	1 482 276	1 449 604
Backpay	-	21 901
Car Allowance	193 529	193 529
Performance Bonuses	97 761	113 075
Contributions to UIF, Medical and Pension Funds	127 952	135 646
Telephone allowance	17 084	17 084
13th Cheque	129 799	111 931
Leave Pay	138 562	96 576
	2 186 963	2 139 346
Remuneration of chief finance officer		
Annual Remuneration	916 996	989 952
Backpay	-	16 867
Acting Allowance	41 222	66 225
Car Allowance	181 448	197 944
Performance Bonuses	108 857	-
Contributions to UIF, Medical and Pension Funds	217 849	232 426
Telephone allowance	24 193	26 709
13th Cheque	74 400	81 350
Leave pay	107 239	57 803
	1 672 204	1 669 276
Remuneration of director Infrastructural Development		
Annual Remuneration	976 808	806 098
Backpay	-	13 663
Car Allowance	224 336	186 947
Performance Bonuses	77 755	90 083
Contributions to UIF, Medical and Pension Funds	230 114	186 531
Telephone allowance	39 589	32 991
13th Cheque	60 528	72 799
Leave Pay	-	45 475
	1 609 130	1 434 587

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
28. Employee related costs (continued)		
Remuneration of director Corporate Services		
Annual Remuneration	971 469	1 060 390
Backpay	-	15 433
Acting Allowance	102 071	34 145
Car Allowance	145 159	158 355
Performance Bonuses	77 755	90 112
Contributions to UIF, Medical and Pension Funds	207 326	217 142
Telephone allowance	12 097	13 196
13th Cheque	79 233	86 647
Leave pay	99 600	56 914
	1 694 710	1 732 334
Remuneration of director Community Protection Services		
Annual Remuneration	993 616	822 805
Backpay	-	15 641
Car Allowance	197 944	164 953
Performance Bonus	77 755	90 039
Contributions to UIF, Medical and Pension Funds	244 943	194 031
Telephone allowance	26 393	21 994
13th Cheque	47 075	101 686
Leave pay	79 347	61 862
	1 667 073	1 473 011
Reconciliation of employee costs		
Employee costs - ex S57 managers	175 991 483	162 821 068
Remuneration of municipal manager	2 186 963	2 139 346
Remuneration of chief financial officer	1 672 204	1 669 276
Remuneration of director Infrastructural Development	1 609 130	1 434 587
Remuneration of director Corporate Services	1 694 710	1 732 334
Remuneration of director Community Protection Services	1 667 073	1 473 011
	184 821 563	171 269 622
29. Remuneration of councillors		
Mayor	923 784	917 563
Speaker	744 582	752 773
Executive Members	1 214 053	1 251 058
Councillors	4 788 788	4 891 211
	7 671 207	7 812 605
In-kind benefits		
The Mayor and Speaker are full-time. Each is provided with an office and secretarial support at the cost of the Council.		
The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.		
30. Depreciation and amortisation		
Property, plant and equipment	47 746 920	46 215 415
Investment property	1 176 591	1 176 591
Intangible assets	40 860	102 767
	48 964 371	47 494 773

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
31. Finance costs		
Non-current borrowings	372 203	551 522
Trade and other payables	-	732
Landfill Rehabilitation - Interest Cost	7 595 018	6 144 549
	7 967 221	6 696 803
32. Debt impairment		
Electricity	1 922 375	6 460 716
Water	32 568 335	21 759 422
Refuse	7 165 123	5 040 625
Waste Water	7 132 920	5 251 453
Service charges	3 465 641	526 701
Housing debtors	454 634	(108 197)
Rates	5 144 304	5 386 613
Environmental levies	1 973 489	3 005 851
	59 826 821	47 323 184
33. Bulk purchases		
Electricity - Eskom	67 178 593	64 075 241
Water	22 017 417	17 807 259
	89 196 010	81 882 500
34. Contracted services		
Outsourced Services	12 975 750	12 646 831
Consultants and Professional Services	27 781 101	21 895 940
Contractors	32 030 475	42 964 220
	72 787 326	77 506 991

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
35. General expenses		
Advertising	802 386	738 844
Auditors remuneration	5 510 686	4 653 265
Bank charges	1 143 715	906 510
Commission paid	2 217 824	1 963 703
Delivery expenses	713	5 518
Electricity	17 195 862	14 140 597
Entertainment	130 560	54 894
Fines and penalties	300	4 800
Fuel and oil	15 037 879	8 986 192
Hire	10 888 851	9 641 134
IT expenses	5 266 786	5 705 240
Insurance	2 591 526	2 411 219
Levies	1 507 986	1 423 741
Other expenses	3 790 533	2 824 963
Other materials	11 694 647	7 872 487
Postage and courier	944 013	773 359
Printing and stationery	67 223	81 859
Protective clothing	2 124 708	749 955
Subscriptions and membership fees	1 900 017	1 771 865
Telephone and fax	3 823 854	1 841 983
Title deed search fees	24 906	36 701
Transport and freight	249 617	254 427
Travel - local	3 203 663	1 522 174
	90 118 255	68 365 430
36. Fair value adjustments		
Other financial assets		
• Old Mutual shares	1 910	(6 284)
• FV Adjustment of Landfill rehabilitation provision	7 145 974	(831 361)
• Adjustments to Inventory	(1 531)	-
	7 146 353	(837 645)
37. Impairment loss		
Impairments		
Property, plant and equipment	2 789 447	10 636 882
38. Auditors' remuneration		
Fees	5 510 686	4 653 265

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
39. Cash generated from operations		
Surplus	76 195 580	21 619 198
Adjustments for:		
Depreciation and amortisation	48 964 371	47 494 773
Gain on sale of assets and liabilities	1 973 920	3 665 364
Actuarial (gains)/losses	(11 193 548)	(6 908 209)
Fair value adjustments	(7 146 353)	837 645
Impairment deficit	2 789 447	10 636 882
Debt impairment	59 826 821	47 323 184
Movements in operating lease assets and accruals	(56 084)	109 406
Movements in Employee benefit assets and liabilities	11 613 739	8 130 248
Movements in provisions	7 595 399	6 138 266
Non-cash donations and other in-kind benefits	(500 000)	(4 913 937)
Changes in working capital:		
Inventories	(38 318)	(43 083)
Receivables from exchange transactions	(53 154 017)	(45 435 810)
Receivables from non-exchange transactions	(7 061 411)	(1 582 298)
Other financial assets	(1 910)	6 284
Payables from exchange transactions	15 498 435	2 109 768
VAT	(6 323 104)	6 691 884
Unspent conditional grants and receipts	(2 108 759)	15 628 263
Consumer deposits	123 524	155 226
	136 997 732	111 663 054

40. Commitments

Authorised capital expenditure

Already contracted for but not provided for

• Property, plant and equipment	58 577 558	35 627 108
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Total capital commitments

Already contracted for but not provided for	58 577 558	35 627 108
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This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, existing cash resources, funds internally generated, etc.

Operating leases - as lessee (expense)

Minimum lease payments due

- within one year	18 000	596 457
- in second to fifth year inclusive	-	477 696
	18 000	1 074 153

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of three years and rentals are escalated by a fixed percentage on an annual basis. No contingent rent is payable.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
40. Commitments (continued)		
Operating leases - as lessor (income)		
Minimum lease payments due		
- within one year	62 146	22 827
- in second to fifth year inclusive	57 727	26 720
- later than five years	11 337	2 080
	131 210	51 627

Certain of the municipality's properties are held to generate rental income. Lease agreements are non-cancellable and have terms from 3 to 20 years. There are no contingent rents receivable.

41. Contingencies

Campbell and Shelton vs Ndlambe LM- The claimant has instituted proceedings to suspend all approvals for building development on wetland area in Port Alfred. The financial effect of this cannot be determined.

KOSRA, Bushmans Kariega Estuary Care Management Forum & Natures Landing Homeowners Association vs Ndlambe LM - Legal proceedings have been instituted against the municipality regarding the state of the landfill site at Bushmans River Mouth and to put measures in place to rectify the state of the landfill. The financial effect of this cannot be estimated as the financial claim has not been made.

Agri EC vs Ndlambe Municipality & others - Agric EC has taken Ndlambe Municipality to court to force the municipality to apply its by-laws. This matter is ongoing, but as a financial claim was not made, the financial effect cannot be estimated.

McNamara and others vs Ndlambe municipality - McNamara and others have taken Ndlambe Municipality to court to enforce the municipality to ensure that wetland fencing have been erected, as was removed by another party. The matter is in ongoing, but a financial claim has not been made, the financial effect cannot therefore be estimated.

V. Long vs Ndlambe Municipality & others - Legal proceedings were instituted by V. Long to force Ndlambe Municipality to set aside a decision on a guesthouse approval. This matter is ongoing, but as a financial claim was not made, the financial effect cannot be estimated.

Agri EC & Others vs Ndlambe Municipality - Agri EC has taken Ndlambe Municipality to court in relation to the legality of abstraction water, which Ndlambe Municipality procures from a company. This matter is ongoing, but as a financial claim was not made, the financial effect cannot be estimated.

Dyongwana vs Ndlambe Municipality - Legal proceedings were instituted by Dyongwana against Ndlambe municipality after the former's minor child fell into an uncovered drain and sustained alleged damages. The possible financial effect of this is R600 000.

Quality Filtration Systems vs Ndlambe - Both parties are in arbitration in relation to a dispute over the running and costs of the Ndlambe RO Plant. The matter was heard in the High Court and a binding agreement reached that arbitration will ensue and could result in an award. The possible financial effect of this cannot be estimated at this stage.

Litigation is in the process against the municipality relating to various matters above. The total estimated potential liability to the municipality at 30 June 2023 is R600 000 & 30 June 2022 cannot be determined reliably.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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42. Related parties

Relationships

Accounting Officer

Close family member of key management

Refer to accounting officers' report note

MG Ncamiso (husband of Mayor Ncamiso)

Sole shareholder of Nakhe Security and Cleaning Solutions

50% Shareholder of Genkorald General Trading

XM Ncamiso (son of Mayor Ncamiso)

50% Shareholder of Genkorald General Trading

X Masiza (husband of Ndlambe Director Infrastructure)

Director of Lisolomzi Prestige Security

Members of key management as defined in GRAP 20

1. Members of Council

Full names and remuneration details provided below

2. Section 57 managers

Remuneration details provided in note 29

Related party balances

The amounts are unsecured and no security has been given.

Related party transactions

Capital expenditure from related parties - Property, plant and Equipment

Genkorald General Trading (Pty) Ltd - arm's length	-	250 334
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Purchases from related parties - Security services

Nakhe Security and cleaning (Pty) Ltd - arm's length	-	210 000
--	---	---------

Lisolomzi Prestige Security (Pty) Ltd	-	542 960
---------------------------------------	---	---------

Purchases from related parties - Building maintenance

Genkorald General Trading (Pty) Ltd - arm's length	49 818	24 782
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Purchases from related parties- Contracted services- Contractors

Genkorald General Trading (Pty) Ltd - arm's length	1 200	-
--	-------	---

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42. Related parties (continued)

Remuneration of management

Management class: Council

2023

Name	Allowance	Transport	Telephone	Medical Aid	Pension	Total
Mayor - KC Ncamiso	625 324	189 504	40 800	17 280	46 900	919 808
Speaker - L Marasi	524 457	83 376	40 800	17 280	78 670	744 583
Executive member - NF Memani	266 618	78 180	40 800	2 880	19 996	408 474
Executive member - S Venene	253 419	78 180	40 800	17 165	19 006	408 570
Executive member - S Dyakala	253 204	78 180	40 800	17 280	18 990	408 454
Chief Whip - S Kolosa	189 657	56 856	40 800	17 280	14 224	318 817
MPAC Chair - A Nyumka	189 657	56 856	40 800	17 280	14 224	318 817
Councillor - A Bukani	205 753	56 856	40 800	-	15 432	318 841
Councillor - M Sweli	205 753	56 856	40 800	-	15 432	318 841
Councillor - HK Walker	189 657	56 856	40 800	17 280	14 224	318 817
Councillor - NE Haynes	220 879	56 856	40 800	-	-	318 535
Councillor - P Khungwayo	205 753	56 856	40 800	-	15 432	318 841
Councillor - SI Melani	205 753	56 856	40 800	-	15 432	318 841
Councillor - S Zweni	208 274	56 856	40 800	-	12 859	318 789
Councillor - MW Mgweba	205 753	56 856	40 800	-	15 432	318 841
Councillor - PY Kani	220 879	56 856	40 800	-	-	318 535
Councillor - ZW Myali	189 657	56 856	40 800	17 280	14 224	318 817
Councillor - WG Johannes	220 879	56 856	40 800	-	-	318 535
Councillor - T Mbekela	191 195	56 856	40 800	15 725	14 340	318 916
Councillor - X Runeli	220 879	56 856	40 800	-	-	318 535
	4 993 400	1 360 260	816 000	156 730	344 817	7 671 207

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42. Related parties (continued)

2022

Name	Allowance	Backpay	Transport	Telephone	Medical aid	Pension	Other benefits received	Total
Mayor - KC Ncamiso	404 746	15 205	130 643	28 127	12 960	43 328	5 000	640 009
Ex- Mayor - S Dyakala	195 623	-	58 861	12 673	2 880	7 516	-	277 553
Speaker - L Marasi	327 722	14 491	53 689	26 273	11 520	49 158	-	482 853
Ex-Speaker - NV Maphaphu	194 060	7 352	29 687	14 527	5 760	13 534	5 000	269 920
Executive member - NF Memani	170 571	6 058	50 343	26 273	-	9 787	-	263 032
Executive member - S Venene	170 818	8 966	50 343	26 273	1 440	8 066	-	265 906
Executive member - S Dyakala	81 910	10 787	26 060	13 600	5 760	6 143	-	144 260
Ex-Executive member - A Nyumka	80 612	-	24 283	12 673	2 880	3 041	-	123 489
Ex-Executive member - T Mazana	99 127	3 845	27 837	14 527	-	-	7 000	152 336
Ex- Executive member - N Xhasa	92 772	3 395	27 522	14 527	-	6 483	7 000	151 699
Ex-Executive member - LR Schenk	99 127	3 845	27 837	14 527	-	-	5 000	150 336
Chief Whip - S Kolosa	122 316	4 582	36 612	26 273	8 640	6 876	-	205 299
Ex-Chief Whip - AL Marasi	61 646	-	20 244	14 527	5 760	8 521	7 000	117 698
MPAC Chair - A Nyumka	61 334	5 400	18 952	13 600	5 760	4 600	-	109 646
Ex-MPAC Chair - TM Bunge	89 282	3 732	27 837	14 527	-	6 239	7 000	148 617
Councillor - A Bukani	132 793	4 582	36 612	26 272	5 003	-	-	205 262
Councillor - M Sweli	131 579	4 582	36 612	26 272	-	6 241	-	205 286
Councillor - HK Walker	124 872	4 582	36 612	26 272	7 200	5 738	-	205 276
Councillor - NE Haynes	137 697	4 582	36 612	26 272	-	-	-	205 163
Councillor - P Khungwayo	131 579	4 582	36 612	26 272	-	6 241	-	205 286
Councillor - SI Melani	128 267	7 490	36 612	26 272	-	9 620	-	208 261
Councillor - S Zweni	137 697	4 582	36 612	26 272	-	-	-	205 163
Councillor - MW Mgweba	132 793	4 582	36 612	26 272	-	5 003	-	205 262
Councillor - PY Kani	137 696	7 490	36 612	26 273	-	-	-	208 071
Councillor - ZW Myali	122 316	4 582	36 612	26 272	8 640	6 877	-	205 299
Councillor - WG Johannes	137 697	4 582	36 612	26 272	-	-	-	205 163
Councillor - T Mbekela	120 326	7 490	36 612	26 272	8 525	9 024	-	208 249
Councillor - X Runeli	137 696	7 490	36 612	26 272	-	-	-	208 070
Councillor - AW Diniso	50 116	1 246	13 396	9 612	-	-	-	74 370
Councillor - KC Ncamiso	14 172	-	3 791	2 720	-	-	-	20 683
Councillor - N Gamlashe	66 667	2 909	20 244	14 527	-	9 274	5 000	118 621

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42. Related parties (continued)

Councillor - CB James	65 542	2 909	20 244	14 527	5 760	4 553	5 000	118 535
Councillor - A Nqosha	75 765	2 909	20 244	14 527	-	-	5 000	118 445
Councillor - M Raco	70 908	2 909	20 244	14 527	-	4 956	5 000	118 544
Councillor - MW Yali	70 908	2 909	20 244	14 527	-	4 956	5 000	118 544
Councillor - M Mateti	66 667	2 909	20 244	14 527	-	9 275	5 000	118 622
Councillor - K Daweti	70 907	2 909	20 244	19 473	-	4 956	5 000	123 489
Councillor - PY Kani	75 765	-	20 244	14 527	-	-	5 000	115 536
Councillor - JP Guest	75 765	2 909	20 244	14 527	-	-	5 000	118 445
Councillor - S Venene	75 765	-	20 244	14 527	-	-	5 000	115 536
Councillor - T Mbekela	70 908	-	20 244	14 527	-	4 956	5 000	115 635
Councillor - X Runeli	70 845	-	20 244	14 527	-	4 952	7 000	117 568
Councillor - SI Melani	70 845	-	20 244	14 527	-	4 952	7 000	117 568
	4 956 219	183 374	1 367 065	820 593	98 488	274 866	112 000	7 812 605

Also refer to note "Remuneration of councillors" Note 29

Ndlambe Local Municipality

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43. Prior period errors & reclassification

The correction of the error(s) results in adjustments as follows:

Statement of Financial Position	Previously reported	Adjustment	As restated	Reference
VAT Receivable	7 176 066	79 792	7 255 858	1
Property, Plant and Equipment	1 093 521 752	(2 991 721)	1 090 530 031	2
Payables from exchange transactions	(56 777 485)	12 920 631	(43 856 854)	3
Employee benefit obligation - current	(3 427 491)	(13 541 822)	(16 969 313)	4
Accumulated surplus	(1 269 330 127)	3 533 120	(1 265 797 007)	5
	(228 837 285)	-	(228 837 285)	-

1 - VAT Receivable - Statement of Financial Position

Previously reported 2022 balance	7 176 066
VAT on additional accruals raised	79 792
Restated 2022 Closing Balance	7 255 858

2 - Property, plant and equipment - Statement of Financial Position

Previously reported 2022 balance	1 093 521 751
WIP impairment due to project finalisation	(2 991 721)
Restated 2022 Closing Balance	1 090 530 030

3 - Payables from exchange transactions - Statement of Financial Position

Previously reported 2022 balance	(56 777 485)
Raise of additional Accruals 2022	(621 191)
Employee benefit obligations reclassification to payables (overtime, accrual and bonus)	13 541 822
Restated 2022 Closing Balance	(43 856 854)

4 - Employee benefit obligation - Current - Statement of Financial Position

Previously reported 2022 balance	(3 427 491)
Employee benefit obligations reclassification from payables (overtime, accrual and bonus)	(13 541 822)
Restated 2022 Closing balance	(16 969 313)

5 - Accumulated Surplus - Statement of Financial Position

Previously reported 2022 Opening balance	(1 244 177 802)
Effect of opening balance corrections relating to -	-
RESTATED 2021/22 OPENING BALANCE	(1 244 177 802)
	-
RESTATED 2021/22 (Surplus)/Deficit	(21 619 198)
Previously reported Surplus	(25 152 319)
Net corrections as per 2020/21 Statement of Financial Performance (see below)	3 533 121
	-
RESTATED 2021/22 CLOSING BALANCE	(1 265 797 000)

Ndlambe Local Municipality

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43. Prior period errors & reclassification (continued)

Statement of Financial Performance	2022 Comparative restatements			Reference
	Previously reported	Adjustment DT/(CT)	As restated	
EXPENDITURE				
Employee related costs	(164 361 413)	6 908 209	(171 269 622)	i
Lease rentals from operating leases	(5 379 494)	(3 343 889)	(2 035 605)	ii
Alternative Energy Programme	(5 594 743)	(2 968 240)	(2 626 503)	iii
Bulk purchases	(81 666 463)	216 037	(81 882 500)	iv
Contracted services	(77 353 013)	153 978	(77 506 991)	v
General expenses	(61 881 916)	6 483 514	(68 365 430)	vi
Impairment Loss	(7 645 161)	2 991 721	(10 636 882)	vii
Actuarial Gains/(losses)	-	(6 908 209)	6 908 209	viii
	(403 882 203)	3 533 121	(407 415 324)	

i) Employee related costs - Statement of Financial Performance

As previously reported	(164 361 413)
Re-classification of Actuarial gains in line with MSCOA	(6 908 209)
	(171 269 622)

ii) Lease rentals from operating leases - Statement of Financial Performance

As previously reported	(5 379 494)
Correction of classification of Hire charges	3 343 889
	(2 035 605)

iii) Alternative Energy programme - Statement of Financial Performance

As previously reported	(5 594 743)
Correction of misallocation of municipal consumed electricity	2 968 240
	(2 626 503)

iv) Bulk purchases - Statement of Financial Performance

As previously reported	(81 666 463)
Additional Accruals raised 2022	(216 037)
	(81 882 500)

v) Contracted Services - Statement of Financial Performance

As previously reported	(77 353 013)
Additional Accruals raised 2022	(153 978)
	(77 506 991)

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
43. Prior period errors & reclassification (continued)		
vi) General Expenses - Statement of Financial Performance		
As previously reported		(61 881 916)
Additional Accruals raised 2022		(171 385)
Correction of misallocation of municipal consumed electricity		(2 968 240)
Correction of classification of Hire charges		(3 343 889)
		(68 365 430)
vii) Impairment Loss - Statement of Financial Performance		
As previously reported		(7 645 161)
WIP impairment due to project finalisation		(2 991 721)
		(10 636 882)
viii) Actuarial Gains and Losses - Statement of Financial Performance		
As previously reported		-
Re-classification of Actuarial gains in line with MSCOA		6 908 209
		6 908 209
The following disclosures have been restated in the comparative figure:		
Unauthorised expenditure - Note 44		
Previous Disclosure		
Opening balance - 2021/22		107 890 877
Add: Unauthorised Expenditure		75 498 188
Less: Condoned by council		(70 955 368)
		112 433 697
New disclosure		
Opening balance - 2021/22		107 890 877
Add: Unauthorised Expenditure		78 829 710
Less: Condoned by council		(70 955 368)
		115 765 219
Cash flow statement		
Cash flow from operating activities	RESTATED	PREVIOUSLY DISCLOSED
Rates and services	271 538 864	271 618 656
Employee costs	(179 082 236)	(172 174 018)
Suppliers	(222 114 431)	(229 102 441)
	(129 657 803)	(129 657 803)

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
44. Unauthorised expenditure		
Opening balance as previously reported	115 765 219	107 890 877
Opening balance as restated	115 765 219	107 890 877
Add: Expenditure identified - current	84 000 359	-
Add: Expenditure identified - prior year	-	78 829 710
Less: Amount written off - current	(75 498 188)	-
Less: Amount written off - prior	-	(70 955 368)
Closing balance	124 267 390	115 765 219

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	69 018 578	67 166 406
Cash	14 981 781	11 663 304
	84 000 359	78 829 710

Unauthorised expenditure: Budget overspending – per municipal department:

Corporate services	9 129 703	-
Waste Management	11 300 505	4 344 003
Electricity	18 789 444	39 056 353
Water	29 848 528	27 181 327
Waste Water Management	4 901 375	3 203 640
Technical	5 265 753	246 776
Housing	148 193	-
Community and Social Services	4 616 858	4 797 611
	84 000 359	78 829 710

45. Fruitless and wasteful expenditure

Opening balance as previously reported	72 511	79 519
Opening balance as restated	72 511	79 519
Add: Expenditure identified - current	654 679	-
Add: Expenditure identified - prior year	-	4 800
Less: Amount written off - prior period	-	(11 808)
Closing balance	727 190	72 511

Fruitless and wasteful expenditure incurred in the current year relates to traffic deposit monies shortages which the municipality had to settle with the department of transport. R654 679 is being investigated for possible misappropriation and/or negligence due to fire losses.

Fruitless and wasteful expenditure incurred in the prior year was due to traffic fines on municipal vehicles.

Ndlambe Local Municipality

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Notes to the Annual Financial Statements

Figures in Rand	2023	2022
46. Irregular expenditure		
Opening balance as previously reported	301 843 209	633 168 213
Opening balance as restated	301 843 209	633 168 213
Add: Irregular Expenditure - current	81 810 509	-
Add: Irregular Expenditure - prior year	-	78 990 362
Less: Amount written off - current	(148 455 587)	-
Less: Amount written off - prior period	-	(410 315 366)
Closing balance	235 198 131	301 843 209
Incidents/cases identified in the current year include those listed below:		
	Disciplinary steps taken/criminal proceedings	
- Supply Chain Management Regulation and/or Policy Deviations	Items will be referred to MPAC for Investigation and the need for criminal proceedings to be determined.	81 810 509
-Lack of Supporting documentation	Goods and/or services were received in all instances and none of the payments were made in vain.	
- Deviations not in accordance with S36 of the SCM regulations		
		81 810 509
47. Additional disclosure in terms of Municipal Finance Management Act		
Contributions to organised local government		
Opening balance	1 858 015	1 727 228
Current year subscription / fee	2 006 035	1 886 963
Amount paid - current year	(1 864 015)	(1 756 176)
	2 000 035	1 858 015
Audit fees		
Opening balance	-	8 815
Current year fee	6 320 708	5 351 254
Amount paid - current year	(6 303 627)	(5 360 069)
	17 081	-
PAYE and UIF		
Amount paid - current year	22 080 559	21 429 609
Pension and Medical Aid Deductions		
Amount paid - current year	31 551 416	28 815 561
VAT		
VAT receivable	13 578 962	7 255 858

VAT output payables and VAT input receivables are shown in note 6.

All VAT returns have been submitted by the due date throughout the year.

Ndlambe Local Municipality

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47. Additional disclosure in terms of Municipal Finance Management Act (continued)

Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor - WG Johannes	3 861	109 605	113 466
<hr/>			
30 June 2022	Outstanding less than 90 days	Outstanding more than 90 days	Total
Councillor - MW Mgweba	1 194	340	1 534
Councillor -TS Dyakala	2 072	1 763	3 835
Councillor - WG Johannes	4 147	144 869	149 016
Councillor - KC Ncamiso	8 484	2 526	11 010
	15 897	149 498	165 395

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the City Manager and noted by Council. The expenses incurred as listed hereunder have been condoned.

Incident

S36(1)(a)(i) - Emergency	40 156 102	24 473 505
S36(1)(a)(ii) - Sole Supplier	3 072 088	1 058 039
S36(1)(a)(v) - Impractical / Impossible (other)	58 208 300	23 637 626
	101 436 490	49 169 170

48. Water and electricity losses

Material Losses

Water	22 328 338	14 075 376
Electricity	6 436 632	5 144 465
	28 764 970	19 219 841

Water Losses

In 2023 the water reticulation losses were 45.3% (3 346 810 kl supplied and 1 831 998 kl sold) (2022: 38.2% (2 650 127 kl supplied and 1 637 510 kl sold). In both years these losses are predominantly due to physical losses from leaks, burst pipes and reservoir overflows. Furthermore apparent losses are realised due to metering inefficiencies, meter faults, unauthorised and unmetered consumption.

Electricity Losses

In 2023, the electricity losses were 12.2% (2022: 8.8%). Electricity purchased was 39 124 452 kWh and 34 356 576 kWh was sold (2022: 43 157 538 kWh purchased and 39 346 823 kWh sold). These losses are predominantly due to MV and LV losses in switchgear, overheadlines, obsolete aluminium lines, underground cables and transformers. Furthermore losses are attributed to metering and meter reading losses and losses due to tampering.

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49. 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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

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.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the board. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Receivables from Non-Exchange Transactions	1 191 734	537 055
Receivables from Exchange Transactions	28 810 745	28 365 756
Cash and cash equivalents	67 235 366	77 785 500
Other financial assets	44 872	42 962

The municipality holds deposits of R 2 661 391 (2022: R 2 537 867) from consumer deposits. No guarantees of collateral was provided to third parties.

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality's income and operating cash flows are substantially independent of changes in market interest rates.

The municipality's interest rate risk arises from long-term borrowings. Borrowings issued at fixed rates which means that the municipality is not exposed to interest rate risk, as any change in interest rates will not affect the repayment terms of the long term liabilities. During 2023 and 2022, the municipality has no borrowings at variable rates.

The municipality analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the municipality calculates the impact on surplus and deficit of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

Cash flow interest rate risk

Financial instrument	Current interest rate	Due in less than a year	Due in one to two years	Due in two to three years	Due in three to four years	Due after five years
Financial liabilities - DBSA Loans	8,8% - 12,34%	1 660 947	1 032 354	-	-	-

Ndlambe Local Municipality

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49. Risk management (continued)

Price risk

The municipality is exposed to equity securities price risk because of investments held by the municipality and classified on the consolidated statement of financial position either as available-for-sale or at fair value through surplus or deficit. The municipality is not exposed to commodity price risk. To manage its price risk arising from investments in equity securities, the municipality diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the municipality.

50. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

51. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of the four major trading services: Electricity (Energy Sources), Water (Water management), Waste Water (Waste Water management) and Refuse (Waste Management) services. The segments were organised around the type of service delivered and the consumers. Management uses these same segments for determining strategic objectives. Segments were not aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Geographical information

The municipality operates in the Ndlambe Municipal demarcation, which include the following main towns: Port Alfred, Kenton-on-Sea, Alexandria, Cannon-Rocks, Seafield and Marselle. The information necessary to be able to report on segments on a geographical basis is not available and the municipality deems the costs necessary to develop that to be excessive and as such has disclosed the financial information on a geographical basis.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Electricity	Delivery of electrical services
Water	Delivery of water services
Sewerage and Sanitation	Delivery of waste water services
Solid Waste	Rendering of refuse removal

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51. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Electricity	Water	Sewerage and sanitation	Solid Waste	Total
Revenue					
Revenue from non-exchange transactions	-	-	-	5 680 436	5 680 436
Revenue from exchange transactions	80 661 996	64 111 001	16 704 583	20 265 916	181 743 496
Interest received - trade and other receivables	1 073 920	2 219 147	1 380 982	1 950 524	6 624 573
Total segment revenue	81 735 916	66 330 148	18 085 565	27 896 876	194 048 505
Revenue from exchange transactions					20 800 664
Revenue from non-exchange transactions					419 362 887
Total revenue reconciling items					440 163 551
Entity's revenue					634 212 056
Expenditure					
Employee related costs	988 087	10 666 338	8 819 498	12 285 054	32 758 977
Depreciation and amortisation	3 755 448	14 912 662	5 771 465	187 518	24 627 093
Finance costs	-	369 809	-	7 595 018	7 964 827
Debt impairment	1 922 374	32 568 335	7 132 919	7 165 123	48 788 751
Alternative energy programme	3 758 400	-	-	-	3 758 400
Bulk purchases	67 178 593	22 017 417	-	-	89 196 010
Contracted services	14 532 159	9 271 119	2 761 400	7 082 996	33 647 674
General Expenses	17 353 146	16 065 374	4 507 212	5 249 752	43 175 484
Fair value adjustments	-	-	-	(7 145 974)	(7 145 974)
Loss on disposal of assets	-	131 997	338 126	-	470 123
Impairment loss	2 232 428	7 021	45 290	-	2 284 739
Total segment expenditure	111 720 635	106 010 072	29 375 910	32 419 487	279 526 104
Total segmental surplus/(deficit)					(85 477 599)

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	Electricity	Water	Sewerage and sanitation	Solid Waste	Total
51. Segment information (continued)					
Employee related costs					(152 062 584)
Remuneration of councillors					(7 671 207)
Depreciation					(24 337 277)
Finance costs					(2 394)
Lease rentals					(1 953 179)
Debt impairment					(11 038 067)
Contracted services					(39 139 656)
Transfers and Subsidies					(4 528 658)
General expenses					(46 942 769)
Gain on disposal of assets					(1 503 799)
Fair value adjustments					379
Actuarial gains					11 193 547
Impairment loss					(504 708)
Total revenue reconciling items					440 163 551
Entity's surplus (deficit) for the period					76 195 580
Assets					
Receivables from exchange transactions	11 813 185	10 828 545	2 445 991	2 833 430	27 921 151
Property, plant and equipment	100 521 745	209 405 389	153 282 517	-	463 209 651
Property, plant and equipment - WIP	-	84 733 833	91 412 477	-	176 146 310
Total segment assets	112 334 930	304 967 767	247 140 985	2 833 430	667 277 112
Property, plant and equipment					545 837 988
Other non-current assets					258 949 854
Current assets					104 040 667
Total assets as per Statement of financial Position					1 576 105 621
Current liabilities					(109 853 578)
Non-current liabilities					(124 259 462)
Total liabilities as per Statement of financial Position					(234 113 040)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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51. Segment information (continued)

2022

	Electricity	Water	Sewerage and sanitation	Solid waste	Total
Revenue					
Revenue from non-exchange transactions	-	-	-	5 021 013	5 021 013
Revenue from exchange transactions	84 727 310	49 073 128	14 749 958	17 770 738	166 321 134
Interest received - trade and other receivables	841 037	1 633 212	837 804	1 273 680	4 585 733
Total segment revenue	85 568 347	50 706 340	15 587 762	24 065 431	175 927 880
Revenue from exchange transactions					15 763 117
Revenue from Non-exchange transactions					354 523 890
Total revenue reconciling items					370 287 007
Entity's revenue					546 214 887
Expenditure					
Employee related costs	781 333	10 541 943	8 630 622	11 286 169	31 240 067
Depreciation and amortisation	18 316 410	6 496 266	1 950 038	44 165	26 806 879
Finance costs	-	551 522	-	6 145 281	6 696 803
Debt impairment	6 460 716	21 759 422	5 251 453	5 040 625	38 512 216
Alternative energy	2 626 503	-	-	-	2 626 503
Bulk purchases	64 075 241	17 807 259	-	-	81 882 500
Contracted services	12 367 905	18 281 200	2 757 574	5 792 140	39 198 819
General expenses	6 875 260	9 294 954	7 290 318	4 445 183	27 905 715
Fair value adjustments	-	-	-	831 361	831 361
Loss on disposal of assets	723 143	-	2 391 941	-	3 115 084
Impairment loss	1 825 197	3 132 755	2 305 247	-	7 263 199
Total segment expenditure	114 051 708	87 865 321	30 577 193	33 584 924	266 079 146
Total segmental surplus/(deficit)					(90 151 266)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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Figures in Rand

	Electricity	Water	Sewerage and sanitation	Solid waste	Total
51. Segment information (continued)					
Total revenue reconciling items					370 287 007
Employee related costs					(140 029 558)
Remuneration of councillors					(7 812 606)
Depreciation					(20 687 895)
Lease rentals					(2 035 605)
Debt impairment					(8 810 970)
Contracted services					(38 308 172)
Transfers and subsidies					(3 349 995)
General expenses					(40 459 703)
Gain on disposal of assets					(550 281)
Fair value adjustments					(6 284)
Actuarial Gains					6 908 209
Impairment loss					(3 373 683)
Entity's surplus (deficit) for the period					21 619 198
Assets					
Receivables from exchange transactions	11 617 613	9 038 562	2 299 594	2 586 219	25 541 988
Property, plant and equipment	105 906 017	207 324 088	136 529 871	-	449 759 976
Property, plant and equipment - WIP	-	78 137 340	34 127 298	-	112 264 638
Total segment assets	117 523 630	294 499 990	172 956 763	2 586 219	587 566 602
Property, plant and equipment					528 505 417
Other non-current assets					261 546 806
Current assets					110 210 471
Total assets as per Statement of financial Position					1 487 829 296
Current liabilities					(94 021 859)
Non-current liabilities					(128 010 430)
Total liabilities as per Statement of financial Position					(222 032 289)

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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52. Accounting by principals and agents

The entity is a party to the following principal-agent arrangements.

Details of the arrangements are as follows:

The municipality acts as an agent for the Department of Transport whereby it administers the provision of motor vehicle licences and registrations as well as drivers' licences. It receives compensation for these services based on a binding arrangement with the department.

The entity is the principal. Refer to note 1.5 for significant judgements applied in making this assessment.

The municipality acts as a principal in binding arrangements with vendors who sell prepaid electricity. The vendors earn commission on the prepaid electricity sales based on agreements.

Furthermore, the municipality acts as an agent for the Department of Human Settlements whereby it oversees the construction of RDP houses on behalf of the department. There is no compensation for this agency service and hence no revenue recognised.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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52. Accounting by principals and agents (continued)

Entity as agent

Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R 3 685 609 (2022: R 3 267 204).

Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

Category 1 - MV Licences and registrations

Opening balance	-	197 733
Amount received on behalf of the principal	14 938 067	10 450 909
Amounts transferred to the principal	(11 252 458)	(7 381 438)
Amount recognised as revenue for services rendered	(3 685 609)	(3 267 204)
	-	-

Category 2 - Human Settlements

Opening balance	106 171	715 338
Amounts received - Human settlements	42 270 487	9 238 203
Amounts paid on behalf of Dept. Human Settlements on projects	(35 035 268)	(9 847 370)
	7 341 390	106 171

All categories

Opening balance	106 171	913 071
Amounts received on behalf of the principal	14 938 067	10 450 909
Amount transferred to the principal	(11 252 458)	(7 381 438)
Amount recognised as revenue for the services rendered	(3 685 609)	(3 267 204)
Amounts received - Human settlements	42 270 487	9 238 203
Amounts paid on behalf of Dept. Human Settlements on projects	(35 035 268)	(9 847 370)
	7 341 390	106 171

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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52. Accounting by principals and agents (continued)

Entity as principal

Fee paid

Fee paid as compensation to the agent	566 878	564 850
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The fee paid relates to the commission paid to vendors for selling pre-paid electricity to the consumers on behalf of the municipality. The amount decreased in the current year due to a new contract being entered into with vending system service provider.

53. Budget differences

Material differences between budget and actual amounts

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

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53. Budget differences (continued)

The variances are considered to be material for the GRAP 24 variance disclosure where it exceeds 10%. Below are details of the relevant material variances as per the Statement of Comparison of Budget and Actual:

STATEMENT OF FINANCIAL PERFORMANCE

53.1) Service Charges:

Immaterial variance between budget and actual. The budget adjustment relates to the provision made for reduced revenue on water due to the existing drought conditions.

53.2) Rendering of services: Immaterial variance

53.3) .Rental of facilities and equipment:

Variance is due to the straight-lining of the operating lease liability(lessee)

53.4) Interest received:

The budget was kept in line with the prior period interest income and did not factor in the expected effect of increased interest rates during the interest rate hiking cycle experienced in the economy.

53.5) Licences and Permits

The budgeting process relating to the forecast of licences and permits was flawed as there was an overestimate of the agency revenue and the figure budgeted for more closely relates to overall collections from motor vehicle licences and permits, rather than just the portion earned as municipal portion of the agency services. On the basis of overall collections the budget agrees to collections as disclosed in the agent principal note.

53.6) Housing debtor income

Variance is due to an overbudgeting on indigent debtors for housing rental.

53.7) Other income: Immaterial variance

53.8) Interest received - investment

The budgeting process did not predict the prime interest rate increases as seen through the financial year, which led to greater than expected interest returns on call deposits.

53.9) Property rates: Immaterial variance

53.10) Licences and permits (non-exchange)

The licencing and permits relate to boat and trading licence. The figure has not been budgeted for during the 2022/23 financial year, which was an oversight.

53.11) Environmental levies:

Variance is due to an erroneous extrapolation of the mid-year projection which resulted in the overbudgeting and adjustment to the budget.

53.12) Interest received - non-exchange receivables:

The budgeting process erroneously omitted interest on non-exchange receivables.

53.13) Government Grants and subsidies:

The variance is due to unspent grants, therefore not yet transferred to revenue, as well as not all WSIG grant received during the year and rolled over.

53.14) Public Contributions and donations

The donations amount was not budgeted for in full. Donations, by its nature, is gratuitous and were transferred as in-kind donations and other donations - there was no expectation to receive additional donations during the year, other than what was budgeted for.

53.15) Fines, Penalties and Forfeits

The budget for fines, penalties and forfeits was prepared, with the expectation of historical traffic volumes. However road traffic volumes remain lower than historical circumstances, the number of fines issued during the year remain subdued versus historical trends.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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53. Budget differences (continued)

53.16) Personnel: The budget was adjusted downwards due to the affect of vacancies, yet the effect of movements in relation to Long Service Awards and Post Retirement medical aid, along with bonus and leave accrual was not included in the budget.

53.17) Remuneration of councillors - Immaterial variance

53.18) Depreciation and amortisation: Immaterial variance.

53.19) Impairment loss

The impairment loss amount was not budgeted for as impairments by its nature are unplanned - there was no expectation to have any impairment losses during the year.

53.20) Finance costs

The finance costs budget does not include the material interest component related to the provision on the landfill site rehabilitation. This resulted in the variance as identified.

53.21) Lease rentals on operating lease

The lease contracts were terminated during the latter part of the year as a result of the acquisition of the previously leased property. The budget was duly adjusted downward, but the registration still was a bit later than anticipated.

53.22) Debt impairment: Immaterial variance

53.23) Alternative Energy Programmes: Immaterial variance.

53.24) Bulk purchases

The variance is due to underbudgeting on both water and electricity. Post pandemic consumption has also increased due to more holidaymakers visiting the municipal area during the period, along with bulk increases above inflation.

53.25) Contracted services

The budget adjustments are in relation to savings calculated in the mid-year budget and re-allocated to the Bulk purchases segment.

53.26) Transfers and subsidies - Immaterial variance

53.27) General expenses:

The budget adjustments were due to budget savings identified and increased in line with expected year end expenditure.

53.28) Loss on disposal of assets

The disposals of movable & immovable assets based on the derecognition of obsolete assets resulted in unbudgeted losses which contributed towards the variance between budget actual expenditure.

53.29) Fair value adjustments:

At the time of the budget no budget was provided for fair value adjustments. It is also not known at the time of the budget what the effect of external factors would be on the landfill provision estimate. As such budget is not provided to the extent of the actual fair value losses incurred as this would have to be funded with revenue through rate increases.

53.30) Actuarial gains:

The budget provided no seperate determination for the actuarial gains, which previously was included in employee costs, which affects both the variances on Actuarial losses and Employee costs.

STATEMENT OF FINANCIAL POSITION

53.31) Inventories

The variance is due to an over-estimate of stock on hand at year end. 2022 figures were not used to normalise stock levels in the budget process.

53.32) Operating lease asset

The budget did not factor in the unwinding of future lease assets as the leases near the end of their term.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

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53. Budget differences (continued)

53.33) Receivables from non-exchange transactions & Receivables from exchange transactions

The variance is due to budgeting misalignment between the receivables from exchange transactions and receivables from non-exchange transactions. There was a smaller overall debt due to the increase in the overall provision higher than expected.

53.34) VAT receivable

The actual variance is due to the underestimate on the housing VAT not yet claimed during the year which amounts to R1,4 Million.

53.35) Cash and cash equivalents

The lower than expected actual balance is due to the overall increase in spending above budgeted expected inflows.

53.36) Investment property: Immaterial variance.

53.37) Property, plant and Equipment:

The variance is due to the budgeted amounts not being aligned to the actual 2023 opening balances + additions.

53.38) Intangible assets

The variance is due to budget not being aligned to the actual 2023 opening balances.

53.39) Heritage assets - Immaterial variance

53.40) Other financial assets

The expected market value of the listed shares are trading well below anticipated levels

53.41) Financial liabilities - DBSA: Immaterial variance

53.42) Operating lease liability

The figures were based previously recognised 2021 figures when the 2023 budget was established. This does not take into account the purchase of the new building which cancelled the leases.

53.43) Payables from exchange transactions:

The variance is largely due to the Housing department payable being much larger than budgeted for due to projects being underway at year end.

53.44) Consumer deposits: Immaterial variance

53.45) Employee Benefit obligation

The overall variance in employee benefit obligations is largely in line with the budgeted figures. The current portion has however been overestimated based on projection which were higher than actual expected payments to be made.

53.46) Unspent conditional grants and receipts

Balances of unspent grants per the budget did not factor in multi-year projects on WSIG and COGTA and resulted in unspent amounts at year end.

53.47) Provisions

The provisions balances have been restated in the prior year which has resulted in a greater than anticipated increase in the provisions balance and which was not factored in at the time of the 2022/23 budget.

53.48) Accumulated surplus

The variance is a result of the above explanations combined. Due to the nature of the balance it will always represent the balancing figure on the budgeted statement of financial position.

CASHFLOW STATEMENT VARIANCES

53.49) Rates and services

Rates and services were overbudgeted due to the overbudgeting of the collection rate.

53.50) Government grants and subsidies

The variance is due to budgeting for housing which is not included in the municipal operations.

Ndlambe Local Municipality

Annual Financial Statements for the year ended 30 June 2023

Notes to the Annual Financial Statements

Figures in Rand	2023	2022
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53. Budget differences (continued)

53.51) Interest income

The variance is due to under budgeting for receivable from non-exchange transactions and underbudgeting of collections on interest.

53.52) Other receipts

The budgeted amount was overestimated due to the traffic collections not being netted off to the department of transport payments made per the budget, whereas the actual figures shows just the agent fees received.

53.53) Supplier and Employee costs - Immaterial variance

53.54) Finance Costs

The finance costs budget does not include the landfill finance costs. This resulted in the variance as identified.

53.55) Grants and subsidies paid:

The budget was adjusted for the effect of the housing department grants received, which was not reflected as municipal grants due to the agency principal.

53.56) Purchase of Property, plant and equipment

The budget increase relates to acquisition of assets via grant, however not all grants were spent and not all grant monies were received as was budgeted.

53.57) Proceeds on sale of property, plant and equipment

Amounts were not budgeted as disposals are not determined at budget phase.

53.58) Decrease in non-current investments:

No non-current investment movements

53.59) Decrease in consumer deposits: No decrease in consumer deposits identified

53.60) Repayment of financial liabilities - DBSA: Immaterial variances

53.61) Cash and cash equivalents at the beginning of the year

The commencement budget does not relate to the actual cash balances at end of 2021/22 financial year.

54. Change in estimate

Property, plant and equipment

The useful life of certain plant was estimated in re-estimated in the current period. Management have revised their estimated respective useful lives. The effect of this revision has decreased the depreciation charges for the current period and increased it for the future periods by R1 041 895.

55. Events after the reporting date

No material non-adjusting events have been identified after the reporting date.

APPENDIX A

APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

LIST OF ALL COUNCILLORS IN THE NDLAMBE MUNICIPAL COUNCIL (Committee Allocation and Council Attendance):

POLITICAL PARTY	GENDER	NAME	SURNAME	WARD COUNCILLORS	PORTFOLIO COMMITTEES ALLOCATION	NUMBER OF COUNCIL MEETINGS ATTENDED : PERIOD 1 JULY 2022 TO 30 JUNE 2023
ANC	Male	Asanda	Nyumka	WARD 1 COUNCILLOR	Chairperson : MPAC	11
ANC	Male	Phumlani	Khungwayo	WARD 2 COUNCILLOR	Member: Financial Management	11
ANC	Male	Zandisile Welcome	Myali	WARD 3 COUNCILLOR	Member: Corporate Services Portfolio Committee	9
ANC	Male	Simphiwe	Kolosa	WARD 4 COUNCILLOR	Member: Local Labour Forum	11
ANC	Male	Mzwandile	Sweli	WARD 5 COUNCILLOR	Member : MPAC; Member: Community and Protection Services Portfolio Committee	9
DA	Male	Edward Hildreth Keillor	Walker	WARD 6 COUNCILLOR	Member: Local Labour Forum	9
ANC	Male	Sibusiso	Zweni	WARD 7 COUNCILLOR	Member: Infrastructural Development Portfolio Committee	11
ANC	Male	Ayanda	Bukani	WARD 8 COUNCILLOR	Member : MPAC; Member: Financial Management Portfolio Committee	10
ANC	Male	Siyabulela Irvan	Melani	WARD 9 COUNCILLOR		10

DA	Female	Nadine Enid	Haynes	WARD 10 COUNCILLOR	Member: MPAC; Member: Community and Protection Services Portfolio Committee	11
POLITICAL PARTY	GENDER	NAME	SURNAME	PR COUNCILLORS	PORTFOLIO COMMITTEES ALLOCATED	NUMBER OF COUNCIL MEETINGS ATTENDED: PERIOD 1 JULY 2022 TO 30 JUNE 2023 (Out of 12)
ANC	Female	Khululwa	Ncamiso	Mayor	Chairperson: EXCO; Portfolio Head: Corporate Services; Portfolio Head: Local Economic Development	10
ANC	Male	Andile	Marasi	Speaker		10
ANC	Female	Siphokazi	Dyakala	PR Councillor	Portfolio Head: Infrastructural Development	9
DA	Male	Sikhumbuzo	Venene	PR Councillor	Portfolio Head: Financial Management	9
EFF	Female	Nokuthula	Memani	PR Councillor	Portfolio Head: Community and Protection Services	7
DA	Male	Phil Yedwa	Kani	PR Councillor		10
DA	Female	Thunyelwa	Mbekela	PR Councillor		10
DA	Male	Watuse	Johannes	PR Councillor		11

EFF	Male	Xolisa	Runeli	PR Councillor	Member: Local Labour Forum; Member: Infrastructural Development Portfolio Committee	9
EFF	Male	Mzwandile	Mgweba	PR Councillor	Member: MPAC; Member: Corporate Services Portfolio Committee	8

APPENDIX B

APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

EXECUTIVE COMMITTEE (EXCO):

The powers of the Executive Committee (ExCo) are enlisted in Section 44(2) of the Municipal Structures Act, 1998 as follows:

Section 44(2) of Municipal Structures Act, 1998

(a) identify the needs of the municipality;

(b) review and evaluate those needs in order of priority;

(c) recommend to the municipal council strategies, programmes and services to address priority needs through the integrated development plan and estimates of revenue and expenditure, taking into account any applicable national and provincial development plans; and

(d) recommend or determine the best methods, including partnership and other approaches, to deliver those strategies, programmes and services to the maximum benefit of the community.

MEMBERS OF EXCO	PERCENTAGE OF MEETINGS ATTENDED
Mayor KC Ncamiso	80%
Cllr S Dyakala	100%
Cllr N Memani	100%
Cllr S Venene	100%

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE:

The functions of MPAC:

- Provision of an oversight role in respect of the administration and executive committee of the council;
- Reviewing the municipal / municipal entity's quarterly, mid-year and annual reports and providing an oversight report on the Annual Report for consideration by Council;
- Assisting Council to maintain oversight over the implementation of the Supply Chain Management Policy;
- Examining the financial statements and audit reports of the municipality and municipal entities (considering improvements from previous statements and reports);
- Evaluating the extent to which the Audit Committee's and the Auditor General's recommendations have been implemented;
- Promoting good governance, transparency and accountability on the use of municipal resources;
- Examining the Mid-Year Review documents in line with the Integrated Development Plan (IDP); and
- Recommending or undertaking any investigation that falls within the scope of this committee's responsibilities/ area of competence.

MEMBERS OF MPAC	PERCENTAGE OF MEETINGS ATTENDED
Cllr A Nyumka [Chairperson]	85,71%
Cllr A Bukani	71,43%
Cllr N Haynes	71,43%
Cllr M Mgweba	57,14%
Cllr M Sweli	57,14%

PORTFOLIO COMMITTEES:

Corporate Services and LED Portfolio:

MEMBER OF PORTFOLIO COMMITTEE	PERCENTAGE OF MEETINGS ATTENDED	FUNCTION
Mayor KC Ncamiso [Chairperson]	100%	Corporate Service, Local Economic Development
Cllr Z Myali	100%	
Cllr M Mgweba	100%	

Financial Management Portfolio:

MEMBER OF PORTFOLIO COMMITTEE	PERCENTAGE OF MEETINGS ATTENDED	FUNCTION
Cllr S Venene [Chairperson]	100%	Financial Services / Management
Cllr A Bukani	100%	
Cllr P Kungwayo	0%	

Infrastructural Development Portfolio:

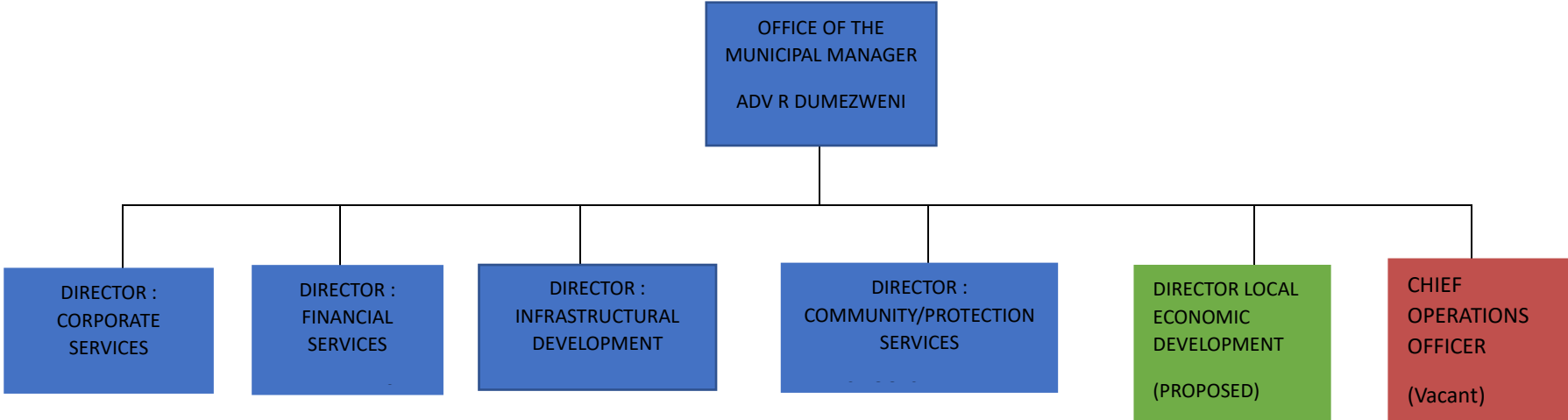
MEMBER OF PORTFOLIO COMMITTEE	PERCENTAGE OF MEETINGS ATTENDED	FUNCTION
Cllr S Dyakala [Chairperson]	100%	Infrastructural Development
Cllr S Zweni	50%	
Cllr X Runeli	50%	

Community and Protection Services Portfolio:

MEMBER OF PORTFOLIO COMMITTEE	PERCENTAGE OF MEETINGS ATTENDED	FUNCTION
Cllr N Memani [Chairperson]	100%	Community and Protection Services
Cllr M Sweli	67%	
Cllr N Haynes	67%	

APPENDIX C

APPENDIX C: ADMINISTRATIVE STRUCTURE



APPENDIX D

APPENDIX D: FUNCTIONS OF MUNICIPALITY

The powers and functions of the municipality are as follows:

POWERS AND FUNCTIONS:	
Air pollution	Water & sanitation services limited to potable water supply systems and domestic waste-water and sewerage disposal systems
Building Regulations	Beaches and Amusement Facilities
Electricity	Billboards and display of advertisements in public places
Fighting Services	Cemetries and funeral parlours
Local Tourism	Cleansing
Municipal Planning	Control of Public Nuisances
Municipal Health Services	Control of undertaking that sell liquor to the public
Jetties and Piers	Facilities for accomodation, care and burial of animals
Stormwater Management System	Fencing and Fences
Trading Regulations	Traffic and Parking
Licensing and control of undertaking that sell food to the public	Municipal Roads
Local Amenities	Noise pollution
Local Sport Facilities	Public Places
Municipal Parks and Recreation	Pounds
Refuse removal, refuse dumps and solid waste disposal	Street trading
Street lighting	

APPENDIX E

APPENDIX E: WARD REPORTING

WARD	WARD COUNCILLOR	WARD COMMITTEE MEMBERS	PERCENTAGE OF MEETINGS REACHING QUORUM
1	Cllr A Nyumka	Lulu R Jikolo Boyce Wandisile Jonga Sithembele Moko Boyce Stefano Mzolisi Cengani Jan Paul Smit PM Stutt Luyanda Titi Zameka Dlakwe Siphosethu Njoli	100%
2	Cllr P Khungwayo	Nobesuthu Vuso Catherine Coetzee Ian King Trevor Moko Hendrik September Thembisile Ketelo Ziyanda Funani- Magubela Lonwabo Mkhele Nomasomi Lawu Boniswa Kana	100%
3	Cllr Z Myali	Selda Masimla Nomatalake Zozi Akhona Gqupu Nomangesi Tshukulane Lindeka Nela Thembisile Bili Malibongwe Mangele Susan Muirhead	75%
4	Cllr S Kolosa	Dumisa Kinqana Mvulakazi Magopheni Ntobeko Magwaxaza Nomachina Zweni Ntombise Dumezweni Phikisile Nkohla Shane Kelly Mzwandile Nobadula Adrian Purdon	75%

5	Cllr M Sweli	Xolelani Nyamla Zameka Minyelela Bulelwa Draai Xolisile Krala Mtetho Manyathi Sivuyile Memani Simon Blauw C Dewey C Boyd Siphokazi Mkrakra	100%
6	Cllr E Walker	Roslyn Baartjies Claude Marais Terri Harrewyn Clive Naido Bonilile Hendele Lionard Trolip Theodore Willemse Michael James Newlands Raymond Schenk Bandile Nomlomo	100%
7	Cllr S Zweni	Mila Hoyi Babalwa Vulindlu Thembisa Booi Thembekile George Nomawethu Feni Thembisa Mpoli Linda Makinana Nkosiyethu Madotyeni Zukiswa Bavuma Xolelwa Konza	100%
8	Cllr A Bukani	Anathi Mandilakhe Beja Zikhona Nesi Bongani Qhakamfana Nandipha Precious Sakata Noluvuyo Webu Nobendiba Ncumani Xolani Bukani Samkelo Buzani Sinethemba Matyumza Nomaxabiso Ngece	100%

9	Cllr S Melani	Luyanda Tambo Luvuyo Sonanzi Mziwethu Mafani Bonani Gareth Nginase Ntomboxolo Jali Lulama Maduba Bonani Mhomho Sandiswa Tokota Mandlakazi Plaatjie Mbulelo Kiti	100%
10	Cllr N Haynes	Marilyn Pattenden Stuart Boucher Richard Boucher Clinton Millard Zweli Nkwinti Antony D. de Bruin Ann Edwards Stuart Furstenburg Daniel Lodewyk Slabbert Dawie van Wyk	100%

APPENDIX G



AUDIT AND PERFORMANCE COMMITTEE

ANNUAL REPORT 2022/2023

DETAILS OF THE REPORT

1. COMPOSITION

In the year under review, the committee had three members which are reflected hereunder:-

Adv. Simthandile Gugwini Peter – Chairperson
Mrs Ronel Shaw – Member
Prof W. Plaatjes – Member

2. MEMBERSHIP AND ATTENDANCE

The Audit Committee consists of the members listed hereunder. The Audit Committee Chairperson Adv S. Gugwini-Peter, an existing member was appointed on the 24th of February 2022.

Name	Qualifications	Internal or external	Chairperson / Ordinary member	Date appointed	Expiry Date
Adv. Gugwini-Peter	Bachelor of Laws degree (LLB)(UPE) Compliance Management (UJ)	External	Chairperson	1 July 2020 (as an ordinary member) 24 February (as Chairperson of the Committee	31 October 2023
Mrs R. Shaw	Chartered Accountant	External	member	1 July 2020	31 October 2023
Prof W. Plaatjes	PhD – Business Management (NMU) MBA (BsN) B.Com Honours – (NMU)	External	member	02 November 2020	31 October 2023

The Audit Committee meets at least four times per annum as per the approved Audit Committee Charter. So far six meetings were held. The table below reflects attendance at the Audit Committee Meetings;

Date	23 August 2022	10 October 2022	29 November 2022	27 January 2023	28 March 2023	17 May 2023
Adv. S. Gugwini- Peter	✓	✓	✓	✓	✓	✓
Mrs Ronel Shaw	✓	✓	✓	✓	✓	✓
Prof. W. Plaatjes	✓	✓	✓	✓	✓	✓

CONFIDENTIALITY, INDEPENDENCE AND CONFLICT OF INTEREST

During the year under review, no member of the Audit Committee had an interest in the affairs of the municipality that could result in a conflict of interest, impair independence and/or contravene any applicable code of professional conduct. Members always declare their interest in each and every meeting.

4. RESOLUTION AND RECOMMENDATIONS REGISTER

NO	ITEM	RESOLUTION	PROGRESS	RESOLVED/ NOT RESOLVED/ IN PROGRESS
1.	Bank Account	<p>The committee RECOMMENDED that be an investigation of those bank accounts which are no longer being utilized, because there are far too many accounts and next year a list must be taken to Council to close some.</p> <p>10.8 The committee also RECOMMENDED that spot checks be conducted at the Traffic Department as banking is not being done daily Finance.</p>		Not resolved
2.	Water and Electricity Losses	<p>The <u>RECOMMENDATION</u> of getting Infrastructural <u>repairs and maintenance plan</u> was reiterated. At least half of the amount being lost needs to go towards repairs and maintenance to prevent these frightening losses.</p>	<p><i>Highlighted in Risk Register as part of revenue losses. A draft roads maintenance plan has been developed.</i></p>	Not Resolved
3.	Risk	<p>7.7. The Risk Management Officer position is only expected to be filled in 2023/24 financial year. The committee RECOMMENDED that the Risk Management Committee be established and chaired by the District, in the meantime.</p> <p>9.7. Additionally, the committee <u>RECOMMENDED</u> that the service provider makes risk management an item in the</p>	<p><i>Currently, the Internal Audit co-ordinates risk management. It has been resolved that a Risk officer position be filled in 2023/2024 financial year.</i></p> <p><i>Risk management has been incorporated into Senior Manager's performance</i></p>	<p>Not resolved</p> <p>Addressed</p>

		managers' performance contracts so that people are held accountable for identifying and reporting risk within their areas and updating their risk registers.	<i>agreements</i>	
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4.	Legal Panel	6.7. Following the spike in litigation costs, the committee queried why there is still no legal panel at the municipality, to which the Acting Municipal Manager advised that some time ago the Municipal Manager instructed Corporate Services to advertise for legal services, but this has not come to the Bid Committees as yet. A few quarters ago the Municipal Manager advised that the municipality would align with the District's legal panel, but this too did not pan out. The committee <u>RECOMMENDED</u> that an update on the legal panel be provided at the next sitting.	<i>The bid process started (tender closed 27 Mar '23). The process is at the adjudication level.</i>	In progress
5.	Fuel	11.2. The committee <u>RECOMMENDED</u> that this report include the fuel literage and that it comes back in 3 months' time to see the implementation of remedial actions. 6.3.2 The committee <u>RECOMMENDED</u> that, as an Internal Audit project for the new financial year, controls be put in place and reported on for the fuel used by the municipal fleet and generators. Alternative energy sources should be investigated also.	<i>A Fleet management audit report was tabled to the committee and progress on the implementation is to be reported by the end of June 2023. Access controls at Workshop have been improved. A fuel co-ordinator be put in place for all fuel-driven assets.</i>	In progress. In progress

6.	Supply Chain Management	<p>The Committee recommended that the SCM function should be centralised to curb abuse and noncompliance in the procurement office.</p> <p>The committee further recommended that the SCM Manager position be filled on a full-time basis as it is not ideal practice to have a contract manager for such a key position</p>	<p><i>The centralization has been done on a piecemeal basis. An SCM module has been introduced to try and centralise purchase orders. However, this is a work in progress.</i></p> <p><i>Vacancies in the SCM Office have been filled including that of SCM Manager. Currently, there's only one vacancy.</i></p>	<p>In progress</p> <p>Resolved (1 vacancy not yet filled)</p>
7.	Performance Management	<p>10.1.2 That the Performance Management System cut-off deadlines be strictly adhered to and that no further submissions be allowed in terms of POE's and if not submitted in time, the assessment will be given as non-achievement. Performance is managed on a quarterly basis which makes up a financial year.</p>	<p><i>Still a pervasive issue. Departments always report late on the system and deadlines are not adhered to</i></p>	<p>Not Resolved</p>
8.	IT	<p>10.12. The Risk Report and Internal Audit report reveals HR gaps in IT personnel as there is no training or capacity building and this is the most important for ICT to provide service. It is a one-man team not trained adequately to perform these functions. HR to assist in building internal capacity. There should be an investment in this area as ICT can bring solutions to many challenges.</p>	<p><i>A second technician position has been advertised. The advertisement has been closed.</i></p>	<p>In progress</p>

6. PERFORMANCE ASSESSMENT

The Audit Committee has assessed its performance and achievements against its Charter. The findings of the self-assessment will be presented by the chairperson to the Accounting

Officer and Ndlambe Council. The Council is also in the process of evaluating the Audit Committee for 2022/23.

7. REPORTING QUARTERLY TO THE COUNCIL

Audit Committee Report for Quarter one, two and three have **not** been submitted. This was due to the misalignment of the municipal calendar with the committee calendar. This was escalated to Council for a remedy to ensure that Council Calendar is amended to ensure that Audit Committee is afforded space to report to Council. The resolutions taken in that meeting were:-

- Management establishes a good working relationship with the Committee.
- The avenue to escalate non-cooperation is open with the office of the Speaker and Mayor as the Committee is a Council committee.
- Management took an undertaking that they will strive to provide the committee with timely and quality reports.

8. ROLES AND RESPONSIBILITIES

8.1 INTERNAL AUDIT

The Audit Committee has approved a risk-based three-year rolling Strategic Internal Audit Plan and an Annual Internal Audit Plan for the period 1 July 2022 to 30 June 2023

The Audit Committee has reviewed the following Internal Audit reports results which were done in line with the approved Internal Audit Plan for 2022-23

No	Total Planned Audits	Completed	Reason for variance
1.	Review of Annual Financial Statements	Yes	None
2.	AOPI/Performance Management Q1 and Q2	Yes	None
3.	Fleet Management	Yes	None
4.	Supply Chain Management Report	Yes	None
5.	Indigent registration Management	Yes	None
6.	Information Technology reviews	Yes	None
7.	Conditional Grants Review	Yes	None
8.	Loss Control report	Yes	
9.	Risk Assessment	Yes	None

10.	Conditional Grants review	Yes	None
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The Audit Committee does meet separately with the Internal Audit Unit on a quarterly basis in the In-Committee meetings.

8.2. EXTERNAL AUDIT

The Audit Committee does meet with the external auditors to discuss issues relating to the audit of the Municipality. The Audit Committee has received the Management Report as well as the Audit Report from AGSA for 2021/22.

8.3 ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT

The Committee will review the first set of draft Annual Financial Statements on the 17th of August 2023 as per the Annual Financial Statements plan. The reviews will be communicated to the compilers to effect in the financial statements. We trust that once these reviews are effected, the Financial Statement would be a better reflection of the financial standing of the municipality.

8.4 RISK MANAGEMENT

Risk Management at the Municipality has regressed in the financial year under review due to capacity at this unit. This was a finding by AGSA during the previous audit period. The recommendation by the Committee is to keep risk management as an agenda item in senior management meetings to ensure the strategic risk register is updated and also ensure that risk management becomes part of performance management items to penalise non-performance and reward effective implementation.

- Progress reported that is not in line with the formulated risk action plans.
- Non adherence to timelines (set on risk action plans).
- Some directorates do not take the reporting time seriously as they do not report progress on the action plans that they have developed in the stipulated time.
- Lack of Portfolio of Evidence from some of the Risk Owners to support the risk action plans implemented.
- Departmental meetings are not held on a monthly basis as stipulated in the implementation plans and this makes it difficult to identify new risks facing these departments on time. Failure to identify new risks will make things worse as we cannot be able to devise strategies to deal with these risks. This will lead to the Municipality managing crisis instead of managing the risks.

These challenges need to be addressed urgently as they may have an effect on the Audit Outcomes as well as the performance of the municipality.

The following are the recommendations to address the challenges listed above

- Action plans developed should be realistic

- The Municipality should use the available resources to ensure that the action plans developed are implemented;
- The departments should be committed to holding monthly meetings so that the challenges relating to the non-implementation of action plans can be identified on time and be dealt with.
- Departments hold monthly meetings so as to be able to discuss the new risks facing their departments and to develop strategies to address these risks.
- Risk Champions liaise with the Risk Owners regularly so as to be able to update the Risk Registers and collect Portfolios of Evidence.
- Risk Owners to visit the registers on a monthly basis so as to be aware of the action plans that are not implemented and to follow them up;
- Directors to monitor the implementation of action plans in their departments

8.4.1 FRAUD AND GOVERNANCE MATTERS

Fraud and corruption is a standing item in In- Committee meetings between the Municipal Manager and the Audit Committee. Issues of Fraud and Corruption are discussed in these meetings and we have given recommendations with regard to these issues.

8.5 INTERNAL CONTROL ENVIRONMENT

The Committee assessed the control environment on the basis of reports submitted by Internal Audit and key control assessments conducted by management on a quarterly basis. Whilst there is a strong control environment and whilst some controls are functioning effectively within the operations, there are control deficiencies that have been identified that need to be addressed because if not addressed they will affect the performance of the municipality and will lead to a negative audit outcome.

8.6 PERFORMANCE MANAGEMENT

When reviewing Performance Management we discovered that there is an improvement in performance reporting however there is still a challenge for Directorates who do submit a Portfolio of Evidence to support what they have done, while others Directorates submit Portfolio of Evidence that does not talk to what they have reported.

The reason for the above is that there is no continuous training of Directorates in Performance Management which makes them fall short when it comes to reporting.

These issues need to be addressed urgently as they may have an effect on the Audit Outcomes as well as the overall performance of the municipality.

8.7 IT GOVERNANCE

The Audit Committee has reviewed the Internal Audit Report with recommendations on ICT Management, and the ICT Manager was consequently appointed. The Audit Committee has also provided advice on IT governance, controls, access and safeguarding of information in the municipality. However specific expertise is required from outside the municipality to assist the Internal Audit unit and Audit Committee to formulate recommendations on systems and controls.

8.8 RELATIONSHIP WITH STAKEHOLDERS

The Audit Committee has maintained relations with the stakeholders such as Ndlambe Municipality Council, MPAC Chairperson, Accounting Officer, Management and Municipal Officials, Internal and External Auditors, and Provincial Treasury through its interactions in the form of meetings.

8.9 COMPLIANCE WITH LAWS, REGULATIONS, ETHICS, POLICIES AND PROCEDURES

The Audit Committee has ensured that the Municipality complies with laws and regulations through reviews performed by the Internal Audit Unit and through interaction with management in the Audit Committee Meetings.

9. REVIEW OF THE CHARTER

The Audit Committee Charter for 2022/23 has been reviewed by the Committee at the meeting that was on 10 October 2022 and tabled to the Council for approval. The Audit Committee Charter for 2023-24 has been reviewed by the Audit Committee and is part of the agenda for the next meeting.

10. CONCLUSION

In conclusion, I want to make a word of appreciation on behalf of the Committee to the Management of the Municipality led by the Municipal Manager on their presentations which show hope in addressing the municipal challenges. An appreciation to the Honourable Mayor and Speaker for being available to meet to discuss issues for escalation and resolution.

Adv Simthandile Gugwini-Peter
Chairperson: Audit Committee Ndlambe Local Municipality
Date: 28 July 2023



APPENDIX H

No	Bid Number	Month	Quarter	Appointment Date	Supplier name	Amount	Description of the Project	Performance
1	21/2022	Feb	Quarter 3	22-Mar-23	Ncesh Bula General Trading	855,000	Low Flush Toilets-Brakfontein	Good
2	21/2022	Feb	Quarter 3	22-Mar-23	Silindokuhle Ndiike	855,000	Low Flush Toilets-Brakfontein	Good
3	21/2022	Feb	Quarter 3	27-Jan-23	AmaCirha	950,000	Low Flush Toilets-Zihagu	Good
4	21/2022	Feb	Quarter 3	22-Mar-23	Captain Mogul	950,000	Low Flush Toilets-Zihagu	Good
5	21/2022	Feb	Quarter 3	27-Jan-23	Curonex	950,000	Low Flush Toilets-Brakfontein	Good
6	21/2022	Feb	Quarter 3	27-Jan-23	Mandlachuma Trading	1,900,000	Low Flush Toilets-Brakfontein	Good
7	21/2022	Feb	Quarter 3	27-Jan-23	MS Mlamla	665,000	Low Flush Toilets-Zihagu	Good
8	21/2022	Feb	Quarter 3	27-Jan-23	AmaQocwa Civils	980,000	Water Tanks- New Rest	Good
9	21/2022	Feb	Quarter 3	27-Jan-23	Genkorald	980,000	Water Tanks- New Rest	Good
10	21/2022	Feb	Quarter 3	27-Jan-23	Lutiwel	980,000	Water Tanks-New Rest	Good
11	21/2022	Feb	Quarter 3	27-Jan-23	MS Mlamla	306,250	Water Tanks-Zihagu	Good
12	177/2020	Oct	Quarter 2	26/10/2020	QFS	65,000,000	RO Plant Operation and Maintenance	Poor
13	168/2018	Sep	Quarter 2	28/09/2018	REVCO	Commission based	Debt Collection Services	Good
14	110/2020	Sep	Quarter 2	08/09/2020	OVVIO	3,687,283	Geospatial System	Good
15	166/2018	Sep	Quarter 2	28/09/2018	CAB Holdings	Rate Per Statement	Statement mailing Service	Good

16	010/2020	Sep	Quarter 2	31/01/2020	Utilities World	3,373,410	Electricity Vending Services	Good
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APPENDIX I

No	Bid Number	Month	Quarter	Appointment Date	Supplier name	Amount	Description of the Project	Performance
1	110/2022	Aug	Quarter 1	30-Sep-22	KUNGAWO HOLDINGS	178,940	TENDER:Supply and delivery of G5 Material to Runeli Drive	Good
2	110/2022	Aug	Quarter 1	29-Sep-22	Bolcor Group (PTY) LTD	207,500	TENDER:Supply and delivery of G5 Material to Runeli Drive	Good
3	110/2022	Aug	Quarter 1	29-Sep-22	Nombewo Group PTY(Ltd	210,000	TENDER:Supply of G5 Material 500m3 Runeli	Good
4	111/2022	Aug	Quarter 1	29-Sep-22	Mane Tane	436,200	TENDER: HIRING OF CONSTRUCTION PLANT - RUNELI DRIVE, PORT ALFRED	Good
5	112/2022	Aug	Quarter 1	30-Oct-22	Poppiez Trading	821,490	TENDER: HIRING OF CONSTRUCTION PLANT - TAKUTA STREET, ALEXANDRIA	Good
6	113/2022	Aug	Quarter 1	30-Sep-22	Asizozo PTY LTD	614,976	TENDER: Block Paving and Kerbing Takuta Street in	Good

							Alexandria (Package E)	
7	113/2022	Aug	Quarter 1	30-Sep-22	YMW Group (PTY) LTD	593,846	TENDER:Block Paving and Kerbing -Runeli Drive, Port alfred (Package A)	Good
8	113/2022	Aug	Quarter 1	30-Sep-22	Ncesh Bula General Trading (PTY) Ltd	593,922	TENDER:Block Paving and Kerbing -Runeli Drive, Port alfred (Package B)	Good
9	113/2022	Aug	Quarter 1	30-Sep-22	Ululo Trading (PTY) LTD	569,893	TENDER:Block Paving and Kerbing -Runeli Drive, Port alfred (Package C)	Good
10	113/2022	Aug	Quarter 1	30-Sep-22	NJH Group (PTY) Ltd	1,041,100	TENDER:Block Paving and Kerbing -Runeli Drive, Port alfred (Package D)	Good

11	115/2022	Aug	Quarter 1	01-Oct-22	Purple Pansy	16,207,477	TENDER: THORNHILL INTEGRATED HOUSING DEVELOPMENT - CONSTRUCTION OF PUMPING MAIN AND GRAVITY SEWER LINE FROM MSWELA AND BABELA PUMP STATIONS	Good
12	116/2022	Aug	Quarter 1	28-Nov-22	LRC Civils	21,932,837	TENDER: THORNHILL INTEGRATED HOUSING DEVELOPMENT - PHASE 2 LINK SANITATION SERVICES UPGRADES - MECHANICAL AND ELECTRICAL INSTALLATIONS FOR THE SEWE PUMP STATION	Good

13	117/2022	Jul	Quarter 1	02-Nov-22	IONMAQ PROJECTS t/a SUPERMIX DIY EL	238,602	QUOTATIONS: SUPPLY AND DELIVERY OF COLDMIX PREMIX BAGS	Good
14	118/2022	Jul	Quarter 1	03-Nov-22	Siyaphuhlisa Investment	240,250	QUOTATIONS: SUPPLY AND DELIVERY OF CATIONIC 65% STABLE MIX DRUMS	Good
15	122/2022	Jul	Quarter 1	11-Nov-22	KHANGELA SATELLITE	198,720	QUOTATIONS: VEHICLE TRACKING SYSTEM	Good
16	123/2022	Jul	Quarter 1	05-Dec-22	LRC CIVILS CC	29,346,137	TENDER: THORNHILL INTEGRATED HOUSING DEVELOPMENT - CONSTRUCTION OF GRAVITY SEWER LINE FROM WHARF STREET PUMP STATION TO THORNHILL PUMP STATION	Good

17	129/2022	Aug	Quarter 1	12-Nov-22	G AND W TRACTORS AND TLBs	115,579	QUOTATIONS: SERVICE TO AND REPAIRS OF BELL 315SK TLB (TRACTOR LOADER BACKHOE)	Good
18	131/2022	Aug	Quarter 1	14-Nov-22	MEMOTEK TRADING	173,480	QUOTATIONS: SUPPLY AND DELIVERY OF G5 MATERIAL	Good
19	134/2022	Sep	Quarter 1	15-Nov-22	NJH GROUP	5,922,303	TENDER: PROCUREMENT OF GUARDING SERVICES - NDLAMBE EAST	Good
20	137/2022	Aug	Quarter 1	17-Oct-22	GENLUX LIGHTING-ACTOM	198,845	QUOTATIONS: PROVISION OF RADIO BROADCASTING SERVICES - 01 OCTOBER 2022 TO 30 JUNE 2023	Good
21	138/2022	Aug	Quarter 1	18-Nov-22	AMISILE MEDIA	79,800	QUOTATIONS: DEVELOPMENT, PRINTING & DISTRIBUTION OF MUNICIPAL NEWSLETTER - 30 SEPTEMBER 2022 TO 30 JUNE 2023	Good

22	140/2022	Aug	Quarter 1	19-Nov-22	GRAVITY PROJECTS AND SERVICES	215,508	QUOTATIONS: SUPPLY AND DELIVERY OF DRUMS OF ANIONIC STABLE GRADE 60%	Good
23	143/2022	Aug	Quarter 1	21-Nov-22	CHM VUWANI COMPUTER SOLUTIONS	143,668	QUOTATIONS: SUPPLY AND DELIVERY OF COMPUTER HARDWARE FOR KENTON ON SEA MUNICIPAL OFFICE	Good
24	144/2022	Aug	Quarter 1	22-Nov-22	CHM VUWANI COMPUTER SOLUTIONS	65,594	QUOTATIONS: SUPPLY, DELIVERY, INSTALLATION AND COMMISSIONING OF ENVIRONMENTAL MONITORING SYSTEMS IN SERVER ROOMS	Good
25	208/2022	Nov	Quarter 2	02-Dec-22	NTOMBEMBI GENERAL TRADING	186,000	HIRE OF NON-FLUSH PORTABLE CHEMICAL TOILETS	Good
33	226/2022	Dec	Quarter 2	10-Dec-22	K2015061197 (SOUTH AFRICA) IHLOMILE (PTY)	149,776	SUPPLY AND DELIVERY OF ANIONIC STABLE	Good

43	123/2022			20-Dec-22	LRC CIVILS CC	21,932,837	GRAVITY SEWER LINE FROM WHARF STREET PUMP STATION TO THORNHILL PUMP STATION	Good
46	130/2022	Jul	Quarter 1	13-Nov-22	Captain Mogul (PTY)LTD	5,156,196	PORT ALFRED SEWERAGE INFRASTRUCTURE PHASE 1 - PACKAGE A	Satisfactory
47	130/2022	Jul	Quarter 1	13-Nov-22	ZKS & Num General Trading	5,309,401	PORT ALFRED SEWERAGE INFRASTRUCTURE PHASE 1 - PACKAGE B	Good
48	130/2022	Jul	Quarter 1	13-Nov-22	Indluvo JV	5,832,972	PORT ALFRED SEWERAGE INFRASTRUCTURE PHASE 1 - PACKAGE C	Satisfactory
49	028/2023	Oct	Quarter 2	15-Mar-23	LUZUKO TRADING ENTERPRISE JV INTSINDE	2,081,704	UPGRADING OF ROADS - SEE ALSO "ERRATUM" NOTICE dd 16/02/2023	Good
50	028/2023	Oct	Quarter 2	15-Mar-23	ULULO TARDING PTY LTD	1,106,980	Upgrading of Mangele Street: Kenton-On-Sea	Good

51	028/2023	Oct	Quarter 2	15-Mar-23	KUNGAWO HOLDINGS	2,029,869	Upgrading of Solomon Mahlangu: Phase 2	Good
52	028/2023	Oct	Quarter 2	15-Mar-23	KNIGHT,NDINISA AND MATOMELA CC	2,004,353	Upgrading of KwaNokqubela Main Road	Satisfactory
53	028/2023	Oct	Quarter 2	15-Mar-23	IBHABHATHANE TRADING CC	1,694,522	Upgrading of Solomon Mahlangu: Phase 2	Good
54	028/2023	Oct	Quarter 2	15-Mar-23	NJH GROUP	2,144,950	Upgrading of KwaNokqubela Main Road	Good
55	002/2023	Jan	Quarter 3	12-Jan-23	NOMBEWU GROUP	186,000	SUPPLY AND DELIVERY OF COLDMIX PREMIX BAGS	Good
56	003/2023	Jan	Quarter 3	13-Jan-23	NCESH BULA GENERAL TRADING	58,702	SUPPLY AND DELIVERY OF BUILDING MATERIALS	Good
59	016/2023	Jan	Quarter 3	19-Jan-23	NOMBEWU GROUP	198,000	SUPPLY AND DELIVERY OF CATIONIC 65% STABLE MI	Good
60	017/2023	Jan	Quarter 3	20-Jan-23	SILVER RUBY TRADING 1043 - BestDrive	184,400	SUPPLY, DELIVERY AND FITMENT OF TYRES	Good

62	029/2023	Jan	Quarter 3	02-Mar-23	SG INDUSTRIALS - SIBALAM	109,671	SUPPLY AND DELIVERY OF UNIFORMS - CORPORATE SERVICES	Good
97	094/2023	Apr	Quarter 4	24-May-23	KAY ONE 353	670,622	Supply and Delivery of New Fleet – 4X4 LDV'	Good
107	107/2023	May	Quarter 4	11-May-23	ADAM AND ASSOCIATES	99,000	HIRING OF A SANITATION TRUCK	Good
108	21/2022	Feb	Quarter 1	31-Mar-22	Ingakuhle Trading	989,000	Communal Toilets-NR, NB, NE, NCF, AB, MZ	Good
110	21/2022	Feb	Quarter 1	31-Mar-22	TS Madolo Builders	811,475	Landscaping and Stormwater Drainage-Zihagu	Good
111	21/2022	Feb	Quarter 1	31-Mar-22	Ngamandesa Trading	811,475	Landscaping and Stormwater Drainage-Zihagu	Good
112	21/2022	Feb	Quarter 1	22-Mar-23	Ncesh Bula General Trading	855,000	Low Flush Toilets-Brakfontein	Good
113	21/2022	Feb	Quarter 1	22-Mar-23	Silindokuhle Ndike	855,000	Low Flush Toilets-Brakfontein	Good
114	21/2022	Feb	Quarter 1	31-Mar-22	Siyaphuhlisa Investments	988,000	Low Flush Toilets-New Rest	Good
115	21/2022	Feb	Quarter 1	27-Jan-23	AmaCirha	950,000	Low Flush Toilets-Zihagu	Good
116	21/2022	Feb	Quarter 1	22-Mar-23	Captain Mogul	950,000	Low Flush Toilets-Zihagu	Good

117	21/2022	Feb	Quarter 1	27-Jan-23	Curonex	950,000	Low Flush Toilets-Brakfontein	Good
118	21/2022	Feb	Quarter 1	27-Jan-23	Mandlachuma Trading	1,900,000	Low Flush Toilets-Brakfontein	Good
119	21/2022	Feb	Quarter 1	27-Jan-23	MS Mlamla	665,000	Low Flush Toilets-Zihagu	Good
120	21/2022	Feb	Quarter 1	31-Mar-22	Siviwe Projects	950,000	Low Flush Toilets-Zihagu	Good
121	21/2022	Feb	Quarter 1	31-Mar-22	Natha Investments	996,208	Upgrading of Access roads-New Rest	Good
122	21/2022	Feb	Quarter 1	31-Mar-22	Zee and Nande	949,737	Upgrading of Access roads-Zihagu & Klipfontein	Good
123	21/2022	Feb	Quarter 1	31-Mar-22	Bongie and Wongs	871,384	Upgrading of Access roads-Bayso, Ezidonkini & CricketField	Good
124	21/2022	Feb	Quarter 1	31-Mar-22	Sivuyise Holdings	923,125	Water Tanks-Zihagu	Good
125	21/2022	Feb	Quarter 1	31-Mar-22	Nokongo Holdings	927,500	Water Tanks-New Rest, Bayso & Ezidonkini	Good
126	21/2022	Feb	Quarter 1	31-Mar-22	Aya Jr Trading	923,125	Water Tanks-Zihagu	Good
127	21/2022	Feb	Quarter 1	31-Mar-22	Xcotta General trading	980,000	Water Tanks-Brakfontein	Good
128	21/2022	Feb	Quarter 1	31-Mar-22	TS Madolo Builders	175,000	Water Tanks-Cricket Field	Good

129	21/2022	Feb	Quarter 1	27-Jan-23	AmaQocwa Civils	980,000	Water Tanks-New Rest	Good
130	21/2022	Feb	Quarter 1	27-Jan-23	Genkorald	980,000	Water Tanks-New Rest	Good
131	21/2022	Feb	Quarter 1	27-Jan-23	Kungawo Holdings	1,557,500	Water Tanks-Brakfontein	Good
131	21/2022	Feb	Quarter 1	27-Jan-23	Kungawo Holdings	1,557,500	Water Tanks-Brakfontein	Good
132	21/2022	Feb	Quarter 1	27-Jan-23	Lutiwel	980,000	Water Tanks-New Rest	Good
133	21/2022	Feb	Quarter 1	27-Jan-23	MS Mlamlala	306,250	Water Tanks-Zihagu	Good
134	21/2022	Feb	Quarter 1	27-Jan-23	Ngamandesa	175,000	Water Tanks	Good

APPENDIX J

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

The following Senior Managers have disclosed and signed their declaration of financial/business interests' form:

DECLARATION OF FINANCIAL INTEREST		
INITIALS AND SURNAME	POSITION	SIGNED DECLARATION FORM? (Y/N)
Adv R Dumezweni	Municipal Manager	Y
Mr MM Klaas	Chief Financial Officer	Y
Mrs L Maneli-Payi	Director: Corporate Services	Y
Dr N Vithi-Masiza	Director: Infrastructural Development	Y
Mrs NC Booysen-Willy	Director: Community and Protection Services	Y

APPENDIX K

APPENDIX K: REVENUE COLLECTION PERFORMANCE

Revenue Collection Performance by Source:

Vote Description	Ref	2021/22	Budget Year 2022/23							
		Audited Outcome	Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
Revenue By Source										
Property rates		134 278	142 587	142 587	11 644	143 573	142 587	986	1%	142 587
Service charges - electricity revenue		84 723	92 353	92 815	11 223	80 662	92 815	-12 153	-13%	92 815
Service charges - water revenue		49 073	82 353	79 751	7 562	64 111	79 751	-15 640	-20%	79 751
Service charges - sanitation revenue		14 750	15 754	15 092	1 417	16 705	15 092	1 612	11%	15 092
Service charges - refuse revenue		17 770	18 971	18 971	1 637	20 266	18 971	1 295	7%	18 971
Rental of facilities and equipment		794	961	961	97	1 047	961	86	9%	961
Interest earned - external investments		4 279	6 787	6 787	1 117	7 977	6 787	1 190	18%	6 787
Interest earned - outstanding debtors		8 633	5 446	5 446	1 140	11 942	5 446	6 496	119%	5 446
Dividends received		-	-	-	-	-	-	-		-
Fines, penalties and forfeits		675	769	769	57	343	769	-426	-55%	769

Licences and permits		4 479	12 267	12 267	-9 766	4 297	12 267	-7 970	-65%	12 267
Agency services		-	-	-	-	-	-	-		-
Transfers and subsidies		116 128	127 902	129 541	2 331	128 498	129 541	-1 043	-1%	129 541
Other revenue		11 707	9 548	16 921	1 025	12 604	16 921	-4 316	-26%	16 921
Gains		1 137	-	-	9 958	10 270	-	10 270	#DIV/0!	-
Total Revenue (excluding capital transfers and contributions)		448 427	515 698	521 908	39 442	502 294	521 908	-19 614	-4%	521 908

Revenue Collection Performance by Vote:

Vote Description	Ref	2021/22 Audited Outcome	Budget Year							
			Original Budget	Adjusted Budget	Monthly Actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
<u>Revenue by Vote</u>	1									
Vote 1 - EXECUTIVE AND COUNCIL		4 443	4 443	4 443	-	4 443	4 443	-		4 443
Vote 2 - MUNICIPAL MANAGER		690	7	507	2	504	507	-3	-0.70%	507
Vote 3 - CORPORATE SERVICES		3 148	3 232	4 533	10 337	13 700	4 533	9 166	202.20%	4 533

Vote 4 - COMMUNITY AND PROTECTION SERVICES		36 822	27 534	34 745	2 793	31 006	34 745	-3 739	-10.80%	34 745
Vote 5 - COMMUNITY AND PROTECTION SERVICES		6 064	13 787	14 776	-6 706	7 586	14 776	-7 191	-48.70%	14 776
Vote 6 - INFRASTRUCTURAL DEVELOPMENT		76 602	142 660	147 492	39 435	166 978	147 492	19 487	13.20%	147 492
Vote 7 - ELECTRICITY SERVICES		108 156	111 792	112 253	12 146	86 268	112 253	-25 986	-23.10%	112 253
Vote 8 - WATER WORKS		112 741	90 155	103 110	20 100	100 534	103 110	-2 576	-2.50%	103 110
Vote 9 - FINANCIAL SERVICES		198 647	255 008	255 008	15 024	232 810	255 008	-22 198	-8.70%	255 008
Vote 10 - FINANCIAL SERVICES		-	-	-	-	-	-	-	-	-
Vote 11 -		-	-	-	-	-	-	-	-	-
Vote 12 -		-	-	-	-	-	-	-	-	-
Vote 13 -		-	-	-	-	-	-	-	-	-
Vote 14 -		-	-	-	-	-	-	-	-	-
Vote 15 -		-	-	-	-	-	-	-	-	-
Total Revenue by Vote	2	547 313	648 619	676 868	93 132	643 827	676 868	-33 041	-4.90%	676 868

APPENDIX L

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG (other infrastructure grants)

NAME OF GRANT	AMOUNT CARRIED OVER	AMOUNT RECEIVED (22/23)	AMOUNT SPENT
Disaster Grant - COGTA	R7 848 524.16	R0.00	R7 848 524.16
EPWP	R33.37	R1 730 000.00	R1 730 033.37
INEP	R0.04	R1 394 000.00	R1 394 000.00
FIRE - Public Safety	R1 973 373.00	R2 076 000.00	R2 939 528.47
FMG	R0.36	R2 650 000.00	R2 650 000.00
DSRAC	R1 131 246.62	R2 750 000.00	R2 714 295.37

APPENDIX M

APPENDIX M: CAPITAL BUDGET EXPENDITURE

<u>Capital Expenditure - Functional Classification</u>										
<i>Governance and administration</i>		1 394	4 607	4 372	1 026	3 198	4 372	-1 175	-27%	4 372
Executive and council Finance and administration Internal audit		496	2 419	2 649	625	2 078	2 649	-570	-22%	2 649
<i>Community and public safety</i>										
Community and social services Sport and recreation		898	2 189	1 724	401	1 119	1 724	-604	-35%	1 724
Public safety Housing Health		-	-	-	-	-	-	-		-
<i>Economic and environmental services</i>										
Planning and development Road transport Environmental protection		165	22	14 141	6	13 660	14 141	-482	-3%	14 141

<i>Trading services</i> Energy sources		3 603	1 075	1 305	156	739	1 305	-566	-43%	1 305
Water management										
Waste water management		-	2 105	3 784	2 659	2 659	3 784	-1 125	-30%	3 784
Waste management										
<i>Other</i>		-	-	-	-	-	-	-		-
		22	15	15	-	7	15	-8	-52%	15
		6 147	9 204	18 780	3 718	16 952	18 780	-1 828	-10%	18 780
		152	153	353	7	391	353	38	11%	353
		5 990	8 186	17 862	3 711	16 561	17 862	-1 301	-7%	17 862
		6	865	565	-	-	565	-565	-100%	565
		93 530	132 540	143 971	40 207	108 894	143 971	-35 076	-24%	143 971
		15 170	15 500	15 520	1 353	1 852	15 520	-13 668	-88%	15 520
		47 081	1 926	18 126	8 389	23 316	18 126	5 190	29%	18 126
		28 464	111 395	107 054	29 955	81 528	107 054	-25 526	-24%	107 054
		2 815	3 720	3 270	509	2 198	3 270	-1 072	-33%	3 270
		-	-	-	-	-	-	-		-
Total Capital Expenditure - Functional Classification	3	104 861	149 569	186 368	47 771	146 109	186 368	-40 259	-22%	186 368

APPENDIX P

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

[There are no service connection backlogs at schools and clinics – all service connections are done as a matter of priority if and when the need arises. Currently, the municipality does not have any service connection backlogs]

ANNEXURE Q

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

WARD	ISSUES RAISED	RELEVANT SECTOR DEPARTMENT/STATE AGENCY
1	New application for a 24-hour Clinic	Department of Health
1	Meter Box connections	Eskom
1	Expansion od R72 road at KwaNonkqubela entrance	SANRAL
1	Sassa should make weekly visitis to service residents of Alexandria	SASSA (South African Social Services Authority)
2	The building previously used for social development programmes needs to be considered for 24-hour clinc	Department of Health
2	Department of Transport beneficiaries need an update	Department of Transport
2	CWP stipends to be paid on the 25th of every month	COGTA
2	Sideway paving near R72 towards KwaNonkqubela	SANRAL
2	Electricity is expensive	NERSA
3	Upgrading of fire hydrants	Sarah Baartman District Municipality
8	Street light from the CBD to Thornhill be erected	Department of Transport

APPENDIX S

APPENDIX S: DECLARATION OF SECTION 71 MFMA RETURNS NOT MADE

All MFMA S71 monthly budget statements were submitted within the prescribed timeframe within the 2022/2023 financial year.

APPENDIX T

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

All the information that can be used by National and/or Provincial Government to monitor and evaluate service delivery performance is provided in the body of the Annual Report. There is no additional information that can be provided under this Appendix with regard to the abovementioned.

ATTACHMENT A



2022/23

NDLAMBE MUNICIPALITY

MPAC OVERSIGHT REPORT

Councillor A Nyumka - Chairperson

Councillor M Mgweba

Councillor A Bukani

Councillor M Sweli

Councillor N Haynes



THIS OVERSIGHT REPORT IS
BASED ON THE ANNUAL REPORT
OF 2022/23 FINANCIAL
PERIOD AND IS DRAFTED AND
SUBMITTED IN ACCORDANCE
WITH THE MUNICIPAL FINANCE
MANAGEMENT ACT (MFMA),

OVERSIGHT REPORT 2022/2023

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OVERSIGHT REPORT 2022/2023

1. Statement of purpose of the Oversight Report

The Annual Report is a key instrument of transparent governance and accountability. It is a post –financial year document which provides an overview of the process of financial and non-financial performance in respect of the previous financial period, in this case 2022/2023. The adoption of an Annual Report is the legislated requirement in terms of the Local Government: Municipal Financial Management Act 56 of 2003 (MFMA).

1.1 Purpose

The purpose of this report is to present to Council the Oversight report to be adopted and for the consideration of the recommendations made on the final Annual Report for 2022/2023 as required in terms of Section 129 of the MFMA, Act 56 of 2003.

It is important to have an understanding of the accountability framework for municipalities in order to correctly comprehend the role of the Oversight Report as distinct from that of the Annual Report and any other reports required from the municipality by the Constitution, Acts, regulations or Circulars.

The following table displays the nature of the culpability framework for local government:

	Responsible for	Oversight over	Accountable to
Council	Approving policy and budget	Mayor & Executive Committee	Community
Mayor & Executive Committee	Policy, budgets, outcomes, management of/oversight over municipal manager	Municipal Manager	Council
Municipal Manager	Outputs and implementation	Administration	Mayor & Executive Committee (Council)
Chief Financial Officer and Senior Managers	Outputs and implementation	Financial management and operational functions	Municipal Manager
Internal Audit Unit	Objective assurance	Internal Controls, Compliance and Risk Management	Audit and Performance Committee

The Oversight Report is the final major step in the annual reporting process of a municipality. Section 129 of the Municipal Finance Management Act requires the council to consider the annual report of its municipality and to adopt an “Oversight Report” containing the council’s comments on the annual report.

The Oversight Report is a distinct product from the Annual Report.

The Annual Report is submitted to the Council by the Accounting Officer, Adv. R Dumezweni and the Mayor, Cllr. K Ncamiso and is part of the process for discharging accountability by the executive and administration for their performance in achieving objectives and goals set by the municipality in the 2022/23 financial year. The Oversight Report follows consideration and consultation on the Annual Report and is considered to be a report of the municipal council to the community disclosing the level of success or otherwise, obtained with meeting the priority needs and stated desires of the community as contained in the Integrated Development Plan (IDP).

OVERSIGHT REPORT 2022/2023

2. The Municipal Public Accounts Committee

The establishment of Council's Municipal Public Accounts Committee was in March 2022, in terms of Section 79 of the Municipal Structures Act, 1998. The Municipal Public Accounts Committee is comprised of non-executive Councillors represented by most political parties. The term of the committee is 5 years unless recalled, resigned or disbanded.

The Ndlambe Municipal Public Accounts Committee consists of the following Councillors:

- Councillor A Nyumka (Chairperson)
- Councillor M Mgweba
- Councillor M Sweli
- Councillor A Bukani
- Councillor N Haynes

3. The Functions of the Municipal Public Accounts Committee:

- a) Undertake a review and analysis of the Annual Report.
- b) Invite, receive and consider inputs from Councillors and officials on the Annual Report.
- c) Consider written comments received on the Annual Report from the public consultation process.
- d) Preparation of the draft Oversight Report, taking into consideration the views and inputs of the public, representative(s) of the Auditor General, organs of state, Council's Audit & Performance Committee, political Parties and Councillors.
- e) Receive and consider Council's Audit & Performance Committee views and comments on the annual financial statements and the performance report.
- f) Adhere to the Charter and the Terms of Reference

4. Summary of Representations received from the Community and Others

Notice was issued in terms of Section 127 (5) (a) of the Municipal Finance Management Act 56 of 2003, and section 21A of the Municipal Systems Act 32 of 2000 that the Annual Report for 2022/2023 financial period has been prepared by Ndlambe Municipality and was tabled in the council meeting held on the 31 January 2024. It was then made available for public comments and inspection in all municipal administrative units around Ndlambe municipality. See ANNEXURE A"

The Municipal Public Accounts Committee regrettably has learnt that no comments were received in respect of the Annual report from the public in spite of the efforts to make it public.

5. 2022/2023 Annual Report Consultation Process

The following is our summary of our findings in terms of legislative processes followed in terms of the annual report process:

Prescribed Dates	Actions	MFMA (MSA)	Responsibility of	Achieved Yes/No
29 August	Submit municipality's AFS to Auditor-General	S126(1)(a)	Municipal Manager	Yes
On receipt of audit report	The Municipality must address any issues raised by the Auditor-General and prepare action plans to address issues and include these in annual report. Provide copy of report to Audit Committee.	S131(1)	Municipal Manager. Mayor must ensure compliance by municipality	Yes
31 January	Annual Reports of municipality and entities tabled in Council	S127(2)	Mayor	Yes

OVERSIGHT REPORT 2022/2023

Immediately after annual report is tabled	Annual report made public and local community invited to submit representations	S127(5)(a) (MSA) - S21A and B	Municipal Manager	Yes
Immediately after annual report is tabled	Annual report submitted to Auditor-General, relevant provincial treasury and provincial department responsible for local government in the province.	S127(5)(b)	Municipal Manager	Yes
When meetings held to discuss the annual report	Attend meetings to respond to questions concerning the report	S129(2)(a)	Accounting Officer of municipality and entity	Yes
Following meetings to discuss the annual report	Submit copies of minutes of the meetings to the Auditor-General, provincial treasury and provincial department responsible for local government	S129(2)(b)	Accounting Officer of municipality and entity	Yes
Within two months of report being tabled (31 March)	Council to have considered the annual report and adopted an oversight report	S129(1)	Council	Not yet applicable
Within seven days of adoption of oversight report	Make public the oversight report	S129(3) S21A-MSA	Accounting Officer	Not yet applicable
Within seven days of adoption of oversight report	Submit to the provincial legislature, the annual report of municipality and entities and the oversight reports on those annual reports.	S132(1) & (2)	Accounting Officer	Not yet applicable
<p>Notes:</p> <ul style="list-style-type: none"> • MFMA section 133 provides for consequences of non-compliance with provisions relating to the submission of AFS and tabling of annual reports. <p>All dates shown are the latest permissible in terms of the applicable legislation, earlier compliance is preferable.</p>				

- a) The Annual Report was tabled at an open Council Meeting on 29 August 2023.
- b) The communities were advised through print media and the Municipal website of the availability of the annual report and were invited to submit representations on the report.
- c) The Annual Report was made available at all municipal libraries, some community halls and Mayor's office. The Annual Report was also submitted to the Auditor General, Provincial Treasury and the Department of Cooperative Governance and Traditional Affairs.

OVERSIGHT REPORT 2022/2023

6. Committee observations and recommendations

6.1 Committee findings on the Annual Report

The committee scrutinised the annual report and the following were the main findings. The findings were premised on the requirements of MFMA Circular 63. For detailed findings refer to Minutes of the committee meeting held on the 12 and 25 March 2024 (see Annexure D).

The main findings were:

Finding	Chapter	Comment/s
1	1 – Mayor’s foreword	Methods used / implemented to improve public participation and accountability. There is no mention of any public participation methods or strategy.
2		<ul style="list-style-type: none"> Water was a huge issue in 2022/23 and should be mentioned here and the periods that there was no water and bringing in the RO Plant as the corrective measure. The committee noticed that water lose have increased.
3	1– Municipal Managers foreword	The entire Municipal Manager’s Foreword is not included as per Circular 63, paragraph 1.2. we note that the instead of the municipal overview as per paragraph 1.3 is written as municipal manager overview. This should be corrected.
	Chapter 1	The committee noted that the Financial Sustainability of the municipality paragraph page 27-28 of the report was not populated.
4	2 – Governance, Component B	Intergovernmental Relations IGR MEETINGS NOT SITTING/ the committee noted that the IGR Meetings are sitting at National and Provincial level, however there is no indication of IGR meetings at the local level. This should be addressed.
5	2 – Governance, Component C	Public Accountability and Participation <i>To prove public accountability and participation the committee recommend that information relating to the sitting of the meetings be included in the report.</i>
	2 – Governance, Component D	<p>Risk Management</p> <ul style="list-style-type: none"> The top 5 risks to the municipality should be identified and the Risk Register can be included here. <p>Anti-corruption and fraud</p> <ul style="list-style-type: none"> There is no information included relating to anti-corruption and fraud. <p>Supply Chain Management</p> <ul style="list-style-type: none"> The committee noticed that the Supply Chain Management is included in chapter 1 instead of chapter 2. <p>By-laws</p> <ul style="list-style-type: none"> A list of By-laws should be included and highlight those which need reviewing. <p>Websites</p> <ul style="list-style-type: none"> The committee noted that the website updated. <p>Public Satisfaction on Municipal Services</p> <ul style="list-style-type: none"> The report should have summary of Public Satisfaction Report conducted and the Customer Care Officer’s report on Customer Services & Complaints.
6	Chapter 3 – Service Delivery Performance	The committee noted content improvement in this chapter. Refer “Municipality is located within the Sarah Baartman District Municipality and is home to some 80 000 people” in page 43 and census statistics 63 180 in page 10. Which statistics is correct?

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7	Chapter 4 Organisational Development Performance (Performance Report Part II)	<ul style="list-style-type: none"> The organogram on page 107 under component A of chapter 4 is not clear and needs be fixed. Does 463 Ndlambe employees include the section 57 Managers?
8	Chapter 5 Finance Performance	<ul style="list-style-type: none"> Financial performance not included as well components A to D in terms of MFMA circular # 63. The report has chapter 5 as organisational score card which is not inline with the circular 63.
9	Chapter 6 Auditor General Audit findings	The chapter is missing which provides details on issues raised during the prior year and remedial actions taken to address them.
10	Appendixes A to T	<ul style="list-style-type: none"> Appendixes F, N, O and R are missing on the report. Appendix H does not cover what is required on the circular. Appendix M (missing headings in the table)

6.2 General observations of the Committee

Below are the committee reservations based on its general observations gathered in its quarterly meetings in the course of the financial year. The observations below will be put on a tracking tool and will be followed up frequently. This will ensure that our observations are actioned, where practical, by administration.

OBSERVATIONS	RECOMMENDATIONS	MANAGEMENT REMEDIAL ACTIONS
Unqualified Audit Opinion	The committee congratulate the management for attaining consecutive unqualified audit opinion.	
Fragmented Supply Chain function.	<ul style="list-style-type: none"> Centralisation of SCM must be expedited. Improvement of SCM internal controls Ensure timely appointment of SCM officials. That the municipality reduce the number of deviations. Implementation and monitoring of procurement plans. Appointment of 3-year tender for security, legal services and fuel management. 	<ul style="list-style-type: none"> The process has started with creation of procurement commodities and loading bidders as service providers. Staff and authorisers(managers) have been trained at the departmental level on how to do requests and authorise on-line. Challenges have been noted, some service providers have registered for goods or services they have never supplied consequently resulting in cancellations and reissuing of quotation requests. Centralisation requires redefining the staff roles, such action leads to a review of internal controls to enable segregation of duties redefining access to the financial system. Finance vacancies had been filled, except the Acquisition officer position which was created by an upward movement of the incumbent. The position has been advertised and closed, awaiting shortlisting scheduled for early April 2024 Efforts are made to reclassify procurement, for instance, refunds not to be treated as deviation items and be paid through standard expense, a service provider database has been compiled. The database will enable a shortened appointment process, service providers will be chosen from

OVERSIGHT REPORT 2022/2023

OBSERVATIONS	RECOMMENDATIONS	MANAGEMENT REMEDIAL ACTIONS
		<p>the database through rotation to quote for required services.</p> <ul style="list-style-type: none"> • Supply Chain prepares quarterly reports on procurement plans. • Security tender is currently running due to expire in August 2024, CPS is currently working on the new SPEC. • Legal Services – A panel has been appointed covering 3 speciality fields. • Fuel Management, A survey has been to determine, a suitable system, we are about to draw a SPEC so that we move to the new system in July 2024
<p>Water losses. (Ratepayers also observed this issue)</p>	<p>Intensify fixing of internal and external water leakages.</p>	<ul style="list-style-type: none"> • Intensify fixing of internal and external water leakages. Water losses are caused by a number of reasons, the following are actions taken. <ol style="list-style-type: none"> 1. Finance to identify properties with high consumption. 2. Infrastructure, to do house visits to determine the cause, in most cases, these are leaks through the cistern inside the house. The constraint is available budget. 3. Old meters are also a contributing factor, they do not register the water flowing through, these are also attended through the infra meter replacement program. 4. Finance commissioned a desktop exercise to establish meters read in an area, the exercise showed that more than 90% of the meters were read, a low number of readings would imply that less consumed water is reported hence “High Losses”.
<p>Use of Consultants</p>	<p>The use of consultants needs to be assessed by management as this is not sustainable. Workforce must be upskilled to eliminate heavy reliance on consultants.</p>	<ul style="list-style-type: none"> • The municipality has a needs assessment form to be completed before using a consultant, this is a mandatory form that AG has asked for during audits. Going forward this should be part of SPEC documents. Use of consultants to be considered in the following context without perpetuating the current practice. <ol style="list-style-type: none"> 1. Consultants are used where speciality skills are required, the contract type (FIDIC/GCC) entered into with a service provider, which are considered as to be protecting both parties’ interests require a dedicated person to monitor the contract. 2. Furthermore, contract supervision requires dedicated person to manage the contract. 3. Issues of liability may require certain qualification of the person supervising the contract which municipal staff may not have. 4. Contractual issues, all Thornhill projects are designed and supervised by Biggen by virtue of the contract arrangement.

OVERSIGHT REPORT 2022/2023

OBSERVATIONS	RECOMMENDATIONS	MANAGEMENT REMEDIAL ACTIONS
		<p>5. To date electricity service is run by CDR, this is an organisation design matter.</p> <p>6. Environmental issues require environmental specialist.</p> <p>7. Lastly, financial matters also require intervention of specialist, however, where these costs cannot be eliminated, efforts are made to minimise the expenditure, for instance finance activated an asset module which allows us to do the verification of movable assets internally, this played a significant role in containing expenses on assets.</p> <ul style="list-style-type: none"> • These are the issues surrounding use of consultants, we will consciously work towards reducing these costs.

7. Annual Report Checklist

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COMMENTS
1. Financial matters – Annual Financial Statements – section 121 (3) MFMA	
Section 121 (3) (a) MFMA (a) The Annual financial statements (AFS) of the municipality, and in addition, if section 122(2) applies the consolidated annual financial statements as submitted to the Auditor General;	The Annual Financial Statements of the municipality are included and signed by the Municipal Manager. The municipality does not have an entity.
(b) The Auditor General’s audit report is included in the annual report in terms of section 126(3);	The Auditor General’s report is included in the annual report;
(c) An assessment by the Accounting Officer on any arrears on municipal taxes and service charges; (section 121 (3) (e)	The municipality is under collecting revenue as a result of non-payments;
(d) Particulars of any corrective action taken or to be taken in responses to issues raised in the audit reports referred to in paragraphs (b)and (d) Council should also confirm that the audit report has been forwarded to the MEC	The municipality obtained unqualified audit with management issues. Two qualification issues were addressed from prior year. The Audit Report was submitted to Provincial Treasury and CoGTA respectively.
(e) An assessment on asset management, as required by section 63(2)(a) of the MFMA	The municipality has appointed service provider to deal with asset management. There were significant issues which were raised during the audit around asset recognition and duplication in the register.
(f) Audit report on leadership.	Management did not provide adequate supervision and review over the operations of the municipality to ensure compliance with laws and regulations and to appoint the necessary skilled staff.
(g) Section 121 (3) (j) and 121 (4)(g) Recommendations of the audit committee in relation to the AFS and audit reports of the municipality	Audit Committee made recommendations to the municipality, however not all recommendations were implemented by the end of the financial year.

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2. Disclosures – Allocations received and made – Section 123 -125 MFMA	
(a) 123 (1) (a) Allocations received and made to the municipality.	It should be noted that the municipality’s functionality depends largely on grants; (LGSETA, WSIG, EPWP, FMG, MIG, INEG)
(b) Information in relation to the use of allocations received;	Unspent grant allocation of R16 676 702. It should be noted that the municipality spent 100% of its MIG.
(c) Information in relation to outstanding debtors and creditors of the municipality;	It should be noted that there are on-going engagements with national and provincial departments, but there is a national concern on growing culture of non-payment by our communities. We need effective systems of expenditure control and reasonable steps to prevent fruitless and wasteful expenditures;
3. Disclosures in notes to AFS	
(a) Information relating to benefits paid by municipality and entity to Councillors, Directors and officials	It should be noted that the information has been properly disclosed and explanations provided are acceptable and conditions of allocations have been met and they are fully detailed on the AFS;
4. Municipal Performance	
(a) Information on the annual performance reports of the municipality;	The performance report has been included in the annual report. Customer satisfaction surveys was undertaken to check whether the community is satisfied or not satisfied with the services provided.
(b) Audit reports on performance (section 45, MSA);	The municipality received an unqualified audit of opinion on audit of performance information.
5. General information	
(a) Information Technology and systems purchases and the effectiveness of these systems in the delivery of services and ensuring compliance with statutory obligations	For period under review 2022/2023, Information and Communication Technology provided and supplied ICT equipment’s e.g., computers, printers and 3Gs. The municipality appointed an IT Manager. The Unit provided IT systems, user maintenance and support.
6. Other considerations recommended	
(a) Timing of reports	The annual report was tabled in time on the 29 August 2023 and 31 January 2024
(b) Oversight committee or other mechanism	The Municipal Public Accounts Committee was delegated the responsibility of preparing the oversight report.
(c) Payment of performance bonuses to municipal officials (section 57 FMSA)	Two (2) Directorates qualified for performance bonus for the year under review.
(d) Public consultative meetings	Public comments were solicited as planned from the public.
(e) Annual Report distribution points documented, and feedback documented	The Annual Report was placed for inspection at municipal libraries, halls, a copy was posted on the municipality’s website.

OVERSIGHT REPORT 2022/2023

8. Conclusion

1. While we have managed to reduce our prior irregular expenditure balance, it is however concerning that it is still reoccurring.
2. The MPAC commends Council, the Municipal Manager, Directors and all staff of Ndlambe municipality on the strides made towards good governance.
3. However, there is great room for improvement with regard to:
 - Improvement of key controls to ensure effective financial management, contract and procurement management, compliance management and;
 - That issues raised by both internal and external auditors are addressed effectively.
4. The MPAC has pleasure in presenting the Oversight Report to Council to consider the resolutions and then to be forwarded to the relevant Departments and Provincial Legislature.

9. Recommendations to Council

COMMITTEE RECOMMENDS, for Council to resolve on the following:

1. The Council having fully considered the Annual Report of the municipality and representations thereon, ADOPTS the oversight report.
2. That Council APPROVES the annual report with RESERVATIONS as included in the comments in the oversight report in paragraph 6 and Annexure D.
3. That the Annual Report for 2022/2023 be prepared in accordance with MFMA Circular #63 and recommendations made by the Municipal Public Accounts Committee.
4. That the Council consider the appointment of an MPAC Coordinator as a resource to the committee.

10. ANNEXURES ATTACHED

- i. ANNEXURE A: Advertisement for public comments
- ii. Annexure B: Council resolution on tabling of annual report
- iii. Annexure C: Proof of annual report submission to COGTA
- iv. Annexure D: MPAC minutes where the annual report was discussed (12 and 25 March 2024)
- v. Annexure E- MFMA Circular # 63



MPAC Chairperson

26/03/2024
Date