Annual Report

Financial year 2022-2023

HARRY GWALA DISTRICT MUNICIPALITY

HARRY GWALA DISTRICT MUNICIPALITY COUNCIL

His Worship The Mayor
Honourable Cllr Z.D Nxumalo

Honourable Deputy Mayor
Cllr T.N Jojozi

Honourable Speaker
Cllr MSD Mdunge

Honourable Chief Worship
Cllr N. Mhatu

Cllr Z.P Dlamini

Cllr Z.R Tshazi

Cllr B.R Memela

Cllr SG Mkhize

Cllr SRL Nzimande

Cllr B. Sibeni

Cllr H.A Lukhozi

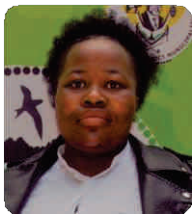
Cllr H.V Msomi

Cllr K.S Dlamini

Cllr N Dlamini

Cllr N Mda

Cllr N.H Malimela



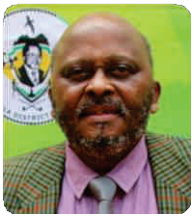
Cllr. N.H Zaca

Cllr. N..R Mtshali

Cllr. N.W Dladla

Cllr P.K Memela

Cllr P.N Damoyi



Cllr S.D Bekwa

Cllr T.G Soni

Cllr T.S.H Gamede

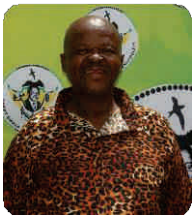
Cllr X Memela

Cllr Z. Tshangase

Cllr Z.M Ngidi

iNkosi M.S.I Zulu

iNkosi PDH Chiliza



iNkosi V.V Zimema

HARRY GWALA DISTRICT MUNICIPALITY
MUNICIPAL MANAGER

Municipal Manager
Mr G.M Sineke

EXECUTIVE DIRECTORS

Chief Financial Officer
Mr Khulani Mthembeni
Brian Mzimela

Executive Director
Corporate Services - Mrs Thobile
Thelma Thiyane-Magaqa

Executive Director Infrastructure
Mr Nkululeko Biyase

Executive Director Social Services
Department - Ms Ntombifuthi
Nomvuselelo Fortunate Buthelezi

Executive Director Water Services
Department
Mr Lindumusa Gwala

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GLOSSARY OF TERMS AND ABBREVIATIONS

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

DoT	Department of Transport
DWA	Department of Water Affairs
EXCO	Executive Committee
F/Y	Financial Year
Financial Statements	Includes at least a statement of financial position, statement of financial performance, cash-flow statement, notes to these statements and any other statements that may be prescribed.
GAMAP	Generally Accepted Municipal Accounting Practice
GDS	Green Dr.op Status
General Key performance indicators	After consultation with MECs for local government, the Minister may prescribe general key performance indicators that are appropriate and applicable to local government generally
GRAP	Generally Recognized Accounting Practice
HR	Human Resources
IGR	Inter-Governmental Relations
LED	Local Economic Development
LGSETA	Local Government Sector Education and Training Authority
MDG	Millennium Development Goals
MFMA	Municipal Finance Management Act
MSA	Municipal Systems Act, 32 of 2000
MTAS	Municipal Turn Around Strategy
NTP	National Transferee Programme
PMS	Performance Management System
RPMS	Regulatory Performance Management Systems
SDL	Skills Development Levy
HGDM	Harry Gwala District Municipality
VAT	Value Added Tax
WSDP	Water Services Development Plan

WSMP	Water Services Master Plan
WSP	Workplace Skills Plan

The purpose of this Annual Report

- To provide a record of the activities of the municipality or entity during the financial year to which the report relates;
- To provide a report on performance in service delivery and budget implementation for the financial year;
- To promote accountability to the local community for the decisions made throughout the year by the municipality or municipal entity; and
- To reduce the additional reporting requirements that will otherwise arise from Government department, monitoring agencies and financial institutions.

1.1 CHAPTER 1– Mayor's Foreword and Executive Summary

The Harry Gwala District Municipality's vision is "to be a leading Water Services Provider in the KZN Province with its communities benefiting from a vibrant agriculture and tourism sector by 2030". The mission of the district is to work together with communities and all stakeholders to ensure the provision of clean, drinkable uninterrupted water services and proper sanitation facilities as well as to improve its agriculture and tourism sectors to enhance human dignity. The 2022/2023 financial year Harry Gwala District has achieved unqualified audit opinion.

Looking back on the period under review, we can proudly proclaim that, through a range of targeted intervention and strategic policy directives, we have again succeeded to put our people first. Not only have we taken a great care to identify and respond to the needs of our community as captured in our Integrated Development Plan (IDP), but the quality of services delivered during 2022/2023 financial year have also strongly put us on a path to achieve our vision to be the leading water service provider in the province, in so far as providing strong leadership, good governance and sound financial management as we moved from unfunded budget to the funded budget.

Our IDP highlights the identified needs of our residents for health and dignified living, safe communities, accessible economic opportunities and effective service delivery. The IDP informs our budget and creates opportunities throughout the District, as far as limited resources can reach.

To improve good governance and accountability, our policies and strategies are regularly reviewed annually to ensure that it remains relevant and that the Municipality's Management System stay effective, efficient and transparent. The Municipality ensured the alignment of its core Service Delivery Strategy with the National Development Plan (NDP-2023 Vision) and the Provincial Strategy.

Illegal water connections in some of the areas continue to cause a serious challenge to service delivery and unless we take drastic measures, our efforts to ensure uninterrupted water supply to communities will remain compromised. In a number of occasions, the abnormal demand for water, as a result of unauthorized connections, result of some of our water systems being overworked. This, amongst other things, cost the municipality financially and tend to also cause social unrest. As we work around the clock to try and address water and

sanitation issues, we request all stakeholders to become active partners and reflect on our shared responsibility to use water more sparingly and also report any suspicious and illegal water connections.

The people of Harry Gwala District Municipality expect the municipality to provide an uninterrupted water and sanitation services which requires full cooperation of our residence towards the payment of municipal services. We are making all strides towards mitigating risks, improvement of our billing system, improvement of our water infrastructure and bettered municipal financial management.

I wish to extend a word of appreciation to the Political Leadership, Stakeholders and Staff led by the Municipal Manager for ensuring stability in political and administrative day-to-day work within our District Municipality.

The Municipality will continue to make improvements where and when necessary so as to improve on service delivery and in changing the lives of the people for the better.

Conclusion: The adopted IDP set out Council's development path, goals and actions for Harry Gwala District Municipal Areas for the next reporting year. Even though we have a huge challenge in stimulating the economy as a country, however, job creation, sanitation and providing clean water to our community will remain pressing priorities for this District.

Yours in development,

Councillor Z.D. Nxumalo

THE MAYOR

HARRY GWALA DISTRICT MUNICIPALITY

1.2 MUNICIPAL MANAGER'S FOREWORD

The Municipal Manager as the head of administration is accountable for the proper functioning of the administration as contemplated in the Local Government Municipal Systems Act No. 32 of 2000 and in accordance to legislative prescripts such as the structures act and the municipal finance management act, subject to the policy directives of Council. These responsibilities require accountability for all income and expenditure, all assets and the dis-charge of liabilities including compliance with legislation pertaining to municipal finance. Section 51 of the Municipal systems act provides for the general responsibilities of an administration with the onus of the municipal manager who has to see to the implementation of these values and principles. Section 51(d) stipulates that all staff and councilors must align their roles and responsibilities with the priorities and objectives of the IDP, by ensuring that everyone contributes towards its implementation as it is the most important strategic document in a municipality.

As the administrative head, there can be no escape from roles such as transforming the municipality and regulating internal affairs, working together with Management, the Executive Committee, the District Mayor and Council. This financial year, communication between Council and the administration has been effective and a leading factor to the achievements of the District. Information sharing by departmental heads and officials has been relatively accomplished as a result of procedures that have been put into place. The smooth running of a municipal administration is dependent on concentration to detail to legislative prescripts. Our municipal administration has ensured responsiveness to the needs of our communities by exercising transparency in facilitating inputs through public participation such as in the form of IDP road shows, the publication of various notices and our quarterly newsletter, so that information is easily made available to the communities that are provided with services.

The annual report provides a comprehensive record of activities that have been undertaken during the 2022/2023 financial year and a report on performance against the approved budget, service delivery and budget implementation plan as well as the Integrated development plan. It fairly presents the state of affairs of the entire administration regarding its business initiatives, its financial results and the performance against predetermined objectives that include prescribed financial management performance indicators and the financial position at the end of the financial year. Key successes are an indication of achievement and lack of success are an encouragement of the need to improve and do more. Future goals and objectives have been stipulated which provide light to the prospects for the future year. This Annual report gives a clear perspective on the performance of the municipality and the implementation of plans that seek to address service delivery within the

District. Good working relationships between the institution and Council in pursuit of strategic and operational best practices has been paramount when dealing with communities. During the 2022/2023 financial year, Council oversight played a pivot role in realizing the strategic programs and projects that require implementation on an annual basis.

STATUS QUO OF THE CURRENT STATE OF AFFAIRS

The financial year 2022/2023 was a year of transition in the administration and was encapsulated by many different service delivery challenges that

have been managed and addressed so as to continue to deliver on the District's constitutional mandate, which is primarily to supply water and sanitation to the local communities. Our Integrated development Plan is revised annually and involves the re-evaluation of highlighted priorities that entail current plans, that are in line with the Budget, utilizing the available human resources and infrastructure. Strategic objectives were set and the necessary effort was made to provide a realistic approach in attending to service delivery deliverable.

A service delivery and Budget Implementation Plan (SDBIP) which is aligned to the Budget and IDP reflecting each directorate, was prepared and adopted by Council. As a District municipality, we have been working hand and glove with our Entity, the Harry Gwala Development Agency, to provide support and guidance where it is needed. The audit opinion that was receive from the Auditor General for this financial year was an unqualified audit opinion, which has provided eagerness within the administration to aspire for a better outcome for the next financial year. Working together with management, our goal is to communicate effectively with our stakeholders in order to build trust and credibility. Components of our annual report include a profile of our municipal business that include mapping and graphics, narratives, an entire analysis of our management strategies and the financial statements for the current financial year.

This annual report is a true reflection of the District's municipal performance and a means of communicating it to all our communities and relevant stakeholders.

I Thank you.

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MUNICIPAL MANAGER

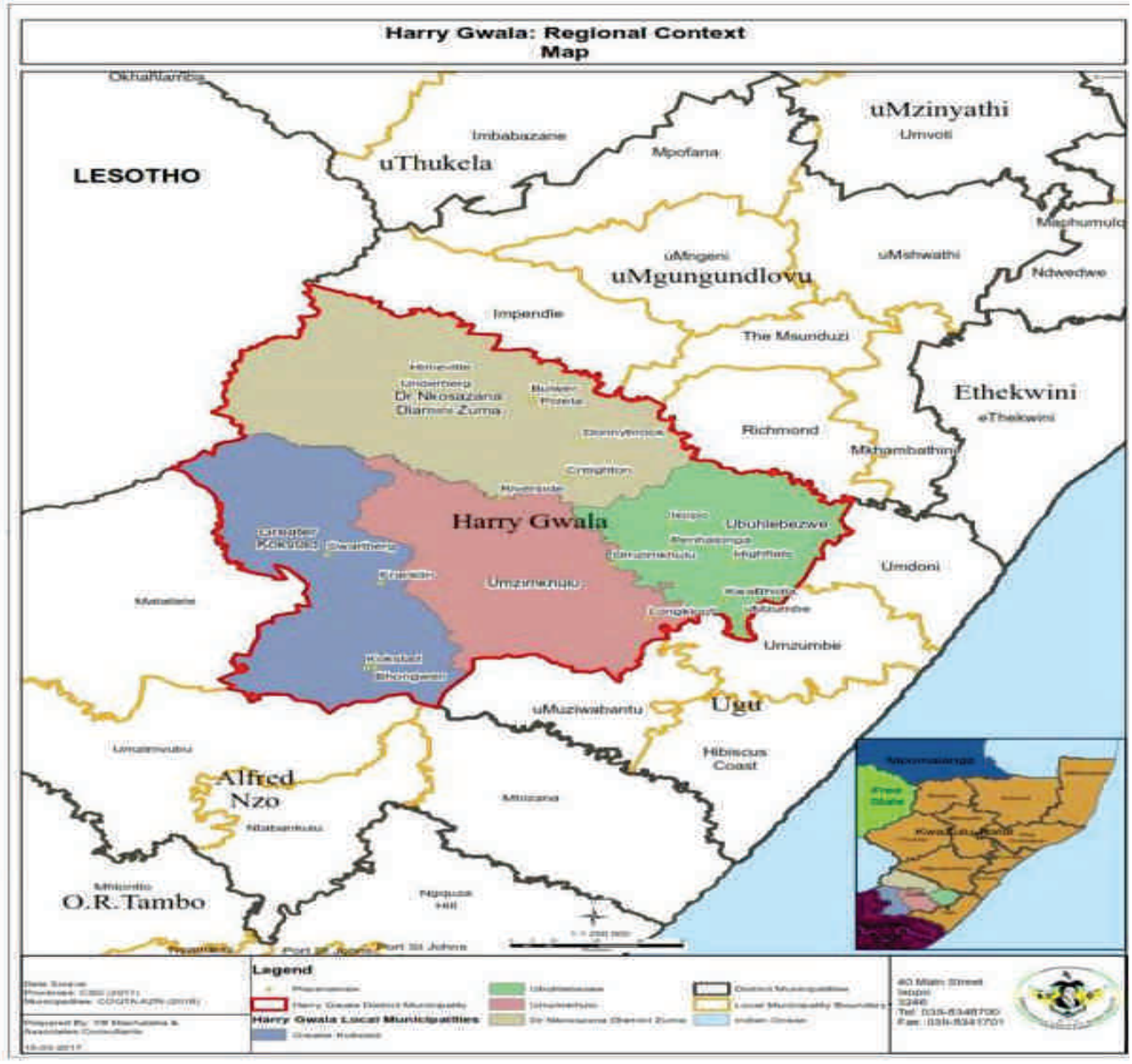
MR. G. M. SINEKE

1.3 **MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW**

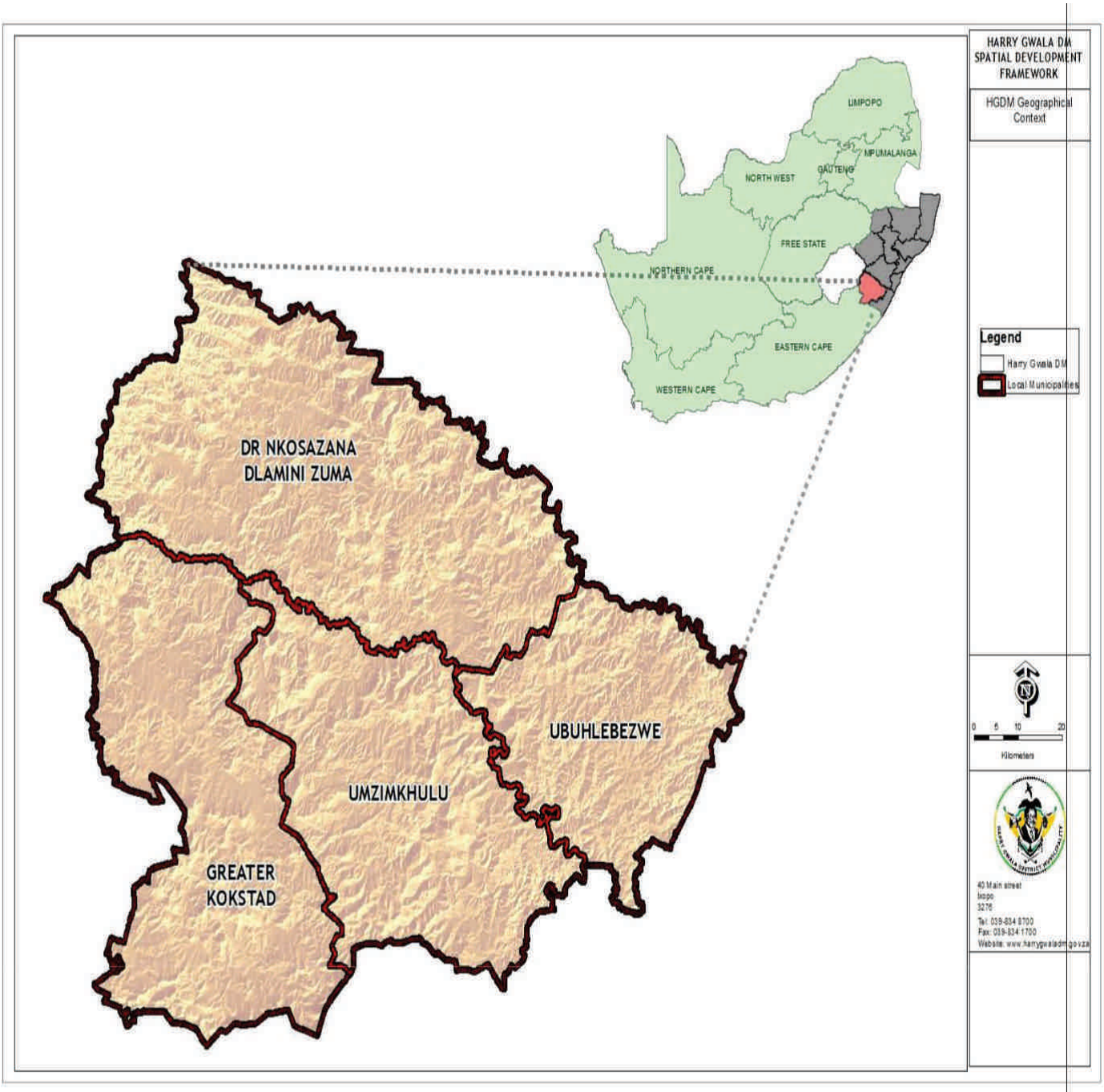
The Harry Gwala District Municipality is located to the South West of the KwaZulu-Natal province. Its population is sparsely spread throughout an area of 11 127. 89997 square kilometers. The Harry Gwala District Municipality forms part of the border between KwaZulu-Natal and Eastern Cape Province. The Harry Gwala District Municipality (DC43) is composed of the following four local municipalities: UBuhlebezwe; Dr. Nkosazane Dlamini Zuma; Greater Kokstad and UMzimkhulu.

Provincial Location Context

The Harry Gwala District Municipality is one of the ten District Municipalities that forms part of the KwaZulu-Natal Province. It is located at the extreme south of the Province. The Harry Gwala District Municipality is bordered by the following District Municipalities: UThukela to the North; UMgungundlovu to the North East; Alfred Nzo and Ugu to the South East. The location of the District in relation to the aforesaid District municipalities means that, any planning and development-taking place in each District will have an impact on the neighboring Districts. It is therefore imperative to align planning and development activities between the Harry Gwala District Municipality and the respective District Municipalities.


Harry Gwala: Regional Context Map
LESOTHO
uThukela
Imbabazane
Mpofana
uMzinyathi
Umvoti
uMngeni
uMgungundlovu
uMshwathi
Ndwedwe
Impendle
The Msunduzi
Ethekwini
eThekwini
Richmond
Mkhambathini
Dr Nkosazana Dlamini Zuma
Harry Gwala
Ubuhlebezwe
Umzimkhulu
Umdoni
Umzumbe
uMuziwabantu
Ugu
Hibiscus Coast
Alfred Nzo
Umzimvubu
Mbizana
Ntabankulu
O.R.Tambo
Mbhashe
Ngqushwa
Port St Johns
Legend
Harry Gwala Local Municipalities
Harry Gwala District Municipality
Local Municipality Boundary
Indian Ocean

DISTRICT MU


HARRY GWALA DM
SPATIAL DEVELOPMENT
FRAMEWORK
HGDM Geographical
Context
LIMPOPO
MPUMALANGA
NORTH WEST
GAUTENG
FREE STATE
NORTHERN CAPE
EASTERN CAPE
WESTERN CAPE
Legend
Harry Gwala DM
Local Municipalities
DR NKOSAZANA
DLAMINI ZUMA
UBUHLEBEZWE
UMZIMKHULU
GREATER
KOKSTAD
0 5 10 20
Kilometers
40 Main street
Ixopo
3276
Tel: 039-834 8700
Fax: 039-834 1700

UMZIMKHULU LOCAL MUNICIPALITY

This local municipality is located in the southern part of the district. The area covers 2 435km2 with 22 wards. The majority of the households are headed by women and youth. Youth programmes are essential in this area as well as programmes that will target women.

DR. NKOSAZANA DLAMINI ZUMA LOCAL MUNICIPALITY

This municipality came into being in 2016 as a result of amalgamation between Ingwe and KwaSani local municipalities. It is located in the northern to northeast part of the district and consist of 15 wards, with the main towns being Underberg; Bulwer; Donnybrook and Creighton.

UBUHLEBEZWE LOCAL MUNICIPALITY

This is the home town of the District municipality. It is located in the eastern parts of the district. Ixopo is the main town within the municipality. It consist of 14 wards that span across approximately 1 604 km2.

GREATER KOKSTAD LOCAL MUNICIPALITY

This local municipality is located in the western part of the district and is approximately 2 679km2, making it the largest municipality in the district. It consist of 10 wards and the main towns are Franklin and Kokstad.

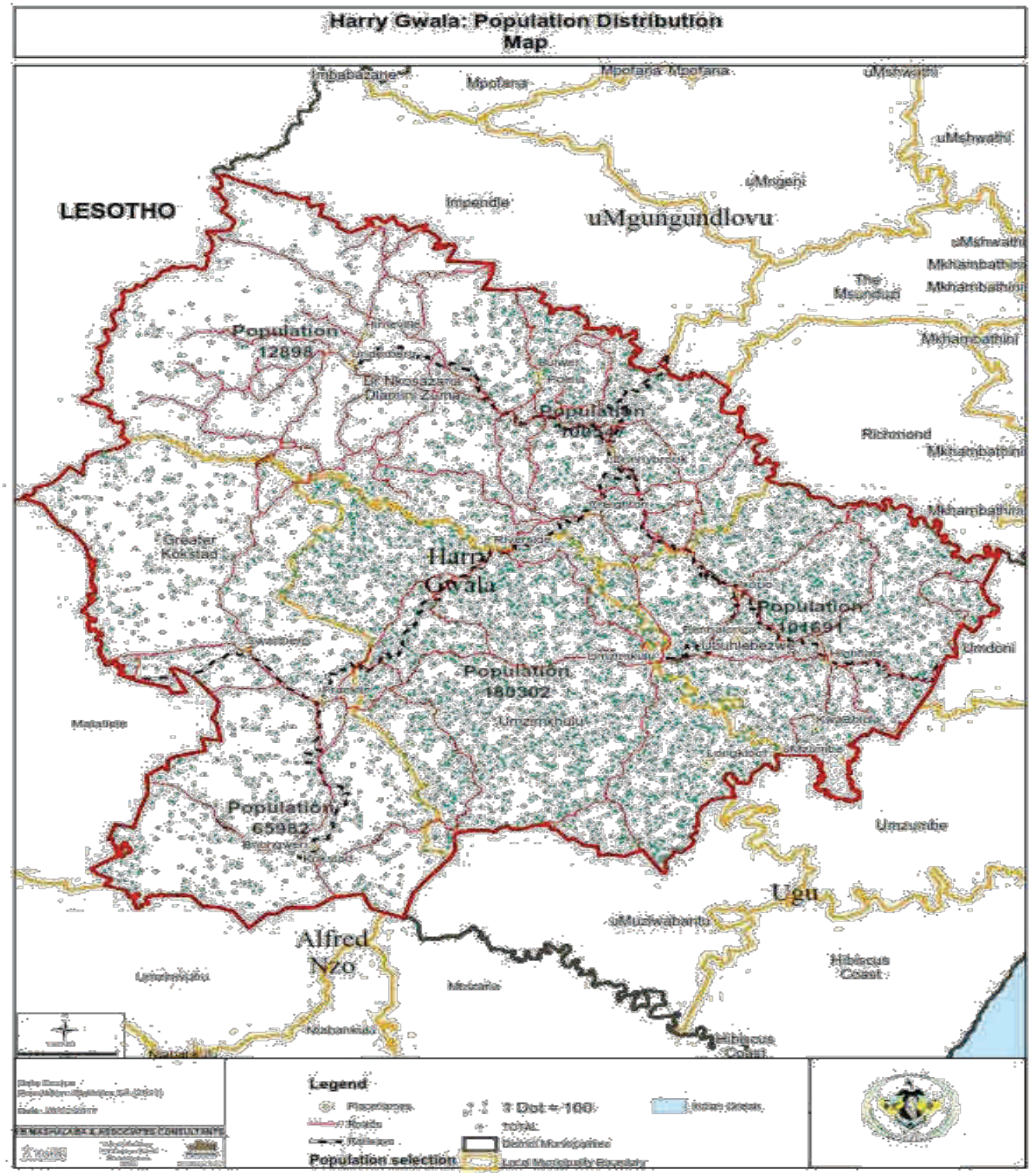
DEMOGRAPHIC PROFILE

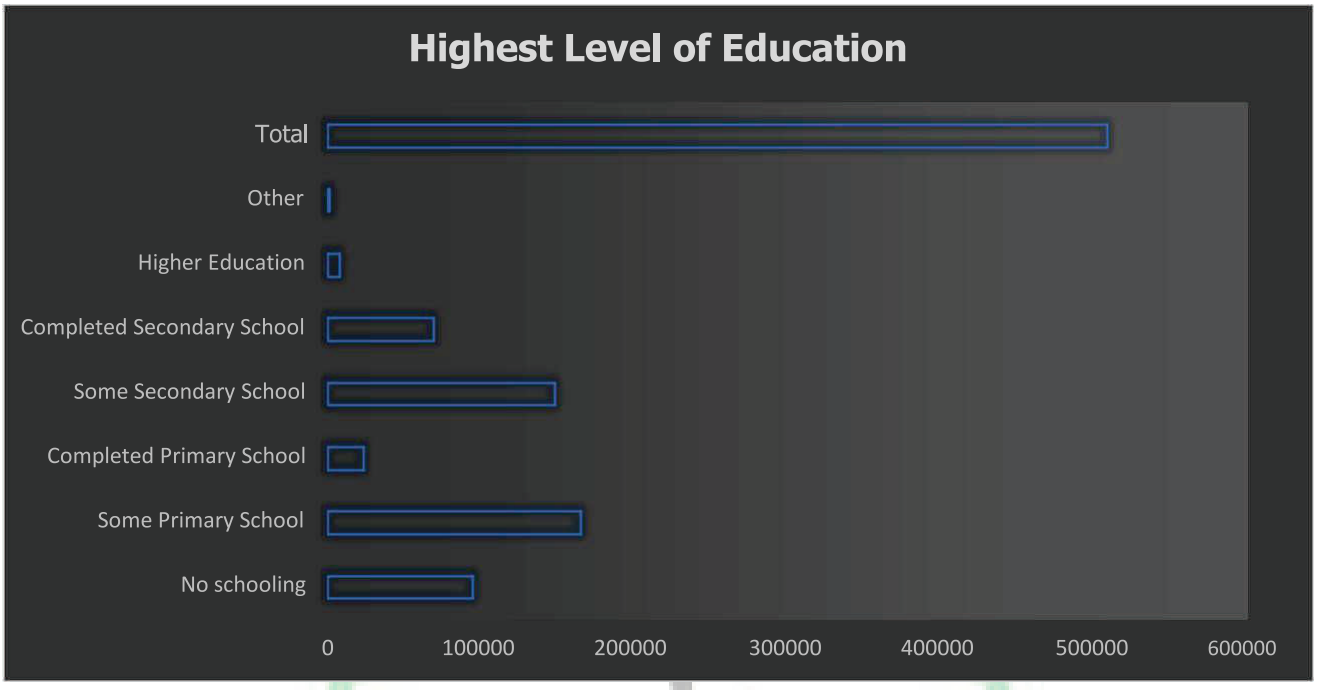
The Harry Gwala District Municipality (DC43) is one of the ten District Municipalities in KwaZulu-Natal Province and is located South-West of the province. The District Municipality forms part of the border between KwaZulu-Natal and Eastern Cape Province. The municipality area size is 10 618.0 km2 and the population spread is 48.1 people per square kilometer. Key rivers in the district are the UMzimkhulu and Umkomaas rivers.

Population gender number of wards per local municipality

Municipality	Male	Female	Total	Number of wards	No. of Households
Harry Gwala District Municipality	239582	271284	510 871	61	122 973

Greater Kokstad Local Municipality	36878	39875	76753	10	17 842
UBuhlebezwe Local Municipality	55513	62834	118347	14	26 801
UMzimkhulu Local Municipality	90459	106827	197286	22	49 616
Dr Nkosazana Dlamini Zuma Local Municipality	56732	61748	118480	15	28 714


Harry Gwala: Population Distribution Map
LESOTHO
uMgungundlovu
Harry Gwala
Alfred Nzo
Ugu
Population 12898
Population 180302
Population 101691
Population 65982
Greater Kokstad
Umzimkhulu
Umzumbe
Hibiscus Coast
Richmond
Umngeni
Impendle
Mpofana
uMshwathi
Mkhambathini
Umdoni
Ubuhlebezwe
Legend
Population selection



Source: Stats SA Survey 2016

Official unemployment rate in KZN and Harry Gwala

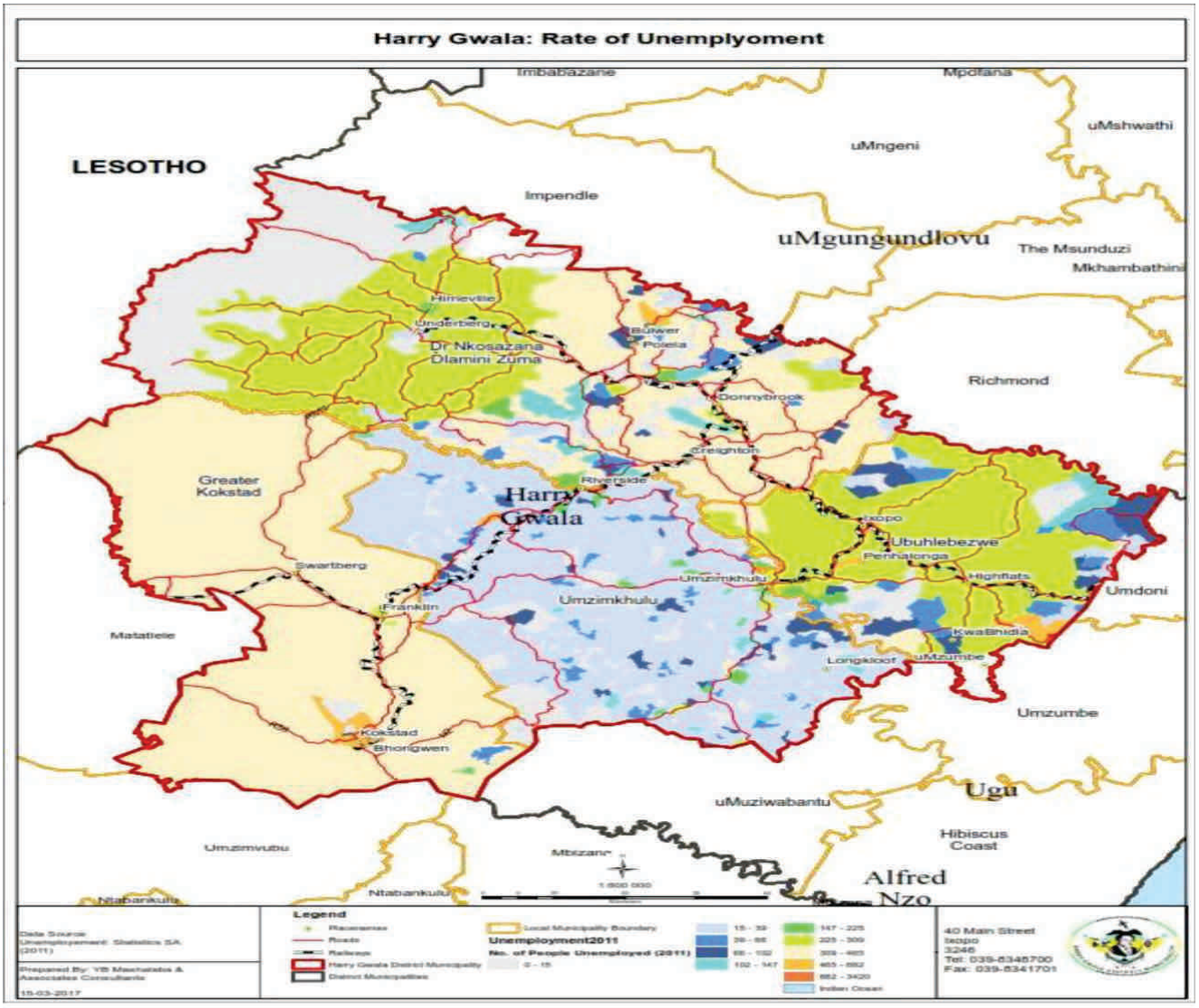
AREA	PERCENTAGE
KwaZulu-Natal	26.1%
Harry Gwala District municipality	27.4%
Greater Kokstad local municipality	18.7%
UBuhlebezwe local municipality	25.2%
UMzimkhulu local municipality	34.9%
Nkosazana Dlamini-Zuma local municipality	22.6%

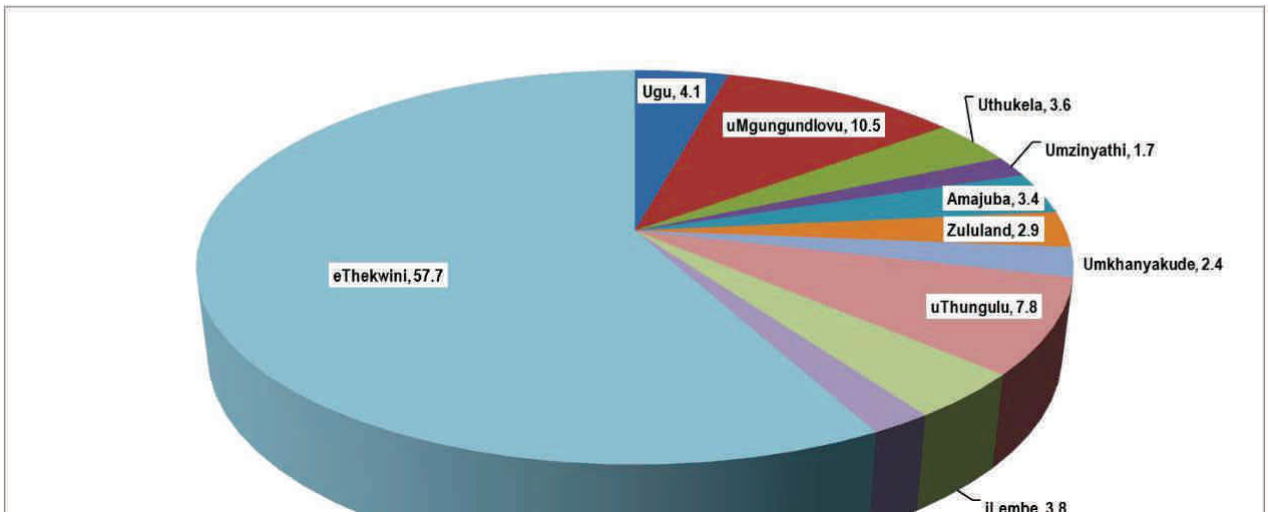
Source: Stats SA Survey 2016

The labour force table above reveals that out of over 500 000 population that resides in Harry Gwala approximately 81 381 is employed by either formally or informally. And the majority of those that are unemployed is the youth between the ages of 14 and 34. This indeed is a worrying factor for the District, but as mentioned in the paragraphs above the District has embarked on a number of programs to assist in this situation, from offering bursaries to needy students to go study at various institutions and has encouraged learners to pay more attention on rare skills like engineering and recently in 2013 a significant number of medical students have been sent to Cuba to study medicine and are expected to

complete their degrees in the 2019-2020 financial year.. Most of the youth programs are further narrated in chapter 3 of this document.

Unemployment in Harry Gwala is higher by 1% from that of the Province. KwaZulu Natal is at 26.1% and Harry Gwala DM is at 25.4%. This is an indication that more work still needs to be done in terms of working together will private businesses to create employment, but of critical importance is to create a conducive environment where business can flourish. More money over the next five years will been invested in infrastructure development as one critical factor that will boost economic development in the district.





Provincial GDP contributions by districts, 2015

Source: Global insight, 2016

KZN is the second largest contributor to the South African economy in terms of regional gross domestic product (GDP-R). The estimated real GDP-R generated by the province amounted to approximately R488.1 billion in 2015, making KZN the second largest contributor to the national output (16 percent), after Gauteng with 36.1 percent and slightly above Western Cape at 13.8 percent. Given the economic activities that take place within eThekwini Metro, it is therefore not surprising that the total provincial output is predominantly concentrated in the metro at 57.7 percent. This is followed by uMgungundlovu District at 10.5 percent and uThungulu at 7.8 percent. The least contributing districts are UMzinyathi, Harry Gwala and UMkhanyakude Districts at the estimated rates of 1.7 percent, 1.9 percent and 2.4 percent respectively.

Households involved in agriculture by category

	Greater Kokstad Local Municipality	UBuhlebezwe Local Municipality	UMzimkhulu Local Municipality	Dr. Nkosazane Dlamini Zuma Local Municipality
Yes	25836	67911	96278	60928
No	50917	50435	101008	57552

Source: Stats SA Survey 2016

1.4 SERVICE DELIVERY OVERVIEW

The municipality is proud to indicate the achievements in chapter 3 of this Annual Report in relation to the implementation of all the planned bulk infrastructure projects, particularly those that are funded by grants.

Water Services Development Plan (WSDP) is the umbrella framework for the provision of water and sanitation services plans. It addresses the full spectrum of water supply and sanitation services. Over and above that, HGDM ensures the alignment of policies, legislation and strategies. Some of the strategies outlined in a WSDP are free basic services strategy, water resources strategy and national water strategy.

Municipality	Number of Households	Water Served Households (2020/2021)	Water Backlogs Households (2020/2021)	Percentage of Water Backlogs (2020/2021)
uBuhlebezwe Local Municipality	26 231	15 561	10 670	41 %
UMzimkhulu Local Municipality	48 641	32 473	16 168	33 %
Greater Kokstad Local Municipality	15 214	11 398	3 816	25 %
Dr. Nkosazana Dlamini Zuma Local Municipality	29 983	14 886	15 097	50 %
Harry Gwala District Municipality	120 069	74 318	45 751	38 %

2020-2021 Access to Water Services

CHART: 2021-2022 Access to Sanitation Services

Municipality	Number of Households	Sanitation Served Households (2021/2022)	Sanitation Backlogs Households (2021/2022)	Percentage of Sanitation Backlogs (2021/2022)
uBuhlebezwe Local Municipality	26 231	23 030	3 201	12 %
UMzimkhulu Local Municipality	48 641	28 775	19 866	41%
Greater Kokstad Local Municipality	15 214	15 241	0	0 %
Dr. Nkosazana Dlamini Zuma Local Municipality	29 983	23 800	6 183	21 %
Harry Gwala District Municipality	120 069	310	29 250	24 %

FINANCIAL OVERVIEW

LIQUIDITY ANALYSIS: The liquidity analysis of the municipality shows great improvement from the past 5 years which is 2018/19 financial year to 2022/2023, the positive improvement in the ratio is due to a higher positive balance of cash and cash equivalents as well as VAT receivable at year end. Although this ratio was still below the norm of R2 of current assets for every R1 of current liabilities, the 100% improvement in this ratio is concrete evidence on improving financial health of the municipality.

COLLECTION: Collection amount has decreased from R44, 5m in 2018/2019 to R40m in 2019/2020 and in 2020/2021 increase to R 60m. In 2022/2023 collection decreased from R60m to R54, 6m. There is regression in revenue collection in the year 2019/2020 and shows the improvement in 2020/2021 and a slightly decrease in 2022/2023 financial year. There is a revenue strategy that the municipality is implementing as well as cleansed consumer data. The dilapidated infrastructure has negative impact on our billing and collection.

Financial Overview 2022-2023						
Details	**Original Budget**		**Adjustment Budget**		**Actual**	
Service charges	R	64 989 705	R	76 586 360		77 673 823
Interest	R	16 037 619	R	21 278 781		24 975 028
Other Income	R	582 342	R	933 884	R	1 178 353
Grants	R	766 974 000	R	757 218 732	R	736 169 623
Sub-Total	R	848 583 666	R	856 017 757	R	839 996 827
Expenditure	R	590 469 421	R	641 210 405	R	632 526 250
Net Total	R	258 114 245	R	214 807 352	R	207 470 577

Operating Ratios 2022-2023	
Details	%
Employee Cost	40%
Repairs and Maintenance	2%
Finance Charges and Impairment	0%

TOTAL CAPITAL EXPENDITURE: Year-2 to Year 0						
Detail	**Year-2 (2022/23)**		**Year-1 (2021/22)**		**Year 0 (2020/21)**	
Original Budget	R	342 907 251	R	307 283 480	R	271 221 430
Adjustment Budget	R	336 580 000	R	328 317 608	R	335 542 357
Actual	R	283 337 676	R	311 859 816	R	291 764 767

1.6 ORGANISATIONAL DEVELOPMENT OVERVIEW

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative

governance, it is crucial to build human resource capital to support the needs of the five-year Integrated Development Plan.

DEPARTMENT	FUNCTIONS
Office of the Municipal Manager	The functional areas of this department are, namely: Internal Audit; Risk Management; and Legal Services.
Budget and Treasury Office	The functional areas of this department are, namely: Income; Expenditure; Budget & Information Systems; and Supply Chain Management.
Corporate Services Department	The functional areas of this department are, namely: Administration; Council Support; Human Resource; Information Communication & Technology; and Strategic Support.
Social Services and Development Planning Department	The functional areas of this department are, namely: Sport and Recreation; Special Programs; Planning and Development; Social Service; Disaster Management; and Integrated Planning & Performance Management.
Infrastructure Services Department	The functional areas of this department are, namely: Municipal Works; Project Management; and Technical Services.
Water Services Department	The functional areas of this department are, namely: Operations & Maintenance; Water Governance; and Customer Care.

In the 2022/2023 financial year, the municipality has witnessed the following successes:

Filling of all Senior Management.
Filling of most budgeted vacant positions.
Full staff complement of the Information and Communication Technology Unit.
Information and Communication Technology policies were approved and implemented.
Functional Audit Committee.
Functional Local Labour Forum.

While witnessing the fore stated successes, the encountered challenges outweigh them. The challenges that have been noted are as follows:

Insufficient funding for filling the vacant positions.
Huge amounts of overtime paid especially to Water Services employees due to insufficient funding for vacant positions.
Insufficient funding for capacity building (training and bursaries).
Poor capacity of the Municipal Public Account Committee.
Longer period taken to fill in budgeted vacant positions especially during the period of COVID-19.
Inadequate office accommodation and parking for Councilors and Employees.
Lack of funding for employee compounds for Water Services employees.
Inability to meet certain performance targets due to insufficient funding.

The Delegations of Authority were reviewed and are awaiting adoption. The Council, Office of the Mayor, Office of the Deputy Mayor and the Office of the Speaker have been delegated powers. Each Committee of Council has also been delegated powers within which it will perform its functions and all Senior Managers including the Municipal Manager have also been delegated powers by Council.

1.7 AUDITOR GENERAL REPORT

According to the Auditor General, the consolidated and separate financial statements present fairly, in all material respects, the financial opinion of the group as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practices and the requirements of the Municipal Finance Management Act of South Africa 2003 (Act No. 56 of 2003) and the Division of Revenue Act of South Africa, 2022 (Act No. 5 of 2022).

Emphasis of Matters

Material impairment – consumer debtors
Restatement of corresponding figures
Material losses- water

1.8 STATUTORY ANNUAL REPORT PROCESS

Section 127 of the Municipal Finance Management Act, sets out that:

"… the mayor of a municipality must, within seven months after the end of financial year, table in the municipal council the annual report of the municipality and of any municipal entity under the municipality's sole or shared control." [Section 127(2)]

"… the accounting officer of the municipality must submit the annual report to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province." [Section 127 (5) (b)]

"… the council of a municipality must consider the annual report of the municipality and of any municipal entity under the municipality's sole or shared control, and by no later than two months from the date on which the annual report was tabled in the council in terms of section 127, adopt an oversight report containing the council's comments on the annual report…" [Section 129(1)]

"… the accounting officer must submit copies of the minutes of the meetings to the Auditor-General, the relevant provincial treasury and the provincial department responsible for local government in the province." [Section 129(2)(b)

STATUTORY ANNUAL REPORT PROCESS TABLE

No.	Activity	Timeframe
	Consideration of next financial year's process plan. Except for the legislative content, the process plan will confirm in year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the IDP/Budget implementation period	
	Implementation and monitoring of approved budget and IDP comments (In-year financial Reporting)	

3	Finalize the 4th quarter report for previous financial year	July
4	Submit Annual Report to Internal Audit and AG	
5	Municipal entity submit Draft annual report to MM	
6	Audit Committee considers Draft annual report of municipality and the entity	August
7	Mayor tables the unaudited Annual Report	
8	Municipality submit Draft Annual Report including consolidated annual financial statements and performance report to the AG	August
9	Annual Report as submitted to AG to be provided as input to the IDP analysis phase	
10	AG audits Annual Report including consolidated AFS and Performance data	September/October
11	Municipality receive and start to address the AGs comments	November
12	Mayor tables AR and audited financial statements to council complete with the AGs report	
13	Audited AR is made public and representation is invited	
14	Oversight committee assess the AR	
15	Council adopts oversight	December
16	Oversight report is made public	
	Oversight report is submitted to relevant provincial council	
	Commencements of Draft Budget/ IDP finalization for next financial year. Annual Report and oversight report to be used as inputs.	January

CHAPTER 2 – GOVERNANCE

To ensure accountability and governance arrangements are in place, Section 121 (2)(c) of the MFMA supports the requirements of this Section 18 (1) (d) of the MSA. Information on matters of governance should be communicated to communities. This should, according to Section 65 (1) (a) of the MFMA and of the MSA be undertaken through the compilation and publication of the Annual Report. The purpose of such Annual Report is to promote accountability to communities for decisions taken by Council and matters relating to administrative structures, throughout a financial year. Nine major characteristics should be applied within the political and administrative structures of a municipality/ municipal entity to ensure good governance.

Participation:

Participation could either be direct or legitimate intermediate institution or representatives.

Rule of law:

Good governance requires legal frameworks that are enforced impartially.

Transparency:

Transparency means that stakeholders are provided with information on why decisions were made that directly affects them.

Responsiveness:

Good governance requires that institutions and processes try serve all stakeholders with a responsible time frame.

Consensus oriented:

Governance requires mediation of the different interests in society to reach consensus in society on what is in the interest of the whole community and how this can be achieved.

Equity and inclusiveness:

Society's well-being depends on ensuring that all its members feel that they have a take in and do not feel excluded from the mainstream of society. This requires all groups to have opportunities to improve or maintain their well-being.

Effectiveness and efficiency:

Good governance means that processes and institutions produce results that meet the needs of a society while making the best use of resources at their disposal.

Accountability:

Accountability is a key requirement of good governance. Accountability cannot be enforced without transparency and the rule of law.

Sustainability:

It is a capacity to endure, how systems remain diverse and productive over time. It is the potential for long term improvements, which in turn also depends on the responsible use of natural resources.

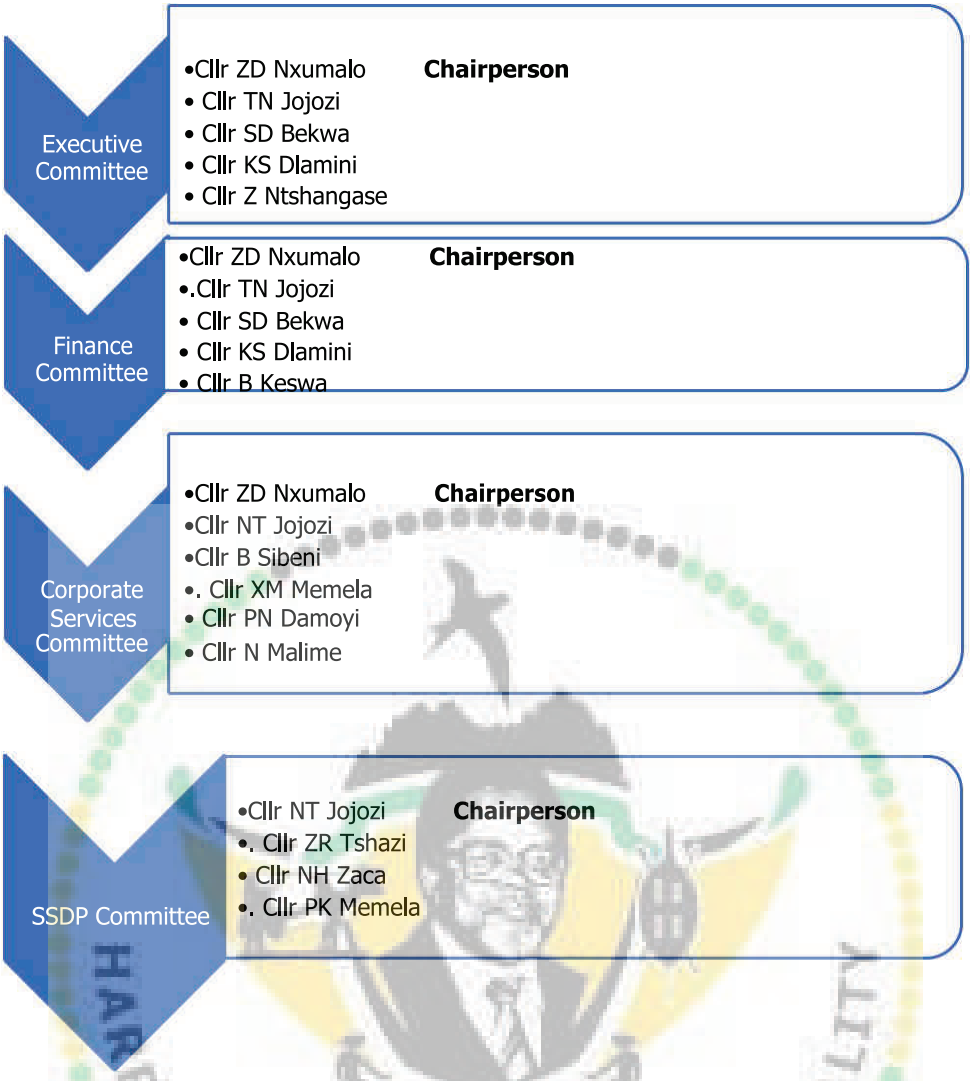
COMPONENT A: POLITICAL GOVERNANCE STRUCUTRE AND ADMINISTRATIVE GOVERNANCE STRUCTURE

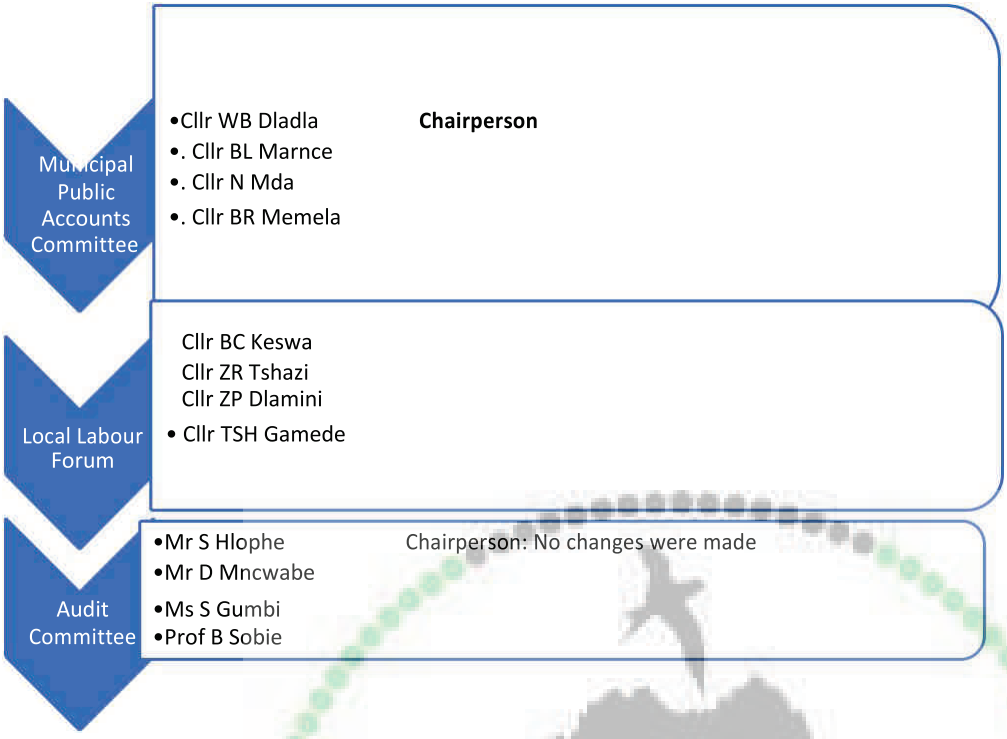
POLITICAL GOVERNANCE STRUCTURE

HGDM established and appointed Committees in terms of Section 79 and 80 of the Local Government Municipal Structures Act, No. 117 of 1998. These Committees have been established for the effective and efficient performance of the municipality. The municipality has established the following Committees:

Executive Committee;
Finance and Corporate Services Committee;
Water Services Committee;
Infrastructure Services Committee;
Social Services and Development Planning Committee;
Municipal Public Accounts Committee; and
Women's Caucus.

The structure below depicts how the Committees have been established with their Chairpersons and members.


Executive Committee
•Cllr ZD Nxumalo Chairperson
• Cllr TN Jojozi
• Cllr SD Bekwa
• Cllr KS Dlamini
• Cllr Z Ntshangase
Finance Committee
•Cllr ZD Nxumalo Chairperson
•.Cllr TN Jojozi
• Cllr SD Bekwa
• Cllr KS Dlamini
• Cllr B Keswa
Corporate Services Committee
•Cllr ZD Nxumalo Chairperson
•Cllr NT Jojozi
•Cllr B Sibeni
•. Cllr XM Memela
• Cllr PN Damoyi
• Cllr N Malime
SSDP Committee
•Cllr NT Jojozi Chairperson
•. Cllr ZR Tshazi
• Cllr NH Zaca
•. Cllr PK Memela



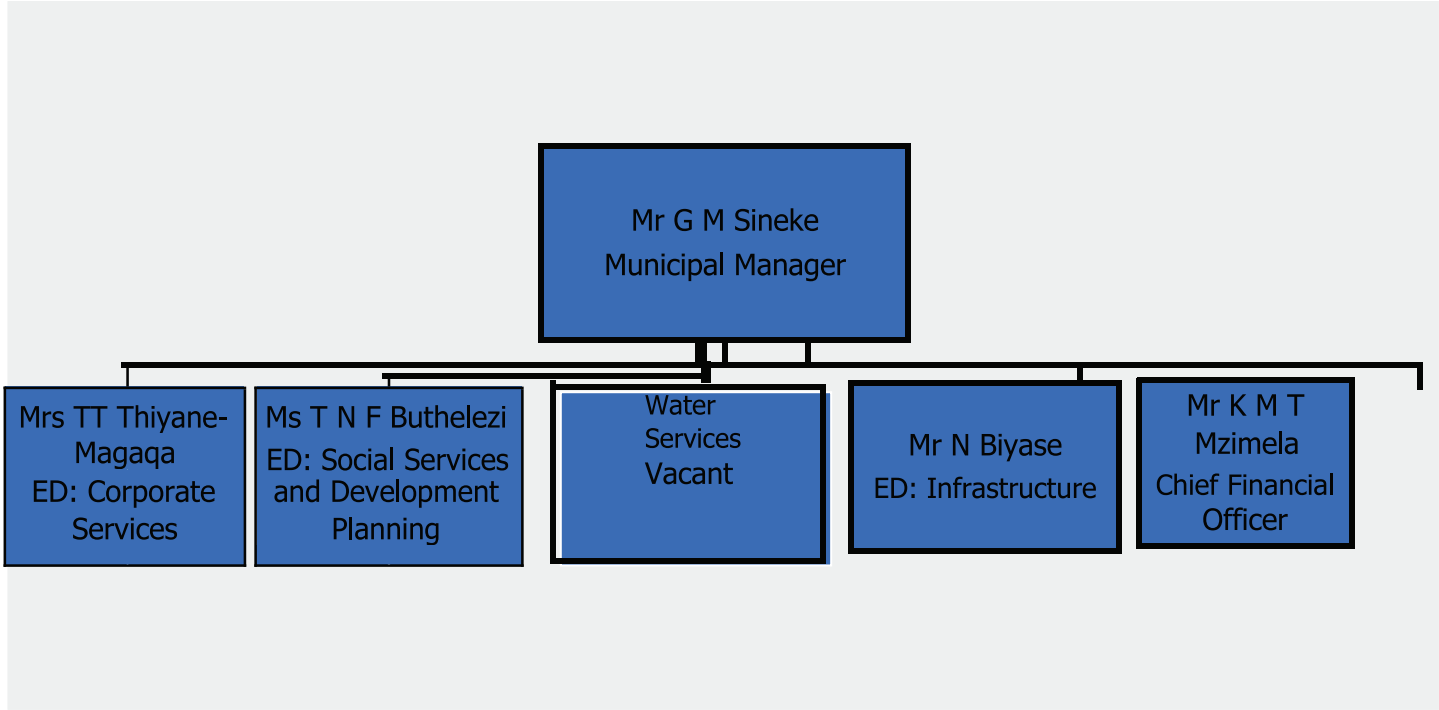
Employee profile in the Office of the Mayor

Employee profile	Status of the position
Manager Strategic Support	Vacant
Manager: Communications	Filled
Communications Officer	Filled
Public Relations Officer	Filled
Executive Secretary: Mayor	Filled
Driver: Mayoral Services	Filled
HIV/AIDS Co-ordinator	Filled
OSS Co-ordinator	Filled
Protocol Officer	Vacant
Security Officer	Vacant
Secretary: Speaker	Filled
Secretary: Deputy Mayor and EXCO member	Filled

Secretary x2: EXCO members	Filled
Public Participation Officer	Filled

HIGH LEVEL ADMINISTRATIVE GOVERNANCE STRUCTURE

Section 82 of the Local Government Municipal Structures Act, No. 117 of 1998 and Section 54A of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states a Municipal Manager must be appointed as the Head of Administration and also the Accounting Officer of the Municipality with relevant skills and expertise to perform the duties associated with the post. Section 56 of the Local Government Municipal Systems Act, No. 32 of 2000, as amended, states that a Municipal Council, after consultation with the Municipal Manager must appoint managers directly accountable to the Municipal Manager. All six positions of Senior Managers are filled with a 55% gender representation.



ADMINISTRATIVE POLICIES

Fleet Management Policy
Mayor's, Deputy Mayor's and Speaker's Vehicle policy
Records Management Policy
PAIA Manual

CONSOLIDATED RESOLUTION REGISTER OF THE HARRY GWALA DISTRICT COUNCIL FOR THE 2022/2023 FINANCIAL YEAR.

CONSOLIDATED RESOLUTION REGISTER OF THE HARRY GWALA DISTRICT COUNCIL FOR THE 2022/2023 FINANCIAL YEAR.

RESOLUTION NO. ITEM TITLE	ACTION / RESOLUTION	RESPONSIBLE BODY/OFFICIAL	PROGRESS
1. NOTICE CONVENING THE MEETING [redacted]	With Councilors SRL Nzimande and N Mhatu proposing and seconding respectively, it was; **RESOLVED:** a) That Councillor NW Dladla be appointed as the Acting Chairperson of the Special Council meeting.	Municipal Manager	Completed
HGC: 003 **REPORT ON THE SUPPLY CHAIN MANAGEMENT POLICY CHANGES** [redacted]	With councilors HV Msomi and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	Chief Financial Officer	Approved

<table>
<tr><td></td><td>b) That the Council approves the changes on the current SCM Policy as detailed on the report.</td><td></td><td></td></tr>
<tr><td>5. DEPUTATION: UMGENI WATER WITH DEPARTMENT OF WATER AND SANITATION
[redacted]</td><td>With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was;

RESOLVED:
a) The Council notes that negotiations on the uMWP-1 water user agreements are complete and that Section 33 of the MFMA process for the Umkhomazi Dam Project (uMKP-1) proceed.
b) That the Council approves that the Section 33 of the MFMA process proceeds for all residents within the district of Harry Gwala.</td><td>Executive Director: Water Services</td><td>Noted</td></tr>
<tr><td>HGC: 006
HARRY GWALA DEVELOPMENT AGENCY (Pty) LTD – REMUNERATION OF THE BOARD OF DIRECTORS FOR THE 2022–2025 TERM OF OFFICE
[redacted]</td><td>With councilors NW Dladla and TG Soni proposing and seconding respectively, it was;

RESOLVED:
a) That the report narrating the proposed upward amendment of the allowances applicable to the Board of Directors for the Harry Gwala Development Agency (Pty) Ltd is noted.
b) That the allowances for the Board of Directors for the Harry Gwala Development Agency (Pty) Ltd be adjusted as follows, effective from the date of Council resolution:
<table>
<tr><td colspan="3">HGDA Board of Directors</td></tr>
<tr><td></td><td>Meeting Allowance</td><td>Preparation time</td></tr>
</table>
</td><td>CEO OF HGDA</td><td>Approved and Effected accordingly.</td></tr>
</table>

		Chairperson	R5000.00	R1000.00		
		Member	R3500.00	R1000.00		
7. COMMUNICATION AND STATEMENTS BY THE CHAIRPERSON [redacted]	The Chairperson urged the sitting of the Local Labour Forum adding that it be convened in the month of November. The Chairperson noted that the Speakers Forum should be convened accordingly as well as was failing to sit according to the approved schedule.				Executive Director: Corporate Services	LLF scheduled for the 1st December 2022 and Speakers Forum scheduled for the
HGC: 007 **HIGH-LEVEL OVERVIEW – STATUS AND FUNCTIONALITY OF HARRY GWALA DEVELOPMENT AGENCY (HGDA)** [redacted]	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; RESOLVED: a) That the report narrating the achievement realized in ensuring that the Harry Gwala Development Agency (Pty) Ltd attained legislative compliance responsive to the Companies Act, 2008 (as amended) is noted.				CEO OF HGDA	Completed
HGC: 008 **STRATEGIC VISIONING OF THE HARRY GWALA DEVELOPMENT AGENCY– VISION, MISSION, STRATEGIC OBJECTIVES AND BRANDING** [redacted]	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That the report narrating the amendments to the strategic visioning, mission and strategic objectives, including branding and marketing, of the Harry Gwala Development Agency (Pty) Ltd is noted.				CEO OF HGDA	Completed
HGC: 009 **BOARD OF DIRECTORS, BOARD CHARTER (AMENDMENT)AND DESIGNATED COUNCILLOR AND OFFICIAL TO REPRESENT HARRY GWALA DISTRICT MUNICIPALITY AT BOARD MEETINGS** [redacted]	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; RESOLVED: a) That the report presenting the draft Harry Gwala Development Agency Board Charter is noted. b) That Harry Gwala Development Agency Board Charter is endorsed for the 2022 – 2025 Term of Office of the Board. c) That Councilor TN Jojozi (Deputy Mayor) is nominated to represent the interests of the Harry Gwala District Municipality at Board Meetings, in an ex-officio capacity.				CEO OF HGDA	Completed

HGC: 010 **QUARTERLY REPORT OF THE HARRY GWALA DEVELOPMENT AGENCY (PTY) LTD FOR THE QUARTER ENDING 31 DECEMBER 2022**	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That the report presenting the achieved deliverables for the Agency is noted.	CEO OF HGDA	Completed
HGC: 011 **STATUS OF IMPLEMENTATION – CATALYTIC PROJECTS**	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That the report in respect to the catalytic projects is noted.	CEO OF HGDA	Completed
HGC: 012 **REPORT OF THE AUDITOR GENERAL ON THE ANNUAL FINANCIAL STATEMENTS AND ANNUAL PERFORMANCE REPORT – FOR THE FINANCIAL YEAR ENDED 30 JUNE 2022 (INCL AUDIT ACTION PLAN)**	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; RESOLVED: a) That the report presenting the outcome of the Audit for the 2021/2022 Financial Year is noted. b) That the Audit Action Plan for the 2021/2022 Financial Year is noted and that management is required to present quarterly reports on the implementation of the Audit Action Plan.	CEO OF HGDA	Completed
HGC: 013 **BUDGET AND TREASURY – SECTION 71 AND 72 REPORT – COMPLIANCE WITH THE MUNICIPAL FINANCE MANAGEMENT ACT (MFMA)**	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That the report narrating the Section 71 and 71 reports as per legislative prescripts is noted. b) That the Section 71 and 72 reported are noted.	CEO OF HGDA	Completed
HGC: 014 **APPLICATION FOR WAIVER OF THE TOTAL REMUNERATION PACKAGES PAYABLE TO THE MUNICIPAL**	With councilors HV Msomi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That Council notes and considers the report.	COO	To be completed

MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER [redacted]	b) That the Municipal Manager compiles correspondence on behalf of the District Mayor to the KZN MEC for Local Government to recommend to the National Minister on the application for waiver for Harry Gwala District Municipality. c) That the correspondence to the MEC extends a request for the National Minister to approve the application for waiver by granting maximum remuneration packages for the Municipal Manager and Managers directly accountable to the Municipal Manager and for the Municipal Manager to be remunerated at a maximum salary package of R1,407,437 and Managers directly accountable to the Municipal Manager to be remunerated at a maximum package of R1,150,465. d) That the correspondence to the MEC extends a request to the National Minister to approve a remote /rural allowance of 4% in order to retain the current skills and to ensure that the remuneration packages are competitive. e) That Council approves the application for waiver of the total remuneration packages of the Municipal manager and senior managers directly accountable to the municipal manager.		
HGC: 015 **HARRY GWALA DISTRICT MUNICIPALITY (HGDM) ANNUAL REPORT FOR THE 2021/2022 FINANCIAL YEAR** [redacted]	With councilors SRL Nzimande and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the progress made in the preparation of the 2021/2022 Annual Report.	ED: SSDP	Completed
HGC: 016 **2022-2023 MID TERM PERFORMANCE ASSESSMENT REPORT** [redacted]	With councilors SRL Nzimande and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves the 2022/2023 Mid-Term Performance Assessment report.	ED: SSDP	Completed
HGC: 017 **REPORT ON BACK-TO SCHOOL CAMPAIGN AND TERTIARY REGISTRATION SUPPORT 2023** [redacted]	With councilors SRL Nzimande and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the content of the report.	ED: SSDP	Completed

	b) That the Council notes and supports the implementation of the back to School Campaign. c) That the Council condones the advertisement of Tertiary Registration Fees prior to tabling of the report to Council. d) That the Council approves the establishment of selection committee that will process applications that will be received for Tertiary Registration Fees		
HGC:018 **REPORT ON S72 MID YEAR BUDGET & PERFORMANCE ASSESSMENT INCORPORATING S52 (d) & S71 OF THE MFMA FOR THE PERIOD ENDING 31 DECEMBER 2022** [redacted]	With councilors PN Damoyi and B Sibeni proposing and CFO seconding respectively, it was; RESOLVED: a) That the Council notes the monthly budget statement and any other supporting documentation b) That the Council notes the quarterly report on the implementation of the budget in terms of s52(d) MFMA c) That the Council notes the Midyear budget & Performance assessment in terms of s72 of the MFMA. d) That the Council notes the Midyear budget & performance assessment report for the Harry Gwala Development Agency. e) That the Council notes the Preparation of the adjustments budget for Tabling to Council before the 28th February 2023 in terms of Municipal Budget Regulations. f) That the Council notes the Revised projections for Revenue & Expenditure in the SDBIP to reflect the adjustments to the Annual Budget.		Completed
HGC: 019 **REPORT ON S66 OF THE MFMA FOR THE PERIOD ENDED 31 DECEMBER 2022** [redacted]	With councilors PN Damoyi and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Completed.
HGC: 020 **QUARTERLY REPORT ON SUPPLY CHAIN MANAGEMENT** [redacted]	With councilors PN Damoyi and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the Quarter 2 report.	CFO	Completed.
HGC: 021	With councilors PN Damoyi and B Sibeni proposing and seconding respectively, it was;	CFO	Completed.

REPORT ON ASSET MANAGEMENT FOR THE MONTH ENDING 31 DECEMBER 2022 [redacted]	**RESOLVED:** a) That the Council notes the report. b) That the Council approves of the inventory management policy.		
HGC: 022 **REPORT ON FRUITLESS AND WASTEFUL EXPENDITURE INCURRED FOR THE 2020/2021 AND 2021/2022 FINANCIAL YEARS** [redacted]	With councilors TSH Gamede and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Fruitless and Wasteful Expenditure for the financial year 2020/2021 to an amount of R108 500 (One Hundred and Eight Thousand Five Hundred Rands) paid to Cha Luke Trading (Pty) Ltd be dealt with in terms section 32 (2)(b) of the Municipal Finance Management Act 32 of 2000. b) That the Fruitless and Wasteful Expenditure for the financial year 2021/2022 to an amount of R18 934,05 (Eighteen Thousand Nine Hundred and Thirty Four Rands and Five Cents) paid to Telkom for interest be dealt with in terms section 32 (2)(b) of the Municipal Finance Management Act 32 of 2000. c) That the Council recommends that the Municipal Public Accounts Committee investigate the Fruitless and Wasteful Expenditure for the financial year 2020/2021 and 2021/2022 for R108 500 and 18 934,05 respectively.	CFO	Referred to the Municipal Public Accounts Committee for further investigation
HGC: 023 **REPORT ON IRREGULAR EXPENDITURE FOR 2021/2022 FINANCIAL YEAR** [redacted]	With councilors TSH Gamede and NH Zaca proposing and seconding respectively, it was; RESOLVED: a) That the irregular expenditure for the financial year 2021/2022 to an amount of R 326 739 625.14 be dealt with in terms section 32 (2)(b) of the Municipal Finance Management Act 32 of 2000. b) That the irregular expenditure for the financial year 2020/2021 identified during the 2021/2022 audit to an amount of R 223 740 408.44 be dealt with in terms section 32 (2)(b) of the Municipal Finance Management Act 32 of 2000. c) That the Council recommends to the Municipal Public Accounts Committee to investigate the Irregular Expenditure for the financial years 2021/2022 and 2020/2021 for R326 739 625,14 and R223 740 408,44 respectively.	CFO	Referred to the Municipal Public Accounts Committee

HGC: 024 **REPORT ON THE AUDITOR GENERAL ACTION PLAN FOR THE 2021/2022 FINANCIAL YEAR** [redacted]	With councilors TSH Gamede and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the proposed audit actions contained in the audit action plan to resolve the audit queries reported during the 2021/2022 audit.	CFO	Ongoing
HGC: 025 **REPORT ON THE PROPOSED PURCHASE OF LAND (SERVITUDE) FOR THE RAISING OF KEMPSDALE DAM WALL PROJECT THROUGH THE EQUITABLE SHARE ALLOCATED TO THE HARRY GWALA DEVELOPMENT AGENCY** [redacted]	With Councillors HA Lukhozi and N Mda proposing and seconding respectively, it was; **RESOLVED:** a) That the Municipal Council approves the purchase of land required to allow the raising of the Kempsdale Dam wall. b) That the council adjusts down the budget for the Entity (Harry Gwala Development Agency) by R1 709 750, 00 (excl. VAT) and create the vote under Capex in the Equitable Share in order to allow for the Land Purchase for Kempsdale Dam project. c) That the Allocation to the Harry Gwala Development Agency for the 2023/ 24 Financial Year will have to be increased by R1 709 750,00 (excl. VAT).	ED: Water Services	Completed
HGC: 026 **REPORT ON THE PROGRESS OF STEPHEN DLAMINI DAM PROJECT** [redacted]	With councilors HA Lukhozi and N Mda proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the progress made to date towards unlocking RBIG funding. b) That Council supports all efforts towards unlocking of the RBIG funding for the municipality from this financial year going forward. c) That the Council approves that Stephen Dlamini Dam Primary Bulk Infrastructure to be implemented under the Regional Bulk Infrastructure Grant (RBIG).	ED: SSDP	Completed
HGC: 029 **ALLOCATION OF A TRADITIONAL LEADER AND COUNCILLORS TO COMMITTEES OF COUNCIL**	With councilors NW Dladla and B Sibeni proposing and seconding respectively, it was; **RESOLVED:**	Executive Director: Corporate Services	Noted

AND THE LOCAL LABOUR FORUM [redacted]	a) That Council allocates newly inaugurated Inkosi PDH Chiliza to the Corporate Services Committee. b) That Council allocates newly inaugurated Councilor SG Mkhize to the Water Services Committee. c) That Councilor SRL Nzimande be allocated to the Local Labour Forum.		
HGC: 030 **REPORT ON 2022/2023 ADJUSTMENTS BUDGET** [redacted]	With councilors ZP Dlamini and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves the adjustments budget and consolidated adjustments budget for the financial year 2022/2023, as set-out in the schedules contained in Section 4, be approved, b) That the Council approves of the 2022/2023 Adjustments Budget in terms of Section 28 (2) of the Act, c) That the Council notes the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget, d) That the Council notes the Provincial Treasury comments and their effect on the Adjustments budget.	Chief Financial Officer	Approved
HGC: 031 **2022/2023 REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN** [redacted]	With councilors HA Lukhozi and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Council approves the Harry Gwala District Municipality's Revised 2022/2023 Service Delivery and Budget Implementation Plan (SDBIP).	Executive Director: SSDP	Approved
HGC: 032 **POSSIBLE MATERIAL IRREGULARITIES RELATING TO A PAYMENT MADE ON THE GREATER BULWER-DONNYBROOK WATER SUPPLY PROJECT, CONTRACT NO. HGDM522/HGDM/2016** [redacted]	With councilors N Mhatu and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the report was discussed and resolved in-committee.	Municipal Manager	Noted

HGC: 038 **SECTION 71 REPORT TO HGDM COUNCIL MEETING FOR JANUARY 2023** [redacted]	With councilors HV Msomi and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the Section 71 report as per MFMA report for January 2023.	CFO of HGDA	Noted
HGC: 039 **SECTION 71 REPORT TO HGDM COUNCIL MEETING FOR FEBRUARY 2023** [redacted]	With councilors HV Msomi and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the Section 71 report as per MFMA- report for February 2023.	CEO of HGDA	Noted
HGC: 040 **REPORT TO COUNCIL ON FRUITLESS AND WASTEFUL EXPENDITURE INCURRED BY THE FORMER CFO** [redacted]	With councilors HV Msomi and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED**: a) That the Council notes the report. b) That the Council recommends the institution of an investigation to ascertain further information for the expenditure reported.	CEO of HGDA	Noted
HGC: 041 **REPORT TO COUNCIL ON 2023/2024 DRAFT BUDGET RELATED POLICIES** [redacted]	With councilors HV Msomi and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** That the Council notes 2023/2024 draft budget related polices.	CEO of HGDA	Noted
HGC: 042 **SECOND QUARTER RISK MANAGEMENT REPORT ON THE IMPLEMENTATION OF RISK MANAGEMENT WORKPLAN FOR 2022/2023 FINANCIAL YEAR** [redacted]	With councilors NW Dladla and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Senior Manager: Risk	Noted

HGC: 043 **REPORT ON THE 2023/2024 DRAFT BUDGET** [redacted]	With councilors SG Mkhize and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes: 1.1. The draft budget of the municipality for the financial year 2023/24 and the multi-year capital appropriations as set out in the following tables: 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18; 1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19; 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and 1.1.4. Multi-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5. 1.1.5. Consolidated budget schedules A1 to A10. 1.1.6. Noting the budget of the Harry Gwala Development Agency (Municipal Entity) as presented in Supporting in Table 31. 1.2. The financial position, cash flow budget, cash backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables: 1.2.1. Budgeted Financial Position as contained in Table A6; 1.2.2. Budgeted Cash Flows as contained in Table A7; 1.2.3. Cash backed reserves and accumulated surplus reconciliation as contained in Table A8; 1.2.4. Asset management as contained in Table A9; and 1.2.5. Basic service delivery measurement as contained in Table A10. b) That the Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2023:	CFO	Noted

	1.1. The tariffs for the supply of water – Refer to the tariffs policy in Annexure B 1.2. The tariffs for sanitation services – refer to the tariffs policy in Annexure B c) That the Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2023 the tariffs for other services, as set out in tariffs policy. d) That the Council, acting in terms of section 24 of the Municipal Finance Management Act, notes with effect from July 2023 the draft budget related policies as discussed above. To give proper effect to the municipality's annual budget, the Council notes: 5.1. That cash backing is implemented through the utilisation of a portion of the revenue generated from water and sanitation to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations. 5.2. That the Municipal Manager be authorized to sign all necessary agreements and documents to give effect to the budget.		
HGC: 044 **REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 28 FEBRUARY 2023** [redacted]	With councilors SG Mkhize and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	CFO	Noted
HGC: 045 **REPORT ON COST CONTAINMENT FOR THE PERIOD ENDING 31 DECEMBER 2022** [redacted]	With councilors SG Mkhize and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	CFO	Noted
HGC: 046 **REPORT ON FINANCIAL**	With councilors SG Mkhize and NH Zaca proposing and seconding respectively, it was;	CFO	Noted

PROBLEMS EARLY WARNING SIGNALS [redacted]	**RESOLVED:** That the Council notes the report.		
HGC: 047 **REPORT ON SUPPLY CHAIN MANAGEMENT** [redacted]	With councilors SG Mkhize and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) The Council notes the report. b) The Council notes the extension of time.	CFO	Extension of time granted for projects.
HGC: 048 **REPORT ON S66 OF THE MFMA FOR THE PERIOD ENDED 28 FEBRUARY 2023** [redacted]	With councilors SG Mkhize and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** The Council notes the report.	CFO	Noted
HGC: 049 **REPORT ON DESIGNATION OF THE DISASTER MANAGEMENT FUNCTION AS AN ESSENTIAL SERVICE BY THE CCMA** [redacted]	With councilors NW Dladla and SRL Nzimande proposing and seconding respectively, it was **RESOLVED:** a) That the Council approves that the municipality apply for the variation of the Minimum Services Determination so that it includes disaster management as an essential service. b) That the Council authorizes the Municipal Manager to apply for the variation of the Minimum Services Determination so that it includes disaster management as an essential service.	Executive Director: Corporate Services	Approved
HGC: 050 **REPORT APPROVAL OF VARIATION ORDER FOR THE PROVISON OF SECURITY CONTRACT NO: HGDM691/HGDM/2020** [redacted]	With councilors NW Dladla and SRL Nzimande proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the variation order for security services contract no: HGDM691/HGDM/2020 for an amount of R3 518 131.60. b) That verification be done on the percentage increase of all security to ensure alignment. c)	Executive Director: Corporate Services	Approved
HGC: 051	With councilors SG Mkhize and NH Malimela proposing and seconding respectively, it was;	Executive Director: Social	Noted

2023-2024 DRAFT INTEGRATED DEVELOPMENT PLAN (IDP) [redacted]	**RESOLVED:** That the Council notes 2023-2024 Draft Integrated Development Plan as a strategic plan and a principal strategic instrument which will guide and inform all planning and development in the municipality.	Services and Development Planning	
HGC: 052 **REPORT ON CUSTOMER COMPLAINTS MANAGEMENT SYSTEM** [redacted]	With councilors HA Lukhozi and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Municipal Council notes the report.	Executive Director: water Services	Noted
HGC: 053 **REPORT ON FUNCTIONALITY OF WATER AND SANITATION SCHEMES** [redacted]	With councilors HA Lukhozi and NH Zaca proposing and seconding respectively, it was; RESOLVED: That the Municipal Council notes the report.	Executive Director: water Services	Noted
HGC: 054 **REPORT ON PROGRESS FOR PROJECTS UNDER PLANNING** [redacted]	With councilors HA Lukhozi and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Municipal Council note the progress made on the planning development of projects.	Executive Director: water Services	Noted
HGC: 055 **REPORT ON SERVICE INTERRUPTIONS** [redacted]	With councilors HA Lukhozi and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Municipal Council notes the report.	Executive Director: water Services	Noted
HGC: 056 **REPORT ON WATER QUALITY COMPLIANCE FOR PORTABLE WATER AND EFFLUENT DISCHARGES** [redacted]	With councilors HA Lukhozi and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Municipal Council notes the water and wastewater quality report.	Executive Director: water Services	Noted

HGC: 057 **REPORT ON WSIG SCHEDULE 5B GRANT FUNDED PROJECTS** [redacted]	With councilors HA Lukhozi and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report on WSIG expenditure.	Executive Director: water Services	Noted
HGC: 058 **PROGRESS REPORT FOR: MUNICIPAL INFRASTRUTURE GRANT (MIG) 2022/23 FINANCIAL YEAR** [redacted]	With councilors SRL Nzimande and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Infrastructure Services	Noted
HGC: 059 **PROGRESS REPORT ON EXPANDED PUBLIC WORKS PROGRAMME** [redacted]	With councilors SRL Nzimande and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves the shortfall amount of R4 871 677.00 during budget adjustment in order to accommodate salaries for EPWP participants. b) That the Council notes the report.	Executive Director: Infrastructure Services	Additional funding approved.
HGC: 060 **PROGRESS REPORT ON RURAL ROADS ASSETS MANAGEMENT SYSTEM (RRAMS)** [redacted]	With councilors SRL Nzimande and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Infrastructure Services	Noted
HGC: 061 **HARRY GWALADISTRICT MUNICIPALITY (HGDM) OVERSIGHT REPORT ON THE 2021/2022 ANNUAL REPORT** [redacted]	With councilors HV Msomi and BR Memela proposing and seconding respectively, it was; RESOLVED: a) That the Council having fully considered the Annual Report of the Harry Gwala District Municipality for the 2021/22 Financial Year, adopts the Oversight Report for the 2021/2022 Financial Year. b) That the Council approves the Annual Report of the Harry Gwala District Municipality for the 2021/2022 Financial Year without any reservations.	Chairperson of MPAC	Noted

	c) That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003. d) That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.		
HGC: 062 **WOMEN'S CAUCUS REPORT ON THE ELECTION OF THE DISTRICT COMMISSIONER** [redacted]	With councilors TG Soni and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the report be noted. The election of the Deputy Mayor, Councillor TN Jojozi as the District Women's Commissioner be noted.	Chairperson of woman's caucus	Noted
HGC: 063 **MUNICIPAL INFRASTRUCTURE GRANT: 3 YEAR IMPLEMENTATION PLAN, PROCUREMENT PLAN AND DRAW DOWN SCHEDULE** [redacted]	With Councilors NH Zaca and BR Memela proposing and seconding respectively, it was; **RESOLVED:** That the Council approves the submission of the 3 Year Implementation Plan, Drawdown Schedule and Procurement plan for the 3-year period starting 2023/24 to 2025/26 financial years.	Executive Director: Infrastructure Services	Approved
HGC: 065 **RESIGNATION OF THE EXECUTIVE DIRECTOR OF WATER SERVICES AT HARRY GWALADISTRICT MUNICIPALITY** [redacted]	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That Council approves the resignation of the Executive Director: Water Services, Mr. DS Gqiba.	Municipal Manager	Approved
HGC: 066 **ACTING APPOINTMENT IN THE POSITION OF THE EXECUTIVE DIRECTOR WATER SERVICES AT THE HARRY GWALA DISTRICT MUNICIPALITY** [redacted]	With Councilors TSH Gamede and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** That the Council approves the acting appointment of the Executive Director: Infrastructure Services, Mr N.E. Biyase in the position of the Executive Director: Water Services until the position is filled.	Municipal Manager / Executive Director: Corporate Services	Approved

HGC: 067 **REPORT ON RECRUITMENT AND SELECTION FOR THE EXECUTIVE DIRECTOR: WATER SERVICES** [redacted]	With Councilors HV Msomi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council authorizes the Accounting Officer to commence on advertisement of the Executive Director: Water Services position as prescribed in terms of the laws and regulations governing Local Government. b) That the position of Executive Director: Water Services be advertised in a newspaper circulating nationally and in the Province of KwaZulu-Natal. c) That the Accounting Officer obtain a Senior Manager in a similar fled of expertise as well as the Portfolio Committee Chairperson for Water Services to be included in the recruitment and selection panel.	Municipal Manager / Executive Director: Corporate Services	Noted
HGC: 070 **2023-2024 INTEGRATED DEVELOPMENT PLAN (IDP) FOR HARRY GWALA DISTRICT MUNICIPALITY** [redacted]	With Councilors NH Malimela and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That Council notes the 2023-2024 IDP; and b) That Council adopts the 2023-2024 IDP as the only planning document of Harry Gwala District Municipality.	ED: SSDP	Completed
HGC: 071 **REPORT ON THE 2023/2024 MEDIUM TERM FINAL BUDGET** [redacted]	With Councilors NH Malimela and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) approves and adopts: 1.1. The final draft budget of the municipality for the financial year 2023/2024 and the multi-year capital appropriations as set out in the following tables: 1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;	CFO	Completed

	1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19; 1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and 1.1.4. Multi-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5. 1.1.5. Noting the budget of the Harry Gwala Development Agency (Municipal entity) as presented in supporting table 31. 1.2. The financial position, cash flow budget, cash-backed reserve/accumulated surplus, asset management and basic service delivery targets are approved as set out in the following tables: 1.2.1. Budgeted Financial Position as contained in Table A6; 1.2.2. Budgeted Cash Flows as contained in Table A7; 1.2.3. Cash backed reserves and accumulated surplus as contained in Table A8; 1.2.4. Asset management as contained in Table A9; and 1.2.5. Basic service delivery measurement as contained in Table A10. b) That the Council, acting in terms of section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts with effect from 1 July 2023: 2.1. The tariffs for the supply of water- Refer to the tariffs policy in Annexure B 2.2. The tariffs for sanitation services – refer to the tariffs policy in Annexure B c) The Council, acting in terms of 75A of the Local Government: Municipal Systems Act (Act 32 of 2000) approves and adopts		

	with effect from 1 July 2023 the tariffs for other services, as set out in tariffs policy. d) The council, acting in terms of section 24 of the Municipal Finance Management Act, approves and adopts with effect from 1 July 2023 the final draft budget related policies as listed above. e) To give proper effect to the municipality's annual budget, the Council approves: 5.1. That cash backing is implemented through the utilization of a portion of the revenue generated from water and sanitation to ensure that all capital reserves and provisions, and unspent conditional grants are cash backed as required in terms of the municipality's funding and reserves policy as prescribed by section 8 of the Municipal Budget and Reporting Regulations. 5.2. That the Municipal Manager be authorized to sign all necessary agreements and documents to give effect to the budget. f) Noting the draft budget Provincial Treasury comments		
HGC: 072 **REPORT ON 2023/24 DRAFT BUDGET COMMENTS** [redacted]	With Councilors NH Malimela and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the Provincial Treasury comments.	CFO	Completed
HGC: 073 **2023/2024 HARRY GWALA DISTRICT MUNICIPALITY (HGDM) DRAFT SERVICE DELIVERY BUDGET AND IMPLEMENTATION PLAN (SDBIP) AND DRAFT PERFORMANCE AGREEMENTS FOR 2023/2024** [redacted]	With Councilors NH Malimela and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the Draft 2023/2024 Harry Gwala District Municipality Service Delivery Budget and Implementation Plan (SDBIP); and notes the Draft Performance Agreements for 2023/2024 financial year.	ED: SSDP	Completed
HGC: 074	With Councilors NH Malimela and B Sibeni proposing and seconding respectively, it was;	ED: SSDP	Completed

PERFORMANCE MANAGEMENT SYSTEM FRAMEWORK/POLICY 2023/2024 FINANCIAL YEAR [redacted]	RESOLVED: a) That Council notes and approves the 2023-2024 Performance Management System Framework / Policy as a guide to monitor and measure performance of the municipality.		
HGC: 075 **REVIEW OF THE HARRY GWALA DISTRICT 2022/2027 SPATIAL DEVELOPMENT FRAMEWORK REVIEW** [redacted]	With Councilors NH Malimela and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That Council notes and approves the review of the Harry Gwala District 2022/2027 Spatial Development Framework.	ED: SSDP	Completed
HGC: 076 **REPORT TO COUNCIL ON 2023/2024 ANNUAL BUDGET RELATED POLICIES** [redacted]	With Councilors SRL Nzimande and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the 2023/2024 Final Budget Related Policies.	CEO of HGDA	Completed
HGC: 077 **SECTION 71 REPORT TO COUNCIL FOR MARCH 2023** [redacted]	With Councilors SRL Nzimande and PN Damoyi proposing and seconding respectively, it was; RESOLVED: a) That the Council notes the Section 71 report as per MFMA report for March 2023.	CEO of HGDA	Completed
HGC: 078 **SECTION 71 REPORT TO COUNCIL FOR APRIL 2023** [redacted]	With Councilors SRL Nzimande and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the Section 71 report as per MFMA report for April 2023.	CEO of HGDA	Completed
HGC: 079 **REPORT TO COUNCIL ON SCM FOR THE MONTH OF MARCH 2023** [redacted]	With Councilors SRL Nzimande and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CEO of HGDA	Completed

HGC: 080 **REPORT TO COUNCIL ON SCM FOR THE MONTH OF APRIL 2023** [redacted]	With Councilors SRL Nzimande and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CEO of HGDA	Completed
HGC: 081 PROGRESS REPORT ON THE APPLICATION FOR WAIVER OF THE TOTAL REMUNERATION PACKAGES PAYABLE TO THE MUNICIPAL MANAGER AND MANAGERS DIRECTLY ACCOUNTABLE TO THE MUNICIPAL MANAGER AND ADDITIONAL COGTA CHECKLIST REQUEST FOR INFORMATION [redacted]	With Councilors HA Lukhozi and N Mda proposing and seconding respectively, it was; **RESOLVED:** a) That Council notes and considers the report. b) That Council considers the progress report on the application for waiver of the total remuneration packages of the Municipal Manager and Senior Managers directly accountable to the Municipal Manager. c) That as per the confirmation by the Chief Financial Officer on financial consideration, the Harry Gwala District Municipality has made provision in the budgets for the 2022/2023 and 2023/2024 financial years, to cater for the salaries and allowances payable to the Section 54 and Section 56 Managers, d) That all requested information pertaining to the COGTA Checklist on the application for waiver is submitted with the signed Checklist by the Municipal Manager.	COO	Completed
HGC: 082 **REPORT ON EMPLOYMENT EQUITY PLAN** [redacted]	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council considers the Analysis and the drafted Employment Equity Plan for the 2022-2027.	ED: Corporate Services	Completed
HGC: 083 **REPORT ON THE REVIEWED AND AMENDED MUNICIPAL POLICIES FOR THE 2023/2024 FINANCIAL YEAR** [redacted]	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** That the reviews and amendments of the following municipal policies for the 2023/2024 financial year are **approved**: **OFFICE OF THE MUNICIPAL MANAGER**	ED: Corporate Services	Completed

	Risk Management Policy Performance and Audit Committee Charter for 2023/2024 Loss Control Policy Delegations of Authority Whistleblowing Policy Communication Policy Public Participation Policy Standing Rules and Orders of Council and its Committees **BUDGET AND TREASURY OFFICE** Inventory Management Policy Indigent Policy Appointment of Consultants Policy Asset Management Policy Budget Policy Virement Policy Credit Control and Debt Collection Policy Banking and Investment Policy Contract Management Policy Cost Containment Policy EFT Policy Expenditure Management Policy Funding and Reserves Policy Policy on Long-Term Financial Planning SCM Policy Tariff Policy Payroll Management Policy Policy for Infrastructure Procurement and Delivery Management **CORPORATE SERVICES** **HUMAN RESOURCES POLICIES** Experiential Learning Policy Internal Bursary Policy Performance Management Policy Recruitment, Selection and Appointment Policy Working Hours and Punctuality Policy		

	Overtime Work, Emergency Work, Standby Work Shift Work and Night Work Policy Advances and Reimbursable Expenses Policy Promotion, Transfer, Secondment, and Acting Appointment Policy Skills Development Policy Job Evaluation Policy Travel Allowance Policy Harassment Policy Incapacity Due to Poor Work Performance Policy Incapacity Due to Ill Health / Injury Policy Incapacity Due to Operational Requirements Policy Cellular Phone Allowance Policy Annual Leave Policy COVID-19 Policy Death in Service Policy Dress Code Policy Employee Wellness Policy Employment Equity policy Family Responsibility Leave Policy HIV/AIDS Policy Injury on Duty Policy Learnership Policy Occupational Health and Safety Policy Parental Leave Policy Private Work and Declaration of Interest/s Policy Scarce and Critical Skills Retention Policy Sick Leave Policy Smoking Policy Study Leave Policy Termination of Service Policy **ADMINISTRATION POLICIES** Fleet Management Policy Mayor's, Deputy Mayor's and Speaker's Vehicle policy Records Management Policy ICT Logical Access Management Policy Information Systems and Security Policy (ISS) ICT Change Management Policy		

	Firewall Policy ICT Service Level Agreement Policy **SOCIAL SERVICES AND DEVELOPMENT PLANNING** Performance Management Framework Policy Geographical Information System Policy and Manual Pauper Burial Policy Municipal Health Services Policy Disaster Management Financial Support Policy HGDM Sport and Recreation Policy **INFRASTRUCTURE SERVICES** Expanded Public Works Programme Policy **WATER SERVICES** Water Services By-laws Customer Care Policy Infrastructure Investment Policy Maintenance Management Policy Water Intermediaries Policy		
HGC: 084 **REPORT ON THE PROPOSED AMENDMENTS IN THE 2023/2024 STAFF ESTABLISHMENT** [redacted]	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the amendments in the Staff Establishment for 2023/2024.	ED: Corporate Services	Completed
HGC: 085 **REPORT ON 2022/23 SECOND ADJUSTMENTS BUDGET** [redacted]	With Councilors TSH Gamede and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the 2nd adjustments budget and consolidated adjustments budget for the financial year 2022/2023, as set-out in the schedules contained in Section 4 b) That the Council notes any adjustments permitted in terms of Section 28 (2) of the Act,	CFO	Completed

	c) That the Council notes the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget.		
HGC: 086 **REPORT ON S71 AND S52 (d) OF THE MFMA FOR THE PERIOD ENDING 31 MARCH 2023** [redacted]	With Councilors TSH Gamede and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Completed
HGC: 087 **REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 30 APRIL 2023** [redacted]	With Councilors TSH Gamede and B Sibeni proposing and seconding respectively, it was; RESOLVED: a) That the Council notes the report.	CFO	Completed
HGC: 088 **REPORT ON COST CONTAINMENT FOR THE PERIOD ENDING 31 MARCH 2023** [redacted]	With Councilors TSH Gamede and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Completed
HGC: 089 **REPORT ON SUPPLY CHAIN MANAGEMENT** [redacted]	With Councilors TSH Gamede and B Sibeni proposing and seconding respectively, it was; RESOLVED: a) That the Council notes the report. b) That the Council notes the deviation for shortening bidding days for technical race director for marathon. c) That the irregular expenditure incurred to date for the financial year 2022/2023 to an amount of R 232 751 237,89 be dealt with in terms section 32 (2)(b) of the Municipal Finance Management Act 32 of 2000. d)	CFO	Completed
HGC: 090	With Councilors TSH Gamede and B Sibeni proposing and seconding respectively, it was;	CFO	Completed

QUARTERLY REPORT ON SUPPLY CHAIN MANAGEMENT [redacted]	**RESOLVED:** a) That the Council notes the Q3 report. b) That the Council notes the Q3 deviation. c) That the Council notes the Q3 extension of time in the 2 contracts.		
HGC: 091 **REPORT ON S66 OF THE MFMA FOR THE PERIOD ENDED 30 APRIL 2023** [redacted]	With Councilors TSH Gamede and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Completed
HGC: 092 **2022-2023 THIRD QUARTER PERFORMANCE ASSESSMENT REPORT** [redacted]	With Councilors PN Damoyi and ZM Ngidi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the 2023/2024 Harry Gwala District Municipality third quarter performance assessment report.	ED: SSDP	Completed
HGC: 093 **DRAFT BASIC ASSESSMENT REPORT IN TERMS OF THE EIA REGULATIONS 2010: PROPOSED UPGRADE OF THREE CULVERTS AND CONSTRUCTION OF ONE NEW CULVERT ACROSS TWO WATERCOURSES, WITHIN 5KM OF THE IMPENDLE NATURE RESERVE, ASSOCIATED WITH THE UPGRADE OF THE L1633 ROAD WITHIN HARRY GWALA DISTRICT MUNICIPALITY: SITUATE IN THE DR NKOSIZANA DLAMINI ZUMA LOCAL MUNICIPALITY:**	With Councilors PN Damoyi and ZM Ngidi proposing and seconding respectively, it was; **RESOLVED:** a) That Council supports the proposed construction of the of three culverts and construction of one new culvert across two watercourses, within 5km of the Impendle Nature Reserve, associated with the upgrade of the L1633 within Dr. Nkosazana Dlamini- Zuma Local Municipality subject to: 1. The road and causeways being constructed in accordance with the acceptable road's standards 2. Proper application the mitigation measures contained in the EMPr as well as other specialists' studies contained in the application and;	ED: SSDP	Completed

PROVINCE OF KWAZULU-NATAL [redacted]			
HGC: 094 **DRAFT BASIC ASSESSMENT REPORT IN TERMS OF THE EIA REGULATIONS 2010: PROPOSED JACKSON STREET CULVERT LOCATED IN BULWER IN THE DR NKOSAZANA DLAMINI ZUMA LOCAL MUNICIPALITY WITHIN HARRY GWALA DISTRICT MUNICIPALITY: PROVINCE OF KWAZULU-NATAL** [redacted]	With Councilors PN Damoyi and ZM Ngidi proposing and seconding respectively, it was; RESOLVED: a) That Council supports the proposed construction of Jackson Street Culvert over an unnamed tributary of Mkobeni River within Dr. Nkosazana Dlamini-Zuma Local Municipality under the Harry Gwala District Municipality subject to: 1. The road and causeways being constructed in accordance with the acceptable road's standards 2. Proper application the mitigation measures contained in the EMPr as well as other specialists' studies contained in the application and; Approvals from the Economic Development, Tourism and Environmental Affairs as the leading department of such activities.	ED: SSDP	Completed
HGC: 095 **DRAFT BASIC ASSESSMENT REPORT: MAHLUBI RIETVLEI QUARRY WITHIN THE UMZIMKHULU LOCAL MUNICIPALITY, HARRY GWALA DISTRICT MUNICIPALITY, PROVINCE OF KWAZULU-NATAL** [redacted]	With Councilors PN Damoyi and ZM Ngidi proposing and seconding respectively, it was, **RESOLVED:** a) That Council supports the proposed Mahlubi Rietvlei Quarry within UMzimkhulu Local Municipalities that is under the Harry Gwala District Municipality subject to: 1. The applicant obtaining environmental authorization from the environmental component of the Department of Economic Development, Tourism and Environmental Affairs; Adherence to the recommended mitigation measures of the EMPr and other specialists' studies to minimize environmental impacts of the proposed development.	ED: SSDP	Completed
HGC: 096 **DRAFT SECTION 24G REPORT: UNLAWFUL**	With Councilors PN Damoyi and ZM Ngidi proposing and seconding respectively, it was; **RESOLVED:**	ED: SSDP	Completed

ESTABLISHMENT OF TWO DAMS LOCATED ON LOT FP 261 NO. 7528 (BOUGHTON COLEMERS FARM) AND LOT FP 251 NO. 9200 (ELTON FARM), WITHIN DR NKOSAZANA DLAMINI-ZUMA LOCAL MUNICIPALITY AND HARRY GWALA DISTRICT MUNICIPALITY: PROVINCE OF KWAZULU-NATAL [redacted]	a) That Council supports the already established two dams located on Lot FP 261 no. 7528 (Boughton Colemers Farm) and Lot FP 251 no. 9200 (Elton Farm), within Dr Nkosazana Dlamini-Zuma Local Municipality and Harry Gwala District Municipality subject to; 1. The applicant adheres to the provisions of National Water Act, Act No. 36 of 1998 with regards to the abstraction of water. Adherence to the commitments indicated in the EMPr, once developed.		
HGC: 099 **HARRY GWALA DEVELOPMENT AGENCY – RESIGNATION OF THE CHAIRPERSON – MS S NQOKO AND MR KHANYILE (BOARD MEMBER)** [redacted]	With Councilors SRL Nzimande and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the report detailing the resignations of Messrs Nqoko and Khanyile as members of the Board of Directors for Harry Gwala Development Agency is noted. b) That Council endorses the process to enable the replacement of the resigned Board Members.	CEO of HGDA	Completed
HGC: 100 **HARRY GWALA DEVELOPMENT AGENCY – PRELIMINARY REPORT ALLEGATIONS OF UNETHICAL MISCONDUCT – MS S NQOKO** [redacted]	With Councilors SRL Nzimande and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the report detailing the outcome of the preliminary investigation is noted and that as Mr Khanyile and Ms Nqoko have resigned that no further action is taken.	CEO of HGDA	Completed
HGC: 101 **REPORT ON 2022/2023 ADJUSTMENTS BUDGET TO COUNCIL FOR ADOPTION** [redacted]	With Councilors TG Soni and NH Malimela proposing and seconding respectively, it was; **RESOLVED:** a) That the Council Approves the adjustments budget and consolidated adjustments budget for the financial year 2022/2023, as set-out in the schedules contained in Section 4, be approved:	CFO	Completed

	b) That the Council Approves any adjustments permitted in terms of Section 28 (2) of the Act, c) That the Council Approves the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan, if any, to correspond with the approval of the adjustments budget.		
HGC: 102 **FINAL 2023/2024 HARRY GWALA DISTRICT MUNICIPALITY (HGDM) SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) AND PERFORMANCE AGREEMENTS FOR 2023/2024 FINANCIAL YEAR**	With Councilors ZR Tshazi and SG Mkhize proposing and seconding respectively, it was; **RESOLVED:** a) That Council approves the 2023/2024 Harry Gwala District Municipality Service Delivery and Budget Implementation Plan (SDBIP) as well as the Performance Agreements for 2023/2024 financial year.	ED: SSDP	Completed
HGC: 103 **PROGRESS ON WATER TREATMENT WORKS PROCESS AUDITS AND WATER SAFETY PLANS**	With Councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report and further adopts both process audits and water safety plans before end of 2022/23 financial year.	ED: Water Services	Completed
HGC: 104 **REPORT ON THE REVIEWED OPERATIONS & MAINTENANCE PLAN 2023/2024**	With Councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Draft Reviewed Operations and Maintenance Plan 2023/2024 be adopted by the Municipal Council.	ED: Water Services	Completed
HGC: 105 **REPORT ON THE DEVELOPMENT OF WATER SERVICES DEVELOPMENT PLAN**	With Councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council adopts the reviewed Water Services Development Plan.	ED: Water Services	Completed

HGC: 106 **REPORT ON THE DETERMINATION OF DELEGATES FOR THE SALGA KZN PROVINCIAL MEMBERS ASSEMBLY** [redacted]	With Councilors HA Lukhozi and N Mhatu proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report. b) That the Council appoints Councillor ZD Nxumalo as the voting delegate that will be attending the SALGA KZN Provincial Members Assembly.	Municipal Manager	Completed
HGC: 107 **REPORT ON CIRCULAR NO: 01/2023 SALARY AND WAGE INCREASE FOR THE PERIOD 1 JULY 2023 TO 30 JUNE 2024** [redacted]	With Councillors PN Damoyi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves the 5.4% salary and wage increase for 2023/2024 financial year effective from 1 July 2023 to 30 June 2024. b) That the Council notes the increase in both the medical aid employer contribution and on the home-owners allowance by the same rate in the 2023/2024 financial year.	ED: Corporate Services	Completed
HGC:122 **APPROVED ANNUAL RISK BASED INTERNAL AUDIT PLAN AND AUDIT COMMITTEE WORKPLAN FOR 2022/2023 FINANCIAL YEAR** [redacted]	With Councilors NW Dladla and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council comment and note the Approved Annual Risk Based Internal Audit Plan and Audit Committee Workplan for 2022/2023 Financial Year.	Acting Municipal Manager	Completed.
HGC: 123 **THIRD QUARTER REPORT ON THE IMPLEMENTATION OF RISK BASED INTERNAL AUDIT PLAN FOR 2021/2022 FINANCIAL YEAR** [redacted]	With Councilors NW Dladla and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Harry Gwala District Municipality's Council comments and notes the 3rd quarter progress report on the implementation of risk based internal audit plan for 2021/2022 financial year.	Acting Municipal manager	Noted.
HGC:124 **THIRD QUARTER RISK MANAGEMENT REPORT ON**	With Councilors NW Dladla and PN Damoyi proposing and seconding respectively, it was;	Acting Municipal manager	Noted.

THE IMPLEMENTATION OF RISK MANAGEMENT WORK PLAN FOR 2021/2022 FINANCIAL YEAR [redacted]	**RESOLVED:** a) That the Council notes the report.		
HGC:125 **REPORT ON THE RISK AND CONTROL SELF-ASSESSMENT (RCSA) FOR THE 2022/2023 FINANCIAL YEAR**	With Councilors NW Dladla and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report on the risk and control self-assessment results.	Acting Municipal manager	Noted.
HGC: 126 **REPORT ON S71 AND S52 (d) OF THE MFMA FOR THE PERIOD ENDING 30 JUNE 2022** [redacted]	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Noted.
HGC: 127 **REPORT ON S66 OF THE MFMA FOR THE PERIOD ENDED 30 JUNE 2022** [redacted]	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Noted.
HGC: 128 **REPORT ON ASSET MANAGEMENT FOR 30 JUNE 2022** [redacted]	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Noted.
HGC: 129 **REPORT ON REVENUE MANAGEMENT** [redacted]	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Noted.
HGC: 130	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was;	CFO	Noted.

REPORT ON SUPPLY CHAIN MANAGEMENT [redacted]	**RESOVLED:** a) That the Council notes the report.		
HGC: 131 **QUARTERLY REPORT ON SUPPLY CHAIN MANAGEMENT** [redacted]	With Councilors ZR Tshazi and ZP Dlamini proposing and seconding respectively, it was; **RESOVLED:** a) That the Council notes the Q4 report. b) That the Council notes the deviations for Q4 which were referred to MPAC for investigation.	CFO	Noted.
HGC: 132 **ADDITIONAL SECURITY PERSONNEL FOR TWO (2) SITES IN UMZIMKHULU** [redacted]	With councilors TSH Gamede and N Mhatu proposing and seconding respectively, it was; **RESOVLED:** a) That the Council notes the report. b) That awareness campaigns by Water Services be strengthened to minimize the risk of vandalism of water schemes / treatment works. c) That the Council notes that the issue of provisioning of guard houses will be escalated to the Infrastructure Services Department for further intervention. d) That the variation of scope to add the following be approved by Council: Mbizweni Pump Station (2x day and night security (unarmed) – noting that 1x day security (unarmed) was deployed on 5 June 2022; and Umzimkhulu Testing Ground 1x night security (unarmed).	Executive Director: Corporate Services	Approved and to be actioned by department.
HGC: 133 **REPORT ON PROVISION OF MUNICIPAL HEALTH SERVICES AT HARRY GWALA DISTRICT MUNICIPALITY** [redacted]	With councilors HA Lukhozi and N Mhatu proposing and seconding respectively, it was; **RESOLVED:** That the Council considers the provision of Municipal Health Services by ensuring that there is a reasonably practicable allocation of human resources such as Environmental Health Practitioners as well inclusion of an administrator position, for the rendering of Municipal Health Services at Harry Gwala District Municipality.	Executive Director: SSDP	Noted.

	a) That the Council considers revising the organogram of Municipal Health Services to bring it in line with the World Health Organization (WHO) norm as per the ratio of Environmental Health Practitioners, in order to satisfy the gap. b) That the Council considers the allocation of funds for MHS to be at least 40% of the budget for Municipal Health as shown in the LGES.		
HGC: 134 **REPORT ON THE 2022 WINTER SEASON CONTINGENCY PLAN** [redacted]	With councilors HA Lukhozi and N Mhatu proposing and seconding respectively, it was; RESOLVED: a) That the Council notes the 2022 Winter Season Contingency Plan.	Executive Director: SSDP	Noted.
HGC: 135 **2022/2023 DRAFT IDP FRAMEWORK AND PROCESS PLANS FOR 2023-2024 IDP** [redacted]	With councilors HA Lukhozi and N Mhatu proposing and seconding respectively, it was; RESOLVED: a) That the Council note and comment on the 2022- 2023 IDP Framework and Process Plan for the 2023-2024 financial. b)	Executive Director: SSDP	Noted.
HGC: 136 **REPORT ON WATER QUALITY COMPLIANCE FOR PORTABLE WATER AND EFFLUENT DISCHARGES** [redacted]	With councilors TG Soni and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the water and wastewater quality report.	Executive Director: Water Services	Noted.
HGC: 137 **REPORT ON SERVICE INTERRUPTIONS** [redacted]	With councilors TG Soni and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	Executive Director: Water Services	Noted.
HGC: 138 **REPORT ON CUSTOMER COMPLAINTS ANALYSIS** [redacted]	With councilors TG Soni and NH Zaca proposing and seconding respectively, it was; **RESOLVED:**	Executive Director: Water Services	Noted.

	a) That the Council notes the report.		
HGC: 139 **REPORT ON WATER CONSERVATION, HEALTH & HYGIENE, AND VANDALISM AWARENESS CAMPAIGNS**	With councilors TG Soni and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report on Water Services awareness programs.	Executive Director: Water Services	Noted.
HGC: 140 **REPORT ON FUNCTIONALITY OF WATER AND SANITATION SCHEMES**	With councilors TG Soni and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	Executive Director: Water Services	Noted.
HGC: 141 **REPORT ON DELAYS IN THE ADVERTIZING OF PROJECTS FOR NEXT FINANCIAL YEAR**	With councilors TG Soni and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Council note the report on the challenges which resulted into delays in advertising projects.	Executive Director: Water Services	Noted.
HGC: 142 **REPORT ON WSIG SCHEDULE 5B GRANT FUNDED PROJECTS**	With councilors TG Soni and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report on WSIG expenditure.	Executive Director: Water Services	Noted.
HGC: 143 **PROGRESS REPORT FOR: MUNICIPAL INFRASTRUTURE GRANT (MIG) 2021/22 FINANCIAL YEAR**	With councilors HV Msomi and NW Dladla proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	Executive Director: Infrastructure Services	Noted.
HGC: 144 **PROGRESS REPORT ON EXPANDED PUBLIC WORKS PROGRAMME**	With councilors HV Msomi and NW Dladla proposing and seconding respectively, it was; RESOLVED:	Executive Director: Infrastructure Services	Noted.

	a) That the Council notes the report.		
HGC: 145 **PROGRESS REPORT ON RURAL ROADS ASSETS MANAGEMENT SYSTEM (RRAMS)** [redacted]	With councilors HV Msomi and NW Dladla proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	Executive Director: Infrastructure Services	Noted.
HGC: 146 **DRAFT MUNICIPAL PUBLIC ACCOUNTS COMMITTEE WORKPLAN FOR 2022/2023 FINANCIAL YEAR** [redacted]	With councilors ZP Dlamini and TSH Gamede proposing and seconding respectively, it was; RESOLVED: a) That the Council approves the Municipal Public Accounts Committee Workplan for the 2022/2023 financial year. b) That Council notes the report.	Chairperson of MPAC	Approved
HGC: 147 **REPORT ON FRUITLESS AND WASTEFUL EXPENDITURE 2020/2021 FINANCIAL YEAR** [redacted]	With councilors HV Msomi and ZR Tshazi proposing and Acting Municipal Manager Endorsed. Seconding respectively, the meeting moved out of in committee, it was; **RESOLVED**: a) That the Council endorses the findings by the Municipal Public Accounts Committee. b) That the Council endorses the recommendation that the Accounting Officer should conduct a further investigation as per the recommendation in the preliminary report from Mdledle Incorporated. c) That the Council approves the recommendation of the suspension of the Chief Financial Officer, Mr M Mkatu and the Executive Director: Infrastructure Services, Mr DB Makwakwa whilst the investigation is being conducted due to the maladministration and lack of proper oversight as a means of exercising consequence management. d) That the Council approves recommendation that the Project Manager, Mrs HG Ngcobo be disciplined appropriately due to the maladministration and lack of proper oversight as a means of exercising consequence management.		

	e) That the Legal Services unit should follow up on the measures to recover the financial loss incurred by the municipality as per the written communication from Mdledle Incorporated to NRB Piping Systems. f) That Council approves the prioritization of strengthening the contracts and project management units controls within the Harry Gwala District Municipality. g) That Council approves the capacitation of staff within the contracts and project management units within the municipality through provision of training for these incumbents. h) That the municipality should ensure that moving forward they do not allow the appointment of two contractors per project and that the conditions of contract be clearly stipulated to guard against municipality having the same experience.		
HGC: 148 **REPORT ON SUPPLY CHAIN MANAGEMENT IRREGULAR EXPENDITURE 2020/2021** [redacted]	With councilors HV Msomi and ZR Tshazi proposing and seconding respectively, the meeting moved out of in- committee and it was; **RESOLVED:** a) That the Council endorses the investigation conducted by the Municipal Public Accounts Committee. b) That the Municipal Public Accounts Committee has considered the underlying reasons and route cause that led to the municipality incurring irregular expenditure. c) That Council approves the write-off of the irregular expenditure incurred for the appointed contractors SSR Security t/a Mahlubi Transport and Plant Hire and KSB and Valves Pty Ltd amounting to R30 758 530,37 (thirty million, seven hundred and fifty-eight thousand and five hundred and thirty rands and thirty-seven cents) which were approved deviations and AG disagreed. d) That Council approves the request by the Municipal Public Accounts Committee to task the Accounting Officer with the recovery of all documentation pertaining to the Kulu Civils deviation before end of business on the 29th July 2022 to allow the Municipal Public Accounts Committee to investigate the matter sufficiently.	Acting Municipal Manager and CFO	Endorsed
HGC: 150 **RESIGNATION OF THE EXECUTIVE**	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:**	Acting Municipal Manager	Noted.

DIRECTOR: CORPORATE SERVICES OF HARRY GWALA DISTRICT MUNICIPALITY [redacted]	a) That the Council accepts the resignation tendered by the Executive Director: Corporate Services effective 1 August 2022 and the forfeiture of leave days as no notice was served. b) That the Council appoints Mrs P.P. Cele (Senior Manager: Human Resource Management) to act in the position of the Executive Director: Corporate Services until the position has been filled.		
HGC: 158 REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 31 JULY 2022 [redacted]	With councilors HV Msomi and N Mhatu proposing and seconding respectively, it was **RESOLVED:** That the Council notes the report.	CFO	Noted.
HGC: 159 MONTHY REPORT ON REVENUE MANAGEMENT [redacted]	With councilors HV Msomi and N Mhatu proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report. b) That Council approves the indigent register as per the attached schedule.	CFO	Approved
HGC: 160 REVISED SCHEDULE OF KEY DEADLINES FOR THE PREPARATION OF THE 2023-2024MTREF BUDGET [redacted]	With councilors HV Msomi and N Mhatu proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Noted
HGC: 161 SECURITY REPORT FOR THE PERIOD ENDING 31 JULY 2022 [redacted]	With councilors N Mda and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report. b) That the Council notes that issue of provisioning of guard houses will be escalated to the Infrastructure Services Department for further intervention. c) That the variation of scope to add the following is approved by the Council: Ibisi Sewer 1x day and x1 night security (unarmed).	Executive Director: Corporate Services Executive Director: Infrastructure Services Senior Manager: Municipal Works	Noted. Matter was escalated to the Infrastructure Services department for intervention. Additional guards were added.

HGC: 162 **REPORT ON THE HARRY GWALA ATHLETE** [redacted]	With councilors HA Lukhozi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves the authorizing of management to identify the budget vote that can be utilized for welcoming of Banyana-Banyana player who resides in Kwa-Nokweja area, Bongeka Gamede and other athletes that are from the district. b) That consideration should be made during the adjustment budget process to allocate a budget to Social Services and Development Planning department for sports programs.	Executive Director: Social Services and Development Planning	Approved
HGC: 163 **2021-2022 FOURTH QUARTER AND ANNUAL PERFORMANCE ASSESSMENT REPORT** [redacted]	With councilors HA Lukhozi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That the Council note and comment on the 2021/2022 fourth quarter and annual performance report for the Harry Gwala District Municipality.	Executive Director: Social Services and Development Planning	Noted
HGC: 164 **HARRY GWALA DISTRICT MUNICIPALITY (HGDM) ANNUAL REPORT FOR THE 2021/2022 FINANCIAL YEAR** [redacted]	With councilors HA Lukhozi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That the Council note and comment on progress made in the preparation of the 2021/2022 Annual Report.	Executive Director: Social Services and Development Planning	Noted
HGC: 165 **REPORT ON WATER QUALITY COMPLIANCE FOR PORTABLE WATER AND EFFLUENT DISCHARGES** [redacted]	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the water and wastewater quality report.	Executive Director: Water Services	Noted
HGC: 166 **REPORT ON CUSTOMER COMPLAINTS ANALYSIS** [redacted]	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Water Services	Noted

HGC: 167 REPORT ON SERVICE INTERRUPTIONS [redacted]	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Water Services	Noted
HGC: 168 REPORT ON WATER CONSERVATION, HEALTH & HYGIENE, AND VANDALISM AWARENESS CAMPAIGNS [redacted]	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report on Water Services awareness programs.	Executive Director: Water Services	Noted
HGC: 169 REPORT ON SCHEMES FUNCTIONALITY IMPROVEMENT [redacted]	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report on water schemes improvement.	Executive Director: Water Services	Noted
HGC: 170 REPORT ON WATER SERVICES AUTHORITY AUDITS (BLUE DROP ASSESSMENTS) BY DEPARTMENT OF WATER AND SANITATION [redacted]	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council takes note of the upcoming Blue Drop Assessments. b) That the Council recommends budget adjustment for the WTW Process Audits and the review of Water Safety Plans.	Executive Director: Water Services	Noted Consideration will be made for a budget adjustment.
HGC: 171 REPORT ON INSTALLATION AND ACTIVATION OF PREPAID WATER SMART METERS FOR THE HARRY GWALA DISTRICT MUNICIPALITY [redacted]	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report on smart meters.	Executive Director: Water Services	Installation of smart meters is being rolled out.

HGC: 172 **REPORT ON PROGRESS FOR PROJECTS UNDER PLANNING** [redacted]	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council note the progress made on the planning development of projects.	Executive Director: Water Services	Noted
HGC: 173 **ELECTRICAL AND MECHANICAL REPORT** [redacted]	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That Council notes the report.	Executive Director: Water Services	Noted
HGC: 174 **NOTIFICATION OF CONTRACTOR SITE ESTABLISHMENT AT FRANKLIN WATER TREATMENT WORKS (JULY 2022)**	With Councilors NW Dladla and Cllr TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council Pending the on-going investigation, recommends: • Recovery of the costs incurred from the use of HGDM services from unauthorized contractor site office establishment; Finalizing the eviction process of the Contractor, together with their office compound, from site.	Executive Director: Water Services	Noted
HGC: 175 **EMPTYING OF HORSESHOE VIP TOILETS IN GREATER KOKSTAD-HEALTH HAZARD**	With Councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the developments regarding emptying of the Horseshoe VIP toilets.	Executive Director: Water Services	Noted
HGC: 176 **PROGRESS REPORT FOR: MUNICIPAL INFRASTRUTURE GRANT (MIG) 2022/23 FINANCIAL YEAR** [redacted]	With Councilors ZR Tshazi and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Water Services	Noted

HGC: 177 **PROGRESS REPORT ON EXPANDED PUBLIC WORKS PROGRAMME**	With Councilors ZR Tshazi and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Water Services	Noted
HGC: 178 **PROGRESS REPORT ON RURAL ROADS ASSETS MANAGEMENT SYSTEM (RRAMS)**	With Councilors ZR Tshazi and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Water Services	Noted
HGC: 179 **HARRY GWALA DEVELOPMENT AGENCY – EXTENSION OF THE TERMS OF OFFICE OF THE BOARD OF THE HARRY GWALA AGENCY**	With Councilors N Mhatu and Cllr BC Kewsa proposing and seconding respectively, it was; **RESOLVED:** a) That the report narrating the lapse of the term of office of the former Board of the Harry Gwala Development Agency together with processes of nomination of the anticipated Board for the 2022-2025 period is noted by Council. b) That the Harry Gwala District Municipal Council hereby extends the term of the former Board from 09 August 2022 for a period of three (3) months or until the establishment of the new Board from 2022-2025, whichever is sooner. c) That Council condones the attendance of the former Chairperson and Board members of the Board (now current) at official meetings together with their continued disbursement of responsibilities from 08 August 2022 to date.	CEO of HGDA	Extension was granted until the Appointment of the new Board on the 29th September 2022.
HGC: 180 **HARRY GWALA DEVELOPMENT AGENCY – 2021/2022 FOURTH QUARTER AND ANNUAL PERFORMANCE ASSESSMENT REPORT**	With Councilors N Mhatu and Cllr BC Kewsa proposing and seconding respectively, it was; **RESOLVED:** a) That the report presenting the 4th Quarter and Annual Performance Report of the Harry Gwala Development Agency (HGDA) for the 2021/2022 financial year is accepted and noted by Council.	CEO of HGDA	Noted

	b) That, notwithstanding the limitations in consequence management, that the entity ensures that corrective measures are realized to ensure an improvement in the targets projected.		
HGC: 181 **HARRY GWALA DEVELOPMENT AGENCY – 2021/2022 DRAFT ANNUAL REPORT** [redacted]	With Councilors N Mhatu and Cllr BC Kewsa proposing and seconding respectively, it was; **RESOLVED:** That the draft Annual report for the 2020/2021 financial year for the Harry Gwala Development Agency (HGDA) is accepted and noted by Council.	CEO of HGDA	Noted
HGC: 182 **REPORT TO THE COUNCIL ON THE 2021/2022 ANNUAL FINANCIAL STATEMENTS (AFS)** [redacted]	With Councilors N Mhatu and Cllr BC Kewsa proposing and seconding respectively, it was; **RESOLVED:** That the Annual Financial Statements for the Harry Gwala Development Agency (Pty) Ltd in respect of the 2021/2022 financial year is accepted and noted by Council.		
IN COMMITTEE **HGC: 183** **RECRUITEMENT AND SELECTION OF THE CHIEF FINANCIAL OFFICER** [redacted]	With Councilors N Mhatu and NW Dladla proposing and seconding respectively, the meeting moved out if in-committee and it was; **RESOLVED:** a) That Mr. Khulani Mthembeni Brian Mzemela be appointed in the position of chief financial officer as from the 01 October 2022. b) That Mr. Khulani Mthembeni Brian Mzemela be appointed on a minimum remuneration package of R894 477.00 as per the Upper limits of the total Remuneration package of the municipal manager and managers directly accountable to the municipal manger (2019-2020) subject to the promulgation of the Upper limits of the total Remuneration package of the municipal manager and managers directly accountable to the municipal manger (2021-2022), retrospectively. c) That Mr. Khulani Mthembeni Brian Mzimela be given a 4% allowance over and above the remuneration package. The remote allowance will be paid in terms of the Upper limits of Total Remuneration package payable to the Municipal Manager and Managers directly accountable to the Municipal Manager.		
HGC: 184 **INVESTIGATION REPORT**	With Councilors TN Jojozi, Deputy Mayor and ZR Tshazi on proposing and seconding respectively, the meeting moved out of in-committee and it was;	Municipal Manager	Noted and Concluded

IRREGULAR EXPENDITURE [redacted]	**RESOLVED:** a) That the Council notes and comments the responses from the Chief Financial Officer, Mr. M. Mkatu and the Executive Director Infrastructure Services, Mr. DB Makwakwa on why they should not be suspended for allegations of financial misconduct. b) That the Council indicates whether it accepts or does not accept the responses received from Mr. M. Mkatu and Mr. DB Makwakwa on why they should not be suspended. c) That the Council makes a ruling on whether to suspend or not to suspend the Chief Financial Officer, Mr. M. Mkatu and the Executive Director, Mr. DB Makwakwa. d) As contemplated in the Municipal Systems Act, if the Council is satisfied that there is reasonable cause to believe that an act of misconduct has been committed by the Chief Financial Officer and the Executive Director Infrastructure Services, the Municipal Council must within seven (7) days, appoint an independent investigator to investigate the allegation(s) of misconduct for a period of thirty (30) days and submit a report to the Mayor or Municipal Manager to be tabled before the municipal council no later than seven (7) days after receipt, to consider the report. e) That the Council must within seven (7) days after the independent investigator has completed it's investigation, dismiss the allegations of misconduct if there is no evidence to support the misconduct against the Chief Financial Officer and the Executive Director Infrastructure Services. f) That the Council appoints Mr T Guma to act in the position of the Chief Financial Officer and Mr DS Gqiba to act in the position of the Executive Director: Infrastructure Services while incumbents are under suspension.		
HGC: 187 **REQUEST FOR THE APPOINTMENT OF FIVE (5) NEW BOARD MEMBERS FOR THE HARRY GWALA DEVELOPMENT AGENCY**	With Councilors NW Dladla and N Mhatu proposing and seconding respectively, it was; **RESOLVED:** i) That the Council appoints the following five (5) members of the Harry Gwala Development Agency's Board:	CEO of HGDA	Appointment of the board has been concluded and Board members were inaugurated

[redacted]	- Mr. Ntethelelo Khanyile, - Ms. Confidence Slindile Ngoko, - Ms. Siphumelele Balungile Dlungwane, - Mr. Bongani Mzwakhe Mhlongo and Mr. Sthembiso Ishmael Mbhele		on the 29th September 2022.
HGC: 188 **DELEGATION OF POWERS OF AUTHORITY TO THE ACCOUNTING OFFICER** [redacted]	With Councilors TG Soni and NH Zaca proposing and seconding respectively, it was; **RESOLVED:** a) That the Delegation of Authority be delegated to the Municipal Manager, Mr GM Sineke, to sign all contracts and contractual documents entered into by and between the Council and various parties, so as to maximise administrative and operational efficiency as required by Section 152 of the Constitution, Section 32 of the Municipal Structures Act No. 117 of 1998 and Section 55 of the Municipal Systems Act No. 32 of 2000. b) That the Municipal Manager, Mr. GM Sineke, be authorized with effect from the 1st of September 2022 to sign all documents, both legal and contractual, withdrawal and investment vouchers, any property to right for and on behalf of Harry Gwala District Municipality. c) That the Municipal Manager, Mr. GM Sineke, be authorised to take whatever legal action is necessary to safeguard the Municipality's interests on behalf of the Municipality and to defend any action instituted against the Municipality and that he be authorised to sign any documents pertaining to such legal actions. d) That the Municipal Manager, Mr. GM Sineke in his capacity as the Municipal Manager, be authorised to sign all documents on behalf of the Harry Gwala District Municipality in connection with the transfer of any properties sold by the Council, including the Deed of Sale, as well as any other documents which may be required by the Register of Deeds for the purposes of obtaining registration and transfers. e) That the Municipal Manager, Mr. GM Sineke be delegated with authority to do all things necessary to ensure that backlog is addressed as soon as possible and that all projects stalled be initiated. f) That the Municipal Manager, Mr. GM Sineke be authorised to execute or cause to be executed, any document, or to serve or	Municipal Manager	Noted and approved

	cause to be served any notice which is necessary to implement any resolution of Council or the Executive Committee, or to comply with any provisions of any legislation pertaining to Local Government. g)		
IN-COMMITTEE REPORTS **HGC: 189** **REPORT ON THE RECRUITMENT SELECTION OF THE EXECUTIVE DIRECTOR: SOCIAL SERVICES AND DEVELOPMENT PLANNING** [redacted]	With Councilors ZR Tshazi and BC Keswa proposing and seconding respectively the meeting moved out of in-committee, and it was; **RESOLVED:** a) That Ms. Ntombifuthi Nomvuselelo Fortunate Buthelezi be appointed in the position of the Executive Director: Social Services and Development Planning as from the 01 October 2022. b) That Ms. Ntombifuthi Nomvuselelo Fortunate Buthelezi be appointed on a minimum remuneration package of R894 447.00 as per the Upper Limits of the Total Remuneration package payable to the Municipal Manager and Managers directly accountable to the Municipal Manager (2019/2020), subject to the promulgation of the upper limits of the total remuneration packages payable to the Municipal Manager and Managers directly accountable to the Municipal Managers (2021/2022). c) That Ms. Ntombifuthi Nomvuselelo Fortunate Buthelezi be given a 4% allowance over and above the remuneration package. The remote allowance will be paid in terms of the Upper limits of Total Remuneration package payable to the Municipal Manager and Managers directly accountable to the Municipal Manager.	Municipal Manager	Appointment concluded and incumbent has assumed duties.
HGC: 190 **REPORT ON THE RECRUITMENT AND SELECTION OF THE EXECUTIVE DIRECTOR: CORPORATE SERVICES** [redacted]	With Councilors ZR Tshazi and BC Keswa proposing and Seconding respectively the meeting moved out of in-committee, and it was; **RESOLVED:** a) That Mrs. Thobile Thelma Thiyane-Magaqa be appointed in the position of the Executive Director: Corporate Services as from the 01 October 2022. b) That Mrs. Thobile Thelma Thiyane-Magaqa be appointed on a minimum remuneration package of R894 447.00 as per the Upper Limits of the Total Remuneration package payable to the Municipal Manager and Managers directly accountable to the Municipal Manager (2019/2020), subject to the promulgation of the upper	Municipal Manager	Appointment concluded and incumbent has assumed duties.

	limits of the total remuneration packages payable to the Municipal Manager and Managers directly accountable to the Municipal Managers (2021/2022). c) That Mrs. Thobile Thelma Thiyane-Magaqa be given a 4% allowance over and above the remuneration package. The remote allowance will be paid in terms of the Upper limits of Total Remuneration package payable to the Municipal Manager and Managers directly accountable to the Municipal Manager.		
IN-COMMITTEE REPORT ON THE RECRUITMENT AND SELECTION OF THE EXECUTIVE DIRECTOR: WATER SERVICES [redacted]	With Councilors NW Dladla and HV Msomi proposing and Municipal Manager seconding respectively the meeting Moved out in committee, and it was **RESOLVED:** a) That Mr. Dumisani Sanele Gqiba be appointed in the position of the Executive Director: Water Services as from the 01 October 2022. b) That Mr. Dumisani Sanele Gqiba be appointed on a minimum remuneration package of R894 447.00 as per the Upper Limits of the Total Remuneration package payable to the Municipal Manager and Managers directly accountable to the Municipal Manager (2019/2020), subject to the promulgation of the upper limits of the total remuneration packages payable to the Municipal Manager and Managers directly accountable to the Municipal Managers (2021/2022). c) That Mr. Dumisani Sanele Gqiba be given a 4% allowance over and above the remuneration package. The remote allowance will be paid in terms of the Upper limits of Total Remuneration package payable to the Municipal Manager and Managers directly accountable to the Municipal Manager.		Appointment incumbent had assumed duties.
HGC: 194 **REPORT ON THE RECRUITMENT AND SELECTION OF THE EXECUTIVE DIRECTOR: INFRASTRUCTURE SERVICES** [redacted]	With Councilors TSH Gamede and NH Zaca proposing and seconding respectively the meeting moved out of in- committee, and it was; **Resolved:** a) That Mr. Nkululeko Evaristus Biyase be appointed in the position of the Executive Director: Infrastructure Services as from the 01 October 2022. b) That Mr. Nkululeko Evaristus Biyase be appointed on a minimum remuneration package of R894 447.00 as per the Upper Limits of	Municipal Manager	Appointment concluded and incumbent has assumed duties.

	the Total Remuneration package payable to the Municipal Manager and Managers directly accountable to theMunicipal Manager (2019/2020), subject to the promulgation of the upper limits of the total remuneration packages payable to the Municipal Manager and Managers directly accountable to the Municipal Managers (2021/2022). c) That Mr. Nkululeko Evaristus Biyase be given a 4% allowance over and above the remuneration package. The remote allowance will be paid in terms of the Upper limits of Total Remuneration package payable to the Municipal Manager and Managers directly accountable to the Municipal Manager.		
HGC: 197 **RESUMPTION OF RECRUITMENT AND SELECTION PROCESSESS** [redacted]	With Councilors NH Malimela and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves the resumption of all recruitment and selection processes.	Municipal Manager	Approved
HGC: 198 **CONTRACT EXTENSION FOR WATER SERVICES TERM CONTRACTS ENDING 30 SEPTEMBER 2022** [redacted]	With Councilors PN Damoyi and B Sibeni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves the request for extension of time for the above listed water services term contracts in respect of the following appointed tender contract as listed: • Supply of Plumbing Material, contract number HGDM 628/HGDM/2019 • Supply and Delivery of Fuel and Oil, contract number HGDM 630/HGDM/2019. • Mechanical and Electrical Maintenance, contract number HGDM 627/HGDM/2019. a) That the requested extension of time will be on a month-to- month basis starting from 1st October 2022 and limited until the appointment is finalized.	Executive Director: Water Services	Approved
IN-COMMITTEE **HGC: 199**	With Councilors ZR Tshazi proposing and N Mhatu seconding to move out of in-committee after adopting the resolutions as follows:	Municipal Manager	Noted

INVESTIGATION REPORT ON ASSETS MANAGEMENT [redacted]	a) That the Council notes the preliminary investigation conducted by the Ka-Mbonane Cooper Attorneys on behalf of the municipality. b) That the Council approves that the Accounting Officer appoints attorneys or the Chapter 9 institution to conduct a more extensive/forensic investigation on assets management as the preliminary findings do indicate that there was maladministration with regards to the appointment of Impande Consulting Engineers. c) That the Council approves the municipality responding to Impande Consulting Engineers regarding outstanding invoices and communication being made that they would not be paid until after the conclusion of the investigation on verification of work done by the consultants. d) That the Council notes the lack of cooperation and assistance from the Senior Manager: Legal Services of which the Accounting Officer is to investigate further and implement necessary consequence management.		
HGC: 202 **REPORT ON PROPOSED NELSON MANDELA VIEW DEVELOPMENT AND OR TAMBO VIEW DEVELOPMENT FROM UBUHLEBEZWE LOCAL MUNICIPALITY** [redacted]	With Councilors TSH Gamede and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council supports the two (2) proposed developments namely, Nelson Mandela View Development and OR Tambo View Development. b) That the Council also confirms the provision of bulk services (water and sanitation) for the proposed developments. c) That the Council authorizes the Accounting Officer to solicit funding for the provisioning of bulk services.	Municipal Manager Executive Director: Water Services	Supported
HGC:205 **RESIGNATION OF AN UMZIMKHULU LOCAL MUNICIPALITY COUNCILOR FROM THE DISTRICT MUNICIPALITY** [redacted]	With Councilors PN Damoyi and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That Council notes the resignation from the District Municipality by Councillor Bongani Cromwell Keswa.	Municipal Manager	Noted

HGC:206 **RESIGNATION OF A DR. NKOSAZANA DLAMINI-ZUMA LOCAL MUNICIPALITY COUNCILLOR FROM THE DISTRICT MUNICIPALITY** [redacted]	With Councilors PN Damoyi and TG Soni proposing and seconding respectively, it was; **RESOLVED:** That Council notes the resignation from the District Municipality by Councillor Vusi Anthony Thulasizwe Mthembu.	Municipal Manager	Noted
HGC: 207 **REPORT ON COMPULSORY LEAVE FOR DECEMBER 2022** [redacted]	With Councilors TSH Gamede and N Mda proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves compulsory leave from the 27th of December 2022 to the 30th of December 2022.	Executive Director: Corporate Services	Approved
HGC: 208 **APPROVAL OF MEETING DATES FOR 2023** [redacted]	With Councilors TSH Gamede and N Mda proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the meeting dates for 2023. b) That the Council approves the proposed meeting dates.	Executive Director: Corporate Services	Approved
HGC: 209 **DECLARATION OF A RECESS AND SETTING UP OF EMERGENCY COMMITTEE** [redacted]	With Councilors TSH Gamede and N Mda proposing and seconding respectively, it was; **RESOLVED:** a) That the Council approves the recess from 15 December 2022 to 15 January 2023. b) That the Executive Committee, Speaker and Senior Management be on standby during the recess period to deal with emergencies and disaster matters.	Executive Director: Corporate Services	Approved
HGC:210 **REPORT ON THE AMENDMENTS TO THE MUNICIPAL SYSTEMS ACT** [redacted]	With Councilors TSH Gamede and N Mda proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report. b) That the provisions of the amendments be implemented in consultation with guidance from SALGA and COGTA.	Municipal Manager and Executive Director: Corporate Services	Noted

HGC:211 **REPORT ON S71 &S52 (d) OF THE MFMA FOR THE PERIOD ENDING 30 SEPTEMBER 2022**	With Councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Noted
HGC: 212 **QUARTERLY REPORT ON SUPPLY CHAIN MANAGEMENT** [redacted]	With Councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the Q1 report.	CFO	Noted
HGC: 213 **REPORT ON S71 OF THE MFMA** **FOR THE PERIOD ENDING 31 OCTOBER 2022** [redacted]	With Councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	CFO	Noted
HGC: 214 **PAYMENT SUBMISSION SCHEDULE FOR 2022/2023 31 OCTOBER 2022** [redacted]	With Councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report. b) That the Council approves the schedule for the proposed payment dates. c)	CFO	Approved
HGC:215 **REPORT ON S66 OF THE MFMA** **FOR THE PERIOD ENDED 31 OCTOBER 2022** [redacted]	With Councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	CFO	Approved

HGC:216 **REPORT ON SUPPLY CHAIN MANAGEMENT** [redacted]	With councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report. b) That the Council notes the deviation.	CFO	Noted
HGC:217 **REPORT ON ASSET MANAGEMENT** [redacted]	With councilors NH Malimela and PN Damoyi proposing and seconding respectively, it was; **RESOLVED**: a) That the Council to notes the report. b) That the Council approves the write off and removal of the infrastructure assets as per the attached annexure from the municipality's fixed asset register.	CFO	Approved
HGC:218 **2022/2023 FINAL IDP FRAMEWORK AND PROCESS PLANS FOR 2023-2024 IDP REVIEW** [redacted]	With councilors NH Zaca and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the 2022-2023 final IDP Framework and Process Plan for the 2023-2024 financial year.	Executive Director: Social Services and Development Planning	Noted
HGC:219 **REPORT FOR HARRY GWALA SUMMER CUP FESTIVAL 2022** [redacted]	With councilors NH Zaca and ZP Dlamini proposing and seconding respectively, it was; **RESOLVED:** a) That Council reconsider the allocation of sufficient budget for both sport and recreational programs. b) That Council reinstate the budget for sport and recreation programs. c) That Council notes the report and make comments therein.	Executive Director: Social Services and Development Planning	Noted. Consideration to be made at the Adjustments budget process.
HGC: 220 **PROGRESS REPORT FOR: MUNICIPAL INFRASTRUTURE GRANT (MIG) 2022/23 FINANCIAL YEAR** [redacted]	With councilors B Sibeni and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED**: That the Council notes the report.	Executive Director: Infrastructure Services	Noted

HGC: 221 **PROGRESS REPORT ON EXPANDED PUBLIC WORKS PROGRAMME**	With councilors B Sibeni and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Infrastructure Services	Noted
HGC:222 **PROGRESS REPORT ON RURAL ROADS ASSETS MANAGEMENT SYSTEM (RRAMS)**	With councilors B Sibeni and HA Lukhozi proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Infrastructure Services	Noted
HGC:223 **REPORT ON AWARENESS CAMPAIGNS**	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That Council notes the report on Water Services awareness programs.	Executive Director: Water Services	Noted
HGC:224 **REPORT ON CUSTOMER COMPLAINTS MANAGEMENT SYSTEM**	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That the Council considers the report.	Executive Director: Water Services	Noted
HGC:225 **REPORT ON WATER CUSTOMER SERVICE ROADSHOW**	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report.	Executive Director: Water Services	Noted
HGC:226 **EMPTYING OF HORSESHOE VIP TOILETS IN GREATER KOKSTAD - PROGRESS REPORT**	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the developments regarding emptying of the Horseshoe VIP toilets.	Executive Director: Water Services	Noted

HGC:227 **REPORT ON THE CONTRACTOR'S EXTENSION OF TIME FOR THE SPRINGVALE WATER SUPPLY PROJECT: HGDM764/HGDM/2022** [redacted]	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That the Council approves the extension of time to allow the contractor to complete the outstanding works.	Executive Director: Water Services	Approved
HGC:228 **WATER SERVICES INFRASTRUCTURE GRANT - BUSINESS PLAN DEVELOPMENT** [redacted]	With Councillors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That the Council approves the adoption of the following (12) Business Plans: Nokweja – Mashumi Water Supply Scheme – Phase 4 Hostela Mncweba / Malenge Water Supply Scheme Mazizini Water Supply Scheme Corinth – Nyanisweni Water Supply Scheme Machunwini Water Supply Scheme Nazareth Water Supply Scheme Refurbishment and Upgrade of Water Infrastructure for Bhongweni Refurbishment and Upgrade of Water Infrastructure for Shayamoya Dulathi – Marhewini Water Supply Scheme Njunga Water Supply Scheme UMzimkhulu Ward 19 Water Supply Scheme Refurbishment and Augmentation of Macabazini Water Supply Scheme	Executive Director: Water Services	Approved
HGC:229 **REPORT ON PROGRESS FOR PROJECTS UNDER PLANNING** [redacted]	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** a) That the Council note the progress made on the planning development of projects.	Executive Director: Water Services	Noted
HGC:230	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was;	Executive Director:	Noted

REPORT ON ELECTRICAL AND MECHANICAL REPORT [redacted]	**RESOLVED:** That the Council notes the report.	Water Services	
HGC:231 **REPORT ON THE PURCHASE OF LAND (SERVITUDE) FROM THE PROPERTY OWNERS REQUIRED TO ALLOW THE RAISING OF THE WALL FOR THE KEMPSDALE DAM** [redacted]	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED**: a) That the Municipal Council approves the proposed purchase of land from the property owners as allowed in the Constitutional Law of South Africa under Bill of Rights Sub-Section 25 Property, which will be used to store water for public use and economic development. b) That the Municipal Council approves the preparation of the servitude purchase agreement between the property owners and the municipality.	Executive Director: Water Services	Approved
HGC: 232 **REPORT ON COUNCIL VEHICLE MISUSE INCIDENTS WITHIN WATER SERVICES DEPARTMENT** [redacted]	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the report.	Executive Director: Water Services	Noted
HGC:233 **REPORT ON SERVICE INTERRUPTIONS** [redacted]	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That Council notes the report.	Executive Director: Water Services	Noted
HGC:234 **REPORT ON WATER QUALITY COMPLIANCE FOR POTABLE WATER AND EFFLUENT DISCHARGES** [redacted]	With councilors HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** That the Council notes the water and wastewater quality report.	Executive Director: Water Services	Noted

HGC:235 **REPORT ON WSIG SCHEDULE 5B GRANT FUNDED PROJECTS** [redacted]	With councilor's HV Msomi and TSH Gamede proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the report on WSIG expenditure.	Executive Director: Water Services	Noted
HGC:236 **REPORT TO COUNCIL ON IRREGULAR EXPENDITURE INCURRED AS A RESULT OF DEVIATIONS FROM THE SUPPLY CHAIN MANAGEMENT PROCESSES** [redacted]	With councilor's TG Soni and B Sibeni proposing and seconding respectively it was; **RESOLVED:** a) That Council considers the report. b) That Council approves the write-off of irregular expenditure incurred as a result of a deviation on the engagement of a Radio Station to conduct a Mayoral Radio Slot. c) That Council approves the write-off of irregular expenditure incurred as a result of a deviation on the engagement of a Radio Station to conduct a Harry Gwala Marathon.	Councilor HA Lukhozi	Approved irregular expenditure incurred as a result of deviations for Mayoral Radio Slot and Harry Gwala Marathon.
HGC: 237 **WOMEN'S CAUCUS FIRST QUARTER REPORT** [redacted]	With councilors N Mda and ZR Tshazi proposing and seconding respectively, it was; RESOLVED: a) That Council makes input and notes the Women's Caucus first quarter report. b) That Council notes the name change from Women's Caucus to Women's Commission. c) That Council approves the day of prayer that would be held on 08 of December 2022 at a Community Hall in Dr Nkosazana Dlamini-Zuma Municipality.	Councilor ZP Dlamini	Noted
HGC: 238 **LOCAL GOVERNMENT UPPER LIMITS OF TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS** [redacted]	Deferred to next meeting.	Executive Director: Corporate Services	Deferred

HGC: 241 **LOCAL GOVERNMENT UPPER LIMITS OF TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS** [redacted]	With councilors NW Dladla and TG Soni proposing and seconding respectively, it was; **RESOLVED:** a) That the Council notes the Local Government: Upper Limit of Total Remuneration packages payable to Municipal Managers and Managers directly accountable to Municipal Managers, issued in terms of Government Notice No. 2760 as published under Government Gazette No. 47538 of 18 November 2022. b) That the Council notes the one and half percent (1.5%) cost of living adjustment of the upper limits of the total remuneration packages payable to senior managers for the 2021/2022 municipal financial year. c) That the Council notes a non-pensionable cash gratuity of R1,695.00 payable monthly to senior managers earning a total remuneration package below R1,900,000 for the 2021/2022 municipal financial year or R1,818.00 payable monthly to senior managers earning a total remuneration package of R1,900,000 and above for the 2021/2022 municipal financial year. The non-pensionable cash gratuity will be backdated from 1 July 2021 and shall be payable until 30 June 2022. d) That the Council notes that the senior managers employed may be paid a remote allowance not exceeding 4% of the total annual remuneration package applicable to the relevant senior manager.	Executive Director: Corporate Services	Noted
HGC: 242 **VODACOM LEASE IN BHONGWENI TOWNSHIP IN KOKSTAD** [redacted]	With councilors NH Zaca and HV Msomi proposing and seconding respectively, it was; RESOLVED: a) That the Council approves the signing of Vodacom Lease Agreement. b) That the Council issues an instruction to the relevant departments to initiate the transfer of properties from GKM to HGDM. c) That the Council issues an instruction the relevant department to undertake the process of verifying HGDM properties across the district and initiate the transfer where needed.	Executive Director: Water Services	Approved.
HGC: 243 **REQUEST FOR EXTENSION OF**	With councilors NH Malimela and B Sibeni proposing and seconding respectively, it was;	Executive Director: Water	Approved

CONTRACT FOR WATER MONITORS [redacted]	RESOLVED: a) That Council approves a further 2 months extension of contract for the currently employed Water Monitors to allow the recruitment process to run smoothly. b) That Council approves the extension of contract from 1st January 2023 to 1st March 2023.	Services and Executive Director: Corporate Services	

CONFIRMATION:

_____ _____

CLLR MSD MDUNGE DATE

CHAIRPERSON (SPEAKER)

COMPONENT B: PUBLIC ACCOUNTABILITY AND PARTICIPATION

IDP ROADSHOW 2022-2023 FINANCIAL YEAR.

In terms of Chapter 4 of the Local Government Municipal Systems Act 32 of 2000, s(16)1 "A municipality must develop a culture of municipal governance that complements formal representative government with a system of participatory governance and must for this purpose- (a) Encourage, and create conditions for, the local community to participate in the affairs of the municipality in- (i) The preparation, implementation and review of its integrated development plan in terms of chapter 5. (b) Contribute to building capacity of – (i) the local community to enable it to participate in the affairs of the municipality; and (ii) councilors and staff to foster community participation.

Harry Gwala District Municipality, together with its four local municipalities had its 2022-2023 IDP Road Sows during the month of October and November 2022 through the district, During the month of April 2023 a report back in relation to the needs that were raised as well as the draft budget was tabled to all the communities surrounding Harry Gwala, and subsequently the final IDP and Budget was adopted by council in May 2023.

COMPONENT C: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

In the 2022/2023 financial year, the Municipal Council reviewed and approved its Risk Management Framework. The enterprise-wide risk management framework gives an overall picture of the risk management atmosphere desired for Harry Gwala District Municipality when the municipality reaches full maturity in implementing risk management within the planning and day-to-day processes. The implementation of the risk management framework is guided by the risk management policy, strategy, and implementation plan. The combined use of these documents gives guide in the implementation of risk management activities in ensuring that management mitigates risks that are a threat in the implementation of its programs to an acceptable level. The municipality's detailed risk management methodology and risk appetite levels are embedded in the enterprise risk management framework.

Amongst the most important objectives of the Council's approved risk management infrastructure are the following: -

Support Harry Gwala District Municipality's governance responsibilities.

Ensure compliance.

Instilling the culture of risk management at all levels. i.e.: at decision making and on the day-to-day running of the municipality.

Contribute in building a risk-smart workforce and environment that allows for innovation and responsible risk-taking.

Management as guided by the approved risk management strategy has further established a Risk Management Committee; and developed human capacity and tools to ensure effective implementation of the Council's policies and strategies.

The following structures have been put in place to ensure effective implementation of risk management activities within the municipality: -

The Audit/Performance Committee, which is an independent advisory committee of the Council.

The Risk Management Committee, which is the committee of the accounting officer Harry Gwala District Municipality has appointed an independent chairperson of the Risk Committee. The committee constitutes of Independent Chairperson and Senior Management.

The Risk Management Committee is structured as follows:

(1). Mr. X Dike: Independent Chairperson
(2). Municipal Manager- Member

(3). Chief Financial Officer: Member
(4). Executive Director Infrastructure Services: Member
(5). Executive Director Water Services: Member
(6). Executive Director Social Services and Development Planning: Member
(7). Executive Director Corporate Services: Member
(8). Chief Operations Officer: Member

The risk champions were appointed at the beginning of the financial year. They aid the department in enabling the embedding of risk management within the departments. They also assist management in executing their responsibility of managing risks by coordinating risk management activities within the respective departments.

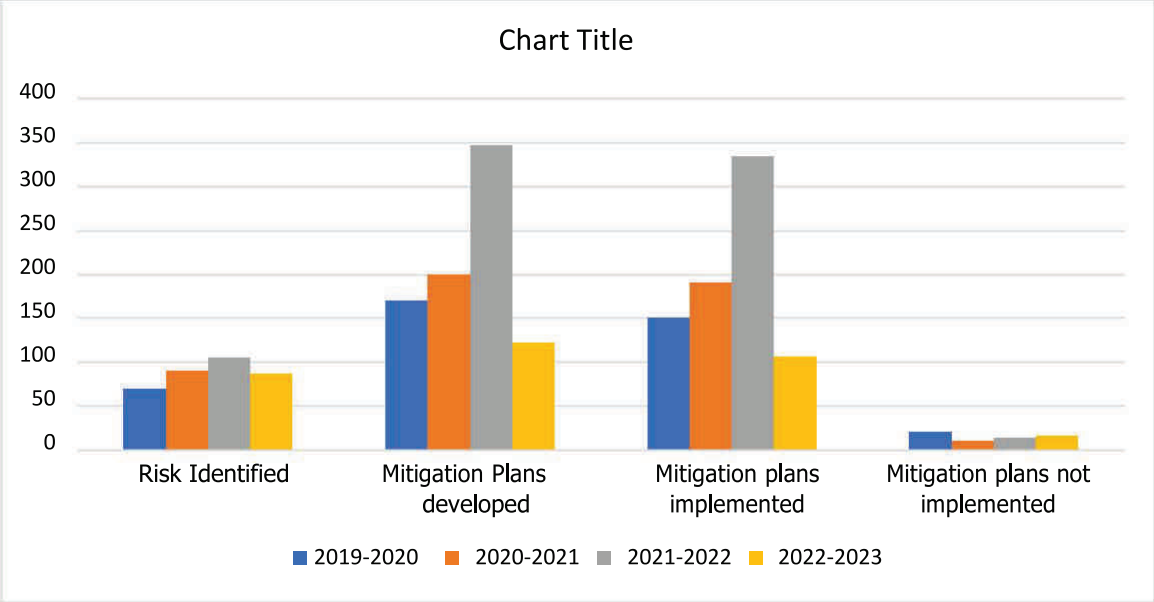
The Risk Champions work closely with the Risk Management Unit in identifying new and emerging risks, monitoring the implementation of the agreed risk treatment action plans and reporting to the Risk Management Committee.

In terms of the risk management strategy, the municipality reviews its risk register on an annual basis by performing risk assessments to ensure that Council better focuses and allocates its resources and take informed decisions and better prepared for adverse circumstances.

The annually reviewed risk register is monitored on an ongoing basis by the risk management unit to ensure implementation of mitigation plans as determined at risk assessment stage.

The following table summarizes the results of the overall implementation of risk management action plans for the 2022-2023 financial year.

Statistical Summary on the implementation of risk mitigation plans for the last four (4) financial years



The results indicate a huge increase in the implementation of the mitigating measures this shows a commitment in the municipality in improving the risk culture. The overall municipality's 2022/2023 implementation of mitigation plans is 97.9%. The municipality has grown in levels of understanding and embedded risk culture throughout the organization. This also indicates management's commitment towards achieving good governance in the running of the municipality.

STRATEGIC RISKS FOR 2022/2023:

RISK NAME	RISK DESCRIPTION	INHERENT RISK EXPOSURE	RESIDUAL RISK EXPOSURE	RISK ACCEPTABILITY
Human Resources	Inadequate Skills	High	Medium	Cautionary Medium
Water Services	Inability to provide sufficient potable water	High	Medium	Cautionary Medium
Water Services	Vulnerability to Drought	Medium	Acceptable Low	Acceptable Low
Local Economic Development	Fragmentation on the implementation of spatial Planning and Linking it to Infrastructure planning	High	High	Unacceptable High

	and development of Harry Gwala town			
Good Governance	Failure to manage an efficient and effective co-ordination of data recovery and continuity in the event of a disruption	High	Medium	Cautionary Medium
Good Governance	Inability to achieve clean audit	Medium	Medium	Cautionary Medium
Municipal buildings maintenance	Inadequate municipal office space	High	High	Unacceptable High
Operations and Maintenance	Inability to control sewerage spillages	High	High	Unacceptable High
Infrastructure Services	Failure to deliver Infrastructure within reasonable periods	High	High	Unacceptable High
Good Governance	Non-adherence to the legislative prescripts that governs local government	High	Medium	Cautionary Medium
Good Governance	Vulnerability to fraud and corruption	High	Medium	Cautionary Medium
Municipal Financial Viability	Financial Unsustainability	High	Medium	Cautionary Medium
Information Communication and Technology	Cyber Crime: Escalation in large scale cyber attacks	High	Medium	Cautionary Medium

ANTI- FRAUD, CORRUPTION AND ETHICS

Harry Gwala District Municipality has an approved anti-corruption and fraud prevention Policy, strategy and plan the following initiatives have been initiated in alignment to the strategy for the 2022/2023 financial year :-

The Office of the Municipal Manager conducted a fraud awareness campaign which was held in uMzimkhulu, Kokstad and uBuhlebezwe satellite offices. Furthermore, International Anti-Corruption Day was commemorated through a march that was held in uMzimkhulu, where pamphlets were handed out to community members.

The initiative was part of the International Fraud Awareness week. In attendance, was the Municipal Manager and the Head of Departments. This awareness campaign was publicized on all Municipality social media platforms.

The municipality received fraud awareness posters from the Department of National Cooperative Governance and Traditional Affairs (COGTA). These posters are posted on the main office and will be posted on all our satellite offices.

LOSS CONTROL

The policy was approved by the council for the 2021-2022 financial year. A loss control committee has been established. Below are the members of the Loss control committee:

The Loss Control Committee is made up of 12 members representing different departments.

Chairperson : Chief Operations Officer
Deputy Chairperson : Senior Manager- Risk Management
Secretary : Loss Control Manager
Members : Senior Manager- Legal Services

Manager- Asset Management

Senior Manager- Operations and Maintenance

Manager- Municipal Works

Senior Manager- Human Resources

Manager- Labour Relations

Manager- Disaster Management

Manager- ICT

Manager- Fleet Management

COMPLIANCE

The Harry Gwala District Municipality has developed the Municipal compliance register for all the Departments. The compliance register reports were presented in the Risk Management Committee, Audit Committee, Executive Committee and Council.

BUSINESS CONTINUITY

The municipality has established the function of business continuity management. To mitigate the risk of failure to continue with the operations in the event of disruption, the municipality has developed the business continuity plan, strategy, and crisis management plan. The purpose of the plan to set out the mitigation, preparation, warning, response, and business continuity arrangements for the municipality in the event of a disaster.

A disaster is an event that significantly reduces HGDM's ability to provide its official duties. Typically, an outage to HGDM's core processes and systems exceeding 24 hours is deemed to be a disaster. The reports were presented in the Risk Management Committee, Audit Committee, Executive Committee and Council.

SUPPLY CHAIN MANAGEMENT

Procedural issues

- The Supply Chain Management Policy was adopted and is currently being implemented.

The procedure manual is in place and currently implemented.

A compliance checklist has been developed and is currently being implemented.

The fixed assets policy was adopted and is currently being implemented.

Bid Committees are fully functional.

Components within Supply Chain Management

Supply Chain Management has six components namely:

Demand Management

Acquisition Management

Logistics Management

Disposal Management

Risk Management

Performance Management

Demand Management

Include timely planning and management processes to ensure that all goods and services required by the municipality are quantified, budgeted for, timely and effectively delivered at the right locations and at the critical delivery dates, and are of the appropriate quality and quantity at a fair cost;

Take into account any benefits of economies of scale that may be derived in the case of acquisitions of a repetitive nature;

Provide for the compilation of the required specifications to ensure that its needs are met; and

Undertake appropriate industry analysis and research to ensure that innovations and technological benefits are maximized.

Acquisition Management

That goods and services are procured by the municipality in accordance with authorized processes only;

That expenditure on goods and services is incurred in terms of an approved budget in terms of section 15 of the Municipal Finance Management Act, No. 5 of 2000.

That the threshold values for the different procurement processes are complied with; and

That bid documentation, evaluation and adjudication criteria, and general conditions of a contract are in accordance with any applicable legislation.

Logistics Management

The monitoring of spending patterns on types or classes of goods and services incorporating, where practical, the coding of items to ensure that each item has a unique number.

The setting of inventory levels that includes minimum and maximum levels and lead times wherever goods are placed in stock;

The placing of manual or electronic orders for all acquisitions other than those from petty cash.

Before payment is approved, certification by the responsible officer that the goods and services are received or rendered on time and in accordance with the order, the general conditions of contract and specifications where applicable and that the price charged is as quoted in terms of a contract.

Regular checking to ensure that all assets including official vehicles are properly managed, appropriately maintained and only used for official purposes; and

Monitoring and review of the supply vendor performance to ensure compliance with specifications and contract conditions for particular goods or services.

Disposal Management

The criteria for the disposal or letting of assets, including unserviceable, redundant or obsolete assets, subject to sections 14 and 90 of the Act

Disposal can be done in the following method:

Transferring the asset to another organ of state in terms of a provision of the Act enabling the transfer of assets;

Transferring the asset to another organ of state at market related value or, when appropriate, free of charge;

Selling the asset; or

Destroying the asset.

Risk Management

Risk management includes:

The identification of risks on a case-by-case basis;

The allocation of risks to the party best suited to manage such risks;

Acceptance of the cost of the risk where the cost of transferring the risk is greater than that of retaining it;

The management of risks in a pro-active manner and the provision of adequate cover for residual risks; and

The assignment of relative risks to the contracting parties through clear and unambiguous contract documentation.

Performance Management

The performance Management system involves the entire supply chain's ability to meet end-customer needs through product availability and responsive on-time delivery.

Supply chain performance crosses both functional lines.

BY-LAWS

Revised	Public Participation conducted prior to adoption of by-laws (Y/N)	Dates of Public Participation	By-Laws Gazetted (Y/N)	Date of Publication
Water and Sanitation by-laws	Y	Done on monthly basis.	N	Not Yet

Municipal Health By-Laws	Y		Y	

COMMENTS ON BY-LAWS

The water services by-laws were developed and they were gazetted in 2007. The Water Services Act 1998 provides that By-laws should be reviewed annually. The department conducted the review of the by-laws in this financial year and some workshops for public participation were conducted.

PUBLIC SATISFACTION ON MUNICIPAL SERVICES'

The municipality did not conduct the Customer Satisfaction Survey in the 2022-2023 financial year to ascertain the levels of satisfaction in relation to service delivery. This was in the main due to financial limitations in the municipality.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (HIGH LEVEL PERFORMANCE REPORT)

Chapter 3 focuses on service delivery on a service-by-service basis. It considers municipal performance derived from IDP objectives, translated into the SDBIP and presents data on Community needs and resource deployment. The service delivery issues are structured, captured and reflected under the priorities contained in the IDP in order to allow easy comparisons on achievements against budget and SDBIP.

3.1 COMPONENT A: FINANCIAL SERVICES

FINANCIAL HEALTH OVERVIEW

LIQUIDITY ANALYSIS: The liquidity analysis of the municipality shows great improvement from the past 5 years which is 2018/19 financial year to 2022/2023, the positive improvement in the ratio is due to a higher positive balance of cash and cash equivalents as well as VAT receivable at year end. Although this ratio was still below the norm of R2 of current assets for every R1 of current liabilities, the 100% improvement in this ratio is concrete evidence on improving financial health of the municipality.

Financial Overview 2022-2023			
Details	**Original Budget**	**Adjustment Budget**	**Actual**
Service charges	R 64 989 705	R 76 586 360	R 77 673 823
Interest	R 16 037 619	R 21 278 781	R 24 975 028
Other Income	R 582 342	R 933 884	R 1 178 353
Grants	R 766 974 000	R 757 218 732	R 736 169 623
Sub-Total	R 848 583 666	R 856 017 757	R 839 996 827
Expenditure	R 590 469 421	R 641 210 405	R 632 526 250
Net Total	R 258 114 245	R 214 807 352	R 207 470 577

Operating Ratios 2022-2023	Employee Cost
Details	

Repairs and Maintenance	2%
Finance Charges and Impairment	0%

TOTAL CAPITAL EXPENDITURE: Year-2 to Year 0						
Detail	**Year-2 (2022/23)**		**Year-1 (2021/22)**		**Year 0 (2020/21)**	
Original Budget	R	342 907 251	R	307 283 480	R	271 221 430
Adjustment Budget	R	336 580 000	R	328 317 608	R	335 542 357
Actual	R	283 337 676	R	311 859 816	R	291 764 767

2022 - 2023 DEBT RECOVERY WAS HANDLED AS FOLLOWS:

SERVICES	ACTUAL ACCOUNTS BILLED	% PROPORTION OF ACCOUNTS VALUE BILLED THAT WERE COLLECTED
Water B	R 11 012 217.41	12%
Water C	R 60 567 195.76	66%
Sanitation	R 20 189 065.25	22%

Billing or revenue has increased from R85 399 924.00 to R91 768 478.42 when comparing 2021/2022 to 2022/2023 because of extending billing to other areas as well as high consumption by three key consumers.

FINANCIAL PERFORMANCE YEAR 2021-2022- 2022-2023 FINANCIAL PERFORMANCE BUDGET AND TREASURY OFFICE

DETAILS	FY 2021-2022	FY 2022-2023			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Total Operational Revenue	R 393 222 315	R 438 660 277	R 444 237 739	R 445 407 359	R 1 169 620
Expenditure:					
Employees	R 32 521 942	R 33 635 781	R 35 861 084	R 40 041 830	-R 4 180 746
Repairs and Maintenance	R 0	R 0	R 0	R 0	R 0
Other	R 47 794 660	R 49 512 693	R 50 571 741	R 54 156 788	-R 3 585 047
Total Operational Expenditure	**R 312 905 713**	**R 355 511 803**	**R 357 804 914**	**R 351 208 741**	**R 6 596 173**

COMMENTS ON THE HIGH-LEVEL PERFORMANCE OF BUDGET AND TREASURY

BUDGET AND REPORTING UNIT

The municipality's activities are as per MFMA Section 21 (1)(b)(i), which states that the Mayor of a municipality must approve the Budget Process Plan at least 10 months prior the start of the budget year and table in the municipal council a time schedule outlining key deadlines for the preparation, tabling and approval of the annual budget.

Section 71 The MFMA Act no.56 of 2003 requires the Municipality to submit budget monitoring report within 10 working days of each month:

The Municipality must submit two sets of reports namely; Data Strings, new electronic submissions called Go Muni and Manual submission which are submitted to the Provincial Treasury and COGTA respectively.

On a monthly basis, these Financial Reports are submitted to the Executive Committee for Reporting purposes.

The Municipality prepares the budget using MSCOA. The Implementation phase was successfully completed. The Municipality is transacting using version 6.5 of MSCOA and prepared 2022/23 Budget on the new MSCOA 6.5 version.

The Municipality also participates in the internship program that allows graduates in the commercial field to be exposed to financial management for a maximum of three years. This program has five interns who are subjected to rotational plan where they are deployed to different sections with the department for relevant training purposes and this is in line with the conditions of the Financial Management Grant (FMG). In the past decade this program has been a success as evidenced by the absorption of 16 interns by the municipality into permanent roles.

The municipality prepares Annual Financial Statements internally and received a qualified audit opinion with matters of emphasis. An audit action plan to address 2021/2022 audit findings has been prepared. The plan was audited by the Internal Audit to ensure that it adequately addresses the Auditor General findings. Reconciliations are prepared on a monthly basis.

ASSET MANAGEMENT

ASSET MANAGEMENT

Capital Expenditure

In the 2022/2023 financial year, the Harry Gwala District Municipality managed an asset base of over R2,9 billion 98% of which relates to water and sanitation infrastructure assets. The municipality incurred R250 million on construction of infrastructure projects in the 2022/2023 financial year. The municipality further completed infrastructure projects worth R 341, million during the 2022/2023 financial year. The district municipality is still grappling with the high replacement cost of aged infrastructure whilst it faces new demand from communities who have yet to access sustainable water and sanitation supply. The district municipality has invested heavily in the replacement of aged infrastructure and equally on new infrastructure networks however, it still faces challenges to adequately address water and sanitation backlogs due the scarcity of resources. Despite these challenges, the municipality is committed to improving service delivery in the water & sanitation and this is evidenced by the continued shift towards higher spending on capital assets.

Immovable of assets

During the 2022/2023 financial year, Harry Gwala District Municipality received a donation of Boreholes from COGTA to the value of R3, 8 million.

Movable of assets

During the 2022/2023 financial year, Harry Gwala District Municipality purchase a fleet of vehicles to the value of R 6, 3 Million.

Intangible Assets

During the 2022/2023 financial year, Harry Gwala District Municipality purchase intangible assets(Disaster management system and other software) to the value of R 541 100.00.

Disposal of assets and Transfer of Assets to other Organs of the State

During the 2022/2023 financial year, Harry Gwala District Municipality did not disposed assets and also did not transfer assets to other Organs of the State

REVENUE MANAGEMENT UNIT

Revenue section is responsible for the meter management, billing, collection, indigent management and debt management in an effort to strengthen the healthy cash flow and long-term financial sustainability of the municipality thus ensuring uninterrupted provision of sustainable service delivery to its community.

SOCIAL AND ECONOMIC REDRESS VIA INDIGENT MANAGEMENT

The Council adopted the indigent management policy. The municipality developed the desktop indigent register in 2015/2016 financial year. The indigent register was developed only for the urban communities or water users to the exclusion of the rural community. Though the rural communities are not included in the indigent register they do get free water services at an RDP level of service, they therefore are accounted for as indigents. The communities were made aware of the procedures to follow in applying for the indigence support application. The indigent register is reviewed and updated on a yearly basis. During the 2017/2018 financial year, all domestic consumers were receiving the first 6 kl of water free. The revenue foregone because of 6kl of free water to all domestic consumers was R6 091 364.16. As from July 2018 only the qualifying domestic consumers benefited from the indigent support programme. The municipality does not budget for the indigent support because indigents receive free 6kl of water that reported as revenue foregone not as expenditure in the budget. The number of qualifying indigent applicants reflecting on the indigent register in 2018/2019, 2019/2020 2020/2021 respectively were 1 575; 1307 and 1163. The number of indigent consumers is decreasing every year due to consumer data verification and deaths of indigent consumers. In 2018/2019 financial year, the revenue foregone because of 6kl of free water to qualifying indigent households was R919 674.00; for 2019/2020 is R808 353.36 and R902 674.08 for 2020/2021. The number of indigent consumers on 2021/2022 indigent register has increased to 3 894 and the revenue foregone is R3 113 683.20. In 2022/2023 consumers on the indigent register has decrease to 3304 and the revenue

foregone is R2 790 426.24 because of removal of deceased, applicants above the municipality threshold and applicants' spouses in the employment of state.

REVENUE RAISING STRATEGIES

Revenue enhancement strategy was adopted by Council in 2015/2016 financial year, is reviewed on annual basis, and is fully implemented.

BILLING

The Harry Gwala District Municipality is vastly rural with 121 973 households. As a water services provider the municipality provides water services by way of 150 water schemes that are running throughout the district. The rural schemes provide a basic level of service at RDP standard rendering those water schemes incapable of being billed.

The Harry Gwala District Municipality billing covers about 11 899 urban households the majority of whom are indigent, the total number of consumers has decreased from 12 347 resulting from data cleansing and an update of municipal database.

The Harry Gwala District Municipality bills 6 561 water consumers on a flat rate basis, 911 households are billed according to consumption that is determined by meter readings and 4 490 of consumers who were previously billed on consumption base the meters are converted to prepaid. There are cases where estimation/interim's and flat rate base billing is applied though it is not acceptable. In areas where there are no meter or where meters are faulty or covered, the municipality divert from consumption base method to interim's or flat rate.

There is a growing need to improve the integrity of the data base of water consumers. The municipality debtor's data cleansing is performed as a continuous exercise.

It is verified that 90% of the urban household excluding areas with RDP housing are connected to water meters. The municipality conducted a meter audit exercise in a bid to have a reliable and credible inventory of water meters with relevant current condition. This exercise revealed huge challenges with the condition of the water meters a considerable number of which was not functioning.

The municipality embarked on a process of repairing the faulty meters and replacing the credit meters with smart meters. The water meters are old and are to be repaired more frequently. The municipality has embarked on meter management programme by replacing the credit meters with smart meters to improve collection. The smart meters provide a range of functionalities. They are capable of being used as credit meters for government institutions like hospitals prisons etc. are also capable of being set to restrict the flow or terminate the

they use water. The municipality allocated R2, 5 m in 2017/18 budget year. The budget for 2022/2023 financial year allocated for the purchase of smart meters has increased to R10 million, with the aim of replacing faulty meters to prepaid as well as installing smart meters in areas where there are no meters.

BILLING VERSUS COLLECTION ON CONVENTIONAL METERS

BILLINGVSCOLLECTION- SIXYEARCOMPARISON							
	Total Billing	Interest	Vat	Net Billing	Receipts	Collection rate vs Net billing	Months
2017/2018	78329362,25	14912386,34	8504698,25	54912277,66	47713929,59	86,89	12
2018/2019	97587668,08	11140322,36	11345025,58	75102320,14	51048432,43	67,97	12
2019/2020	101197134,74	14750030,79	11771618,45	74675485,50	48 457060,67	65,0%	12
2020/2021	85399925,23	10409951,54	10539172,00	64450801,69	56 249406,11	87,27	12
2021/2022	77192575,66	11829077,46	8516798,32	56846699,88	56 652596,51	99,66	12
2022/2023	91768478,42	14423032,55	9954493,49	67390952,38	49 935355,73	54.4%	12

COLLECTION ON SALE OF PREPAID TOKENS 2022/2023

MONTH	Vendor Ixopo	Ixopo	NMZ	Vendor Kokstad	Kokstad	Total Collection	
July	13 330.00	50 010.15	100.00	630 099.24	84 640.01	778 179.51	
August	2 541.10	58 730.10	10.00	665 944.06	84 141.04	811 416.83	
Sept	3 217.39	47 348.03	1 999.99	551 234.06	82 513.11	789 257.08	
October	2 610.02	54 790.19	40 009.96	633 895.15	80 200.23	811 506.15	

Nov	2 030.00	57 220.31	42 976.24	626 148.06	87 639.91	816 014.52	
Dec	2 480.01	42 690.05	43 897.17	664 296.14	60 966.02	813 897.17	
January	2 080.02	42 791.92	33 936.20	650 750.90	75 909.11	805 468.15	
Feb	709.98	44 530.16	23 430.00	583 442.46	60 094.96	712 207.58	
March	839.98	40 010.08	29 380.00	642 271.69	59 319.99	771 821.74	
April	1 070.00	28 244.96	20 430.08	621 605.61	51 065.04	722 415.69	
May	645.01	41 760.04	27 689.89	662 489.01	Nil	732 584.39	
JUNE	3 109.99	39 020.00	29 935.95	707 443.44	NIL	779 619.37	
TOTAL	34 664.02	547 145.68	293 795.48	7 639 619.82	726 489.42	R9 344 388.18	

As from June 2019 when the municipality started the activation of smart meters to prepaid the total collection amounted to R33 722 872.99 with an average collection of R688 221.89 a month.

MUNICIPALITY DEBT POSITION

The Municipality bills for the water, sanitation, environmental health services and other miscellaneous services. Major services are provided to domestic consumers. The consumer debt has been in a constant increase since as reflected in table below. Debt management is closely linked with revenue management and thus has been addressed as part of the revenue enhancement strategy. Debt reduction strategies such as appointment of a debt collector to assist the municipality on collection of debt, which is 90 days and older, amnesty programme as well as activation of smart meters to pre-paid, are implemented and covers extensively credit control and debt management issues.

OUTSTANDING DEBT 2017/2018 to 2022/2023 FINANCIAL YEAR

Description	2018/2019	2019/2020	2020/2021	2021/2022	2022/2023
Domestics	R143 056 909	R165 486 055	R193 157 455	R196 629 869	R179 644 088.80
Business	R9 407 296	R14 477 370,75	R 14 248 698	R 13 064 710	R15 570 213.64
Indigents	R14 407 527	R 5 533 814	R 9 328 674	R 9 742 448	R 12 199 415.88
Government	R7 677 298	R 13 296 837	R 9 645 573	R 11 072 894	R27 924 098.87
Municipalities	R 879 147	R 1 166 098	R 928 791	R 766 147	R 981 642.97
Deceased				R 1 027 576	R 211 158.58
Other churches, hotels, sport clubs, old age homes etc.	R4 169 918	R3 297 348	R 3 869 212	R 5 046 158	R 6 229 885.73
Total Debt	R177 643 479	R203 945 139	R231 178 406	R 237 349 805	R242 760 504.47
Growth	R1 048 831	R26 301 659	R27 233 267	R 6 171 399	R 5 410 699.47
% Growth	0.59%	12.89%	3.42%	-341.28%	-14.06%

EXPENDITURE MANAGEMENT UNIT

Improvement on payment made within 30 days

In an effort to ensure compliance with section 65 (2)(e) of the Municipal Finance Management Act 56 of 2003 (MFMA) and to strengthen internal control processes in relation to payments to creditors made by the municipality. The municipality adopted two payment runs, being the 15th and the 30th of every month. This has improved the municipality's expenditure management and helped to reduce/ eliminate fruitless and wasteful expenditure in the form of interest due to delayed payments.

Year-end accruals

The municipality closed the year 2022-2023 with accruals amounting to R 34 627 869. There was a significant increase in accruals compared to the prior financial year, 2021- 2022 accruals amounting to R24 658 782. This is largely due to an amount of R12 million owed to SIU. The municipality managed to pay third parties before year-end including SARS, PAYE, UIF except pension and medical aid amounting R5, 1million.

VAT refunds

For the 2022-23 financial year the municipality received SARS refunds amounting to R60, 1million and June return was outstanding at year-end totaling to R7, 7million. These refunds are assisting the municipality to bridge the shortfalls and minimize cash flow problems.

Fruitless and wasteful expenditure

During the 2021-22 financial year the municipality incur R8 217 726 fruitless and wasteful expenditure and in 2022 -2023 financial year there is a slight decrease to R8 164 198 of fruitless and wasteful expenditure. This is ascribed to the fact that the municipality makes payments within 30 days resulting in the avoidance if interest and penalties.

3.2 COMPONENT B: WATER SERVICES AND SANITATION INFRASTRUCTURE

Employees: Water Services

Job Level	***F/Y 2021-2022***	***FY 2022-2023***		
No. of Employees		**No. of Funded Posts**	**No. of Employees**	**No. of Vacancies**
Grade A 1-3	69	16	69	102
Grade B 1-5	82	16	82	181
Grade C 1-5	38	38	38	24
Grade D 1-5	21	0	21	15
Grade E 1-2	03	01	03	02
No grade	0	0	0	0

Total	**213**	**71**	**213**	**324**

Financial Performance Year 2022-2023: Water Services

DETAILS	FY 2021-2022	FY 2022-2023			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Total Operational Revenue	R 71 742 538	R 76 310 389	R 87 907 044	R 91 748 846	R 3 841 802
Expenditure:					
Employees	R 111 897 937	R 103 580 498	R 107 460 298	R 108 098 955	-R 638 657
Repairs And Maintenance	R 31 765 913	R 33 000 000	R 53 395 558	R 48 175 251	R 5 220 307
Other	R 106 110 970	R 71 511 432	R 87 314 718	R 83 341 875	R 3 972 843
Total Operational Expenditure	**-R 178 032 282**	**-R 131 781 541**	**-R 160 263 530**	**-R 147 867 235**	**-R 4 712 691**

Operation and Maintenance of water and Sanitation infrastructure is an on-going day-to-day activity and comprises of different components and functions to ensure the constant operating of infrastructure.

Mechanical and Electrical components/Equipment of water and sanitation services.
Fuel supply
Material Supply
Sewage Services
Chemical supply
Plant hire and plant procurement

The total number of water schemes, which are operated by the Water Services Department within the four local municipalities, are one hundred and forty scheme (140).

These schemes vary from large scale bulk water supply schemes to, full scale purification systems, standalone schemes such as productive boreholes, and protected springs. Further to the above, there are twelve (12) sewerage purification systems and twenty (20) water treatment works.

There is an improvement in water quality results from the treatment works as

Water meter management.

Number of water meters were purchased and installed in different areas of the district, this assist in increasing revenue collection as well as decreasing water loss. The smart meters are installed activated and converted to prepaid to ensure that the customers buy water before utilizing. This is an ongoing programme as there is a high number of households not paying for water, smart meters assist in ensuring that water used is paid for. The faulty meters are replaced as and when the report is received.

The areas where the installations were done are uMzimkhulu ext. 6 and ext. 8, Kokstad - Franklin; most of the households in these areas are metered.

Schemes Functionality

The schemes functionality improved through the installation and replacement of dilapidated valves and meters. The standby generators installed in different treatment plants for the continuous operation and reduce interruptions during load shedding.

Nokweja WTW

Centocow two Generators

Franklin WTW – Constriction of office building and replacement of storage tanks and chemical storage tanks.

Water storage tanks installed.

uMzimkhulu Nazareth water scheme resuscitated through the borehole drilling and equipping, pump house installation, refurbishment of reticulation system and connection to the existing storage tanks.

uMzimkhulu - Makhaleni and Deepdale Refurbishment of reticulation system to improve the water supply scheme functionality, solar panels installed in different schemes to ensure scheme functionality.

The bulk meters were installed in the water supply areas from UGU district municipality. Five bulk water meters were installed from Vulamehlo Water Treatment works (UGU) that supplies areas of Ubuhlebezwe area.

Three Handpumps were converted into solar panel boreholes with storage tanks and tap stands; this increased the water supply to the affected areas of Ubuhlebezwe.

The backlog of spilling sewer in Kokstad was attended through emptying of Sceptic tanks and VIP toilets completed in Kokstad area (Horseshoe – Ward 9).

Generally, the challenges which are encountered in operating water schemes are amongst others unreliable yields at sources (especially in winter, boreholes and springs dry out), ageing infrastructure such as corroded cast iron pipes, old asbestos pipes, clay pipes etc. (this also applies to the sanitation infrastructure), vandalism, illegal connections, demand vs supply imbalances in fast growing communities etc.

Our plumbing teams and plant process controllers are striving in achieving best and prompt service delivery in repairing broken infrastructure as well as in purifying water to the set standards.

Operations and Maintenance Plan

The Maintenance Plan (O&M) is reviewed and updated annually, 2023/2024 has been reviewed and endorsed by council as a legal municipal document. The maintenance schedules are signed off and records kept for updating the infrastructure asset register of the Municipality. The maintenance plans commonly used are Preventative and Reactive maintenance to ensure that assets used in O&M are kept as close to its original state as possible.

Preventative Maintenance

Maintenance that occurs before a problem happens, which increases the longevity of equipment.

The municipality operates with a high number of standalone schemes that are diesel driven; there is an existing Preventative maintenance plan, and it guides the municipality on frequency of maintenance to the existing infrastructure.

Even though the pumps, engines and equipment are overused due to high water demand as per the increasing community of HGDM. Preventative maintenance is being undertaken on some of the equipment.

With the current projects being implemented, the water supply will increase, and preventative maintenance will proceed effectively.

Reactive Maintenance

Due to the stretchy use of the equipment, reactive maintenance is popular within the district municipality. The pumps and engines are used continuously, and preventative maintenance are rarely undertaken, this costs the municipality high amount of funds to ensure the effective and sustainable operation of water service equipment.

The Review of the Water Services Development Plan which was targeted for the financial year 2022/2023 was done successfully. The Harry Gwala DM has a credible WSDP, which conforms to the Department of Water and Sanitation standard prescribed format, and it is rated 75.56% in terms of score ratings by the Department of Water and Sanitation. The document is accessible from the DWS website and Harry Gwala District Municipality.

The municipality had targeted three projects under Water Services Infrastructure Grant (WSIG) to develop Business Plans for soliciting funding from the Department of Water and Sanitation (DWS). These projects were:

Corinth-Nyanisweni Water Supply
Machunwini Water Supply
Emazizini Water Supply

All three business plans were prepared and submitted to the Department of Water and Sanitation. The municipality is waiting for the DWS to finalize the appraisal of the business plans.

Due to the water supply demand within the communities some additional projects business plans were developed and submitted to DWS. The following were presented to DWS and received approvals and they are currently under implementation:

Nokweja-Mashumi Water Supply Scheme
Bovini-Mncweba Water Supply Scheme
Mazizini Water Supply Scheme

Over and above these projects, the municipality has procured contractors to implement the more WSIG projects:

Gudlucingo Water Supply Scheme
Hostela-Mncweba/Malenge Water Supply Scheme

These are short term intervention projects which supplies water from production boreholes and are meant augment supply on existing schemes which are not fully functioning.

On the other side the municipality utilizes COGTA MIG funding to develop water and wastewater systems which provide more reliable bulk supply and reticulation. This financial year, the municipality has managed to register the following projects for funding and managed to procure contracts which are currently under construction:

Khukhulela Water Supply Scheme Phase 2
Mbizweni Main Sewer Collector Upgrade in uMzimkhulu Town Phase 2
Mnqumeni Water Supply Scheme Phase 5
Rectification of Fairview and Ixopo Town Sewer System Phase 2
Ibisi Sanitation Phase 2

The other projects which were registered with COGTA were:

Creighton Water Supply Scheme Phase 2
Greater Summerfield Water Supply Scheme Phase 2

The implementation of these projects will overlap to the new financial year 2023/24.

Bylaws and Water Services Policies

Section 156(2) of the Constitution (Act 108 of 1996) allows municipalities to exercise their legislative authority by developing their own by-laws covering the area within their jurisdiction, however in terms of Section 21(1) of the Water Services Act (Act 108 of 1997) and Section 75 and Section 98 of the Local Government: Municipal Systems Act (Act 32 of 2000) municipalities are obliged to develop and promulgate bylaws. These by-laws hold the same power and force as other national and provincial legislation. Bylaws are meant to bring order and improved service delivery within municipal jurisdiction. Purpose of Water Services Bylaws is to regulate the affairs and the services rendered by HGDM. Bylaws also play a huge role in raising awareness to communities about their role as consumers/customers.

HGDM Water Services Bylaws outlines the following but not limited to:

Registration of indigent consumers
Application process for water services
Payment for water services
Recovery of water services debts and clearance certificates
Complaints management by HGDM
Declaration of emergency situations
Service levels
Water restrictions
Water Audits- n.o. of people residing in one stand/ water use verses the bill issued monthly.
Conditions for sanitation services
Conditions for water services
Sewer blockages
Approval and withdrawal of industrial waste discharge
Emptying of Septic tanks
Unauthorized water services connections and penalties/consequences
Vandalism of water services infrastructure
Enforcement of Bylaws/Offenses
Powers to serve non-compliance notices.
How to deal with appeals

These Bylaws were gazetted in 2019/20 and adopted by Council. Since 2020/21 financial year to date, the municipality has been setting aside a budget for interpretation of these bylaws into isiZulu, IsiXhosa and Afrikaans and this task has been completed. The interpretation of bylaws goes hand-hand with the summary which makes it easy for HGDM to educate its communities about water services bylaws. This project of interpreting bylaws is believed to be important in ensuring that water services bylaws are implementable across the district. The council has adopted the Water Services bylaws for 2022/23 financial year.

Water Services has developed a number of policies to assist with Water Services operations. These policies include the following but not limited to:

Maintenance Management Policy
Water Services Intermediaries
Service Level Standards
Infrastructure Investment and Capital Projects Policy
Customer Care Policy
Customer Care Strategy
Customer Care Service Charter
Bathopele Policy

For the year 2022/23, Water Services policies were reviewed and inputs based on Auditor General's recommendations were effected in these policies to ensure that HGDM policies are credible and also to ensure that HGDM implements AG outcomes. The reviewed Water Services Policies were subjected to council scrutiny and adoption.

Awareness Programs and Stakeholder engagements.

Customer Care strives to create a society that is aware of water as a limited and essential resource, as such it has embarked on an ongoing programme aiming to create awareness on Water conservation, Health hygiene, Water Infrastructure Theft and Vandalism. As a WSA, one of the key functions is to educate communities about the importance of health and hygiene, water conservation, and taking care of water services infrastructure.

Customer Care educates communities of Harry Gwala to take responsibility and own their water services infrastructure to ensure that they always have water at all times and the vandalism of the water services schemes is curbed. Awareness also includes the processes and procedures that customers and communities should take in reporting burst pipes, damaged taps, and sewer spillages. With the complaints registered with the Customer Care Unit, it became easier to plan awareness campaigns for the areas that have got the most complaints in terms of vandalism and leaks related issues. The complaints register therefore forms a baseline for planning of awareness campaigns.

For 2022/23 financial year, Water Services department engaged on a number of awareness raising programs ranging from water conservation, health and hygiene, vandalism of water services infrastructure, revenue enhancement and prepaid meter awareness. Water Services awareness campaigns were time-bound and aimed entirely at increasing public awareness on water services.

The aim of these awareness raising campaigns for Water Services Department differs between contexts but generally includes increased concern, informing the targeted communities about the problem/concern and attempting to change the said community behaviour towards Water Services. These awareness campaigns deliver messages to communities motivating them to take action in addressing the concern/problem. Water Services uses a range of different techniques and approaches to raise awareness and these include but not limited to: newsletters, social media and events, meetings with stakeholders and representatives of the target group to create a general awareness on the topic.

These awareness programs serves as a powerful campaigning mechanism of re-iterating the value of water and the need for sustainable management of this scarce resource. These campaigns seek to continue building the ongoing awareness within the broader Harry Gwala Community coupled with the responsibility that every citizen must take in ensuring the integrity of our water resources and its efficient use. These awareness's enhanced the manner in which district interacts with its communities, reduction in illegal connections and subsequently curb water losses.

For 2022/23 financial, Water Services had planned 16 awareness program and 16 war room initiatives. However more than 20 awareness's and war rooms materialized, and this is an over achievement for the department. Reports from these war-rooms and awareness's were escalated to the relevant water services personnel for actioning.

In addition to the above, Customer Care Unit also conducted two roadshows where Revenue Section joined to assist customers with their billing queries and prepaid meter related concerns. It is through these roadshows that customers managed to enquire about their water services accounts, register for free basic services (water and sanitation), apply for amnesty etc. This has enhanced the customer confidence on HDGM function (Water Services Authority). The initiative is also aimed at educating consumers about their right to pay for utility services to enable the municipality to provide sustainable basic services to communities.

Customer Care Services

It helps to understand the move from single channel to multichannel customer service as a key aspect of a successful Water Services Authority municipality. Customer care service refers to the assistance an organization offers to its customers before or after they buy or use services. Customer care includes actions such responding to general questions. Customer care, plays an important role in the overall customer experience hence the customer interaction is important in building loyalty and HGDM water services recognition.

The benefits of positive customer care service in HGDM was recognized through increasing revenue collection last financial year. This was an indication that better customer service can lead customers paying for their water services.

In 2022/23 financial year, the Customer Care Call Centre received complaints from communities and channeled such complaints to relevant departments to resolve/attend. The call center operated 24 hours a day, 7 days a week and 365 days in a year. Complaints were logged on an automated system that generated reference numbers for customers and these reference numbers were automatically sent to the complainant through an SMS notifications. The reference numbers were important in that they enabled customers/complainants to track progress on their complaints.

Call Center Unit's functioning was improving every year until September 2022, whereby the complaints management system license expired. The procurement of a new system has had an enormously negative impact on call center functioning. Since September 2022, the customer complaints are recorded manually with no yardstick to measure whether the complaints are being attended and resolved within the stipulated 48 hours.

Customer Care Unit continues to update its Water Services Customer Care Satisfaction Surveys. These surveys were conducted across the district with the intention to improve and strive for service excellence. A total of 400 customer satisfaction surveys were conducted on water and sanitation

services provided by HGDM to communities. A detailed report on the outcomes of these satisfaction surveys is done in-house.

The Water Services Department endeavored to give communities uninterrupted services, however there were factors that required the department to arrange planned interruptions on water supply and sanitation services to allow regular maintenance of water, and sewer system or an upgrade of deteriorating infrastructure. For both planned and unplanned interruptions, HGDM team of plumbers made the reinstatement of the services a priority to restore the services as quickly as possible.

VIP Sanitation

Water Governance and Customer Care Section implemented the VIP sanitation program in 2022/2023 financial year. The section had targeted to implement 217 VIP structures and managed to implement all of them and the target was met. In addition to the targeted number of VIP toilet structures for 2022/2023, there were additional funds available and additional 183 structures were implemented. Ubuhlebezwe LM was the beneficiary for all these structures and the wards that were serves are as follows:

Local Municipality	Ward Number	Villages	Number of Constructed	VIP Toilets
Ubuhlebezwe	12	Skeyi Mazabekweni Bovini Ntambama	200 Units	
	13	KwaMashumi	200 Units	

Massification Projects

Harry Gwala District Municipality received R30 000 000.00 Massification Grant through Accelerated Water Intervention Program (AWIP). Research, Planning and Design Section of Water Services prepared business plan for approval by DWS to drill 28 boreholes and to protect and rehabilitate 21 springs. Boreholes were drilled in the following areas:

Dr Nkosana Dlamini Zuma Local Municipality: 8 boreholes.
Ubuhlebezwe Local Municipality: 8 boreholes.
Umzimkhulu Local Municipality: 11 boreholes.
Greater Kokstad Local Municipality: 1 borehole.

All boreholes are fully functional and water supply has been improved.

Spring protection and rehabilitation was implemented in the following municipalities.

Dr Nkosana Dlamini Zuma Local Municipality: 6 springs.
Ubuhlebezwe Local Municipality: 8 springs.
Umzimkhulu Local Municipality: 7 boreholes.

All springs are fully functional.

Through this water services intervention program Harry Gwala DM has improved its water provisioning to communities that did not have access to potable water.

Water Quality Monitoring

Constitution of the Republic of South Africa Act No. 108 of 1996 gives a mandate to Harry Gwala District Municipality to provide access to water and sanitation services to all communities residing within its jurisdiction. Section 12 of the Local Government: Municipal Structures Act No. 117 of 1998, emphasizes on the establishment of municipalities in accordance with the requirements relating to category and type i.e. Water Services Authority Municipality. And the National Water Act, 36 of 1997 sets out the principles to be adhered to concerning the environmental impacts of wastewater and pollution.

Harry Gwala District Municipality (HGDM) as a Water Services Authority (WSA) has a constitutional mandate of providing access to water and sanitation services to all communities residing within its jurisdiction in terms of the Municipal Structures Act (Act No. 117 of 1998). This constitutional responsibility is carried out by the district taking into cognizance the rights of everyone to sufficient food and water as well as the rights to an environment that is not harmful to their health and well-being as enshrined in the Bill of Rights of the Constitution of Republic of South Africa (Act No. 108 of 1996). The legislation enforces the district to provide good quality of water that will not threaten the constitutional rights of individuals within its jurisdiction.

Harry Gwala District Municipality as a Water Services Authority (WSA) is responsible for monitoring of water and wastewater quality. Both water and wastewater quality supplied to communities and customers of HGDM must be reported to DWS on a monthly basis. Umgeni Water is an accredited water testing laboratory contracted by the HGDM to assist with monitoring water and wastewater quality by analysis water samples against SANS241 Standards.

HGDM has got 32 treatment works: 21 Water Treatment Works (WTW) and 11 Wastewater Treatment Works (WWTW). These 32-treatment works are operated and maintained by HGDM. And only Ixopo WTW and WWTW are operated by a Water Services Provider (Umgeni Water)

HGDM has a Sampler (service provider) contracted for a period of three years. The sampler collects water and wastewater samples as per the HGDM Monitoring Program which is risk based and registered with DWS through IRIS. The number of sampling points which the municipality monitors as per the sampling program is 107 site every month. These sample sites are registered and reported on IRIS (previously known as BDS/GDS).

For 2022/23 financial year the following water and wastewater sites were monitored and reported on IRIS.

For Water Quality, A total of 72 sites were sampled every month. The collected potable water samples were analyzed for key water quality indicators and assessed against SANS 241-1:2015 drinking water standards.

For waste water quality, A total of 35 sites were sampled and analyzed every month. The collected wastewater effluent discharges were assessed against relevant effluent standards as prescribed by Department of Water and Sanitation. i.e. General Effluent Standards for plants >2 ML/d and General Authorization for plants <2ML/d.

Process Audits

Water Governance and Customer Care section under Water Services department in Harry Gwala District Municipality facilitated the process of auditing twenty Water Treatment Works. The project resulted from the mandate that the Harry Gwala District Municipality has in terms of ensuring safe environmental management practices that will enable sustainable service delivery that is not harmful to people. Constitution of RSA, S2(24) of 1996 also states that everyone has a right to a healthy environment. HGDM will ensure healthy environment by disposing a compliant effluent into the natural environment.

Both water and wastewater treatment works of HGDM needs to be subjected to a Process Audit, however for the water treatment works were prioritized due to the Blue Drop assessment that were carried out in January 2023. These process audits have assisted the municipality in ensuring the

reduction of incident or prevalence of commutable diseases, spread through spillages and non-complying effluent disposed to the environment but also assisted in scoring higher on the assessments.

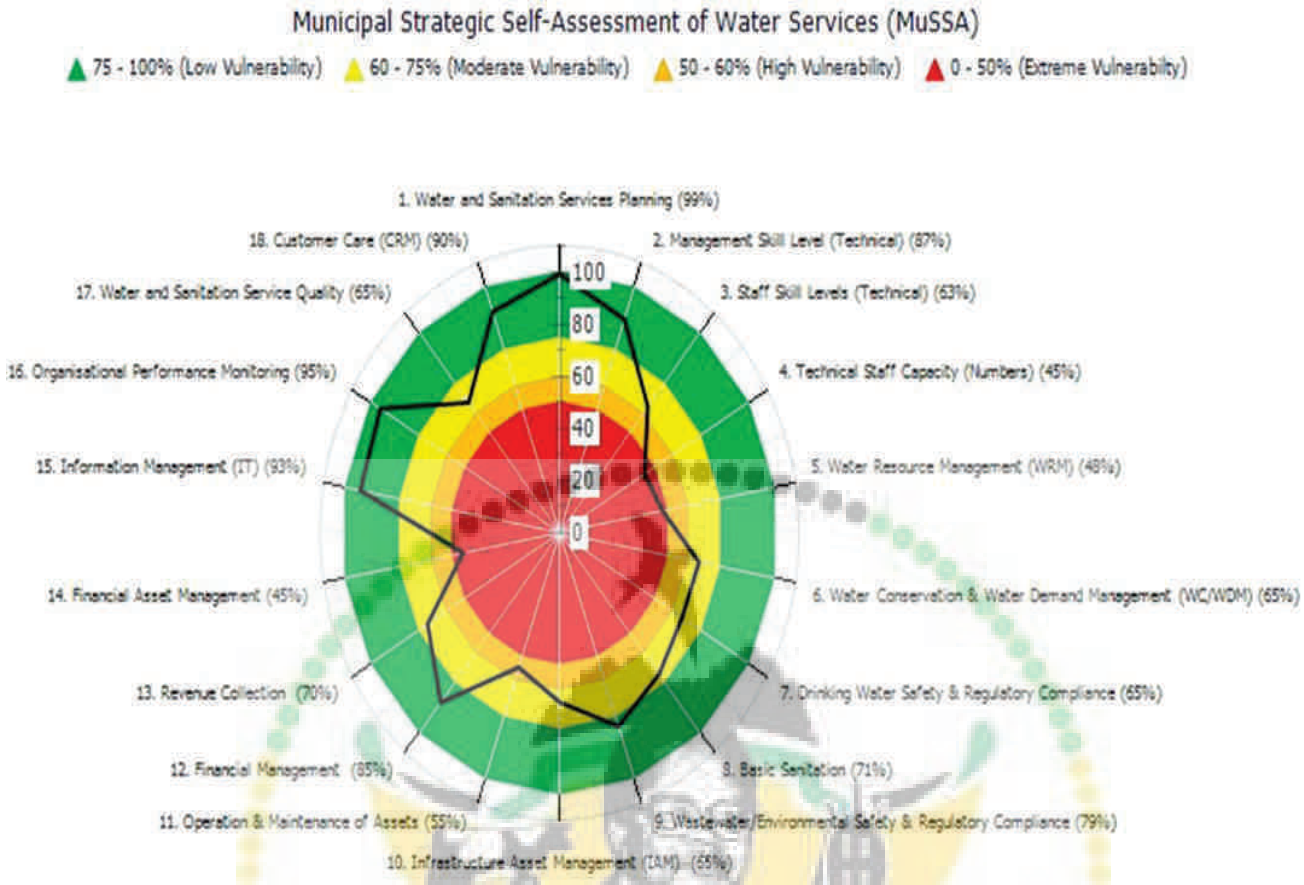
The audits main focus is on the functionality of each unit process of the treatment works, administration and effluent quality and disposal methods. Description covers the whole system from the head of works to the point of disposal (covering design type, treatment processes and disposal). The process audits assist the municipality in ensuring that the treatment works is functioning to its maximum capacity and the final effluent being disposed off to the natural environment is compliant to the set wastewater and effluent standards. The Process Audit outcomes and recommended action plans should be incorporated into the IDP in a form of O&M projects.

Municipal Strategic Self-Assessment (MUSSA)

The MuSSA is a self-assessment tool used by DWS to assess municipalities. Municipalities are given an opportunity to assess themselves and submit the assessment to DWS for processing and verification. MuSSA consists of 18 "business" attributes or legs of which each attribute is made up of five key questions with specified responses. MUSSA requires inputs from the technical, financial, HR, corporate services, and IT staff of the municipality. Reporting produced is publicized Nationally.

HGDM was subjected to Municipal Strategic Self Assessment (MuSSA) in 2022/23 financial year. HGDM has improved from a vulnerability index of 0.67 to 0.55. below are the to areas of concern which are still impacting negatively on the HGDM vulnerability index.

Operation & Maintenance of Assets (55.0%)
Financial Asset Management (45.0%)
Technical Staff Capacity (Numbers) (45.0%)
Water Resource Management (WRM) (48.0%)



COMPONENT B: WATER SERVICES AND SANITATION INFRASTRUCTURE

Capital Expenditure Year 2022/2023: Water and Sanitation Services

This report aims at summarizing the utilization of the 2022/23 Municipal Infrastructure Grant (MIG) funding to the Harry Gwala District Municipality. The objective of the MIG funding is to expedite service delivery to Municipalities that have backlogs in order to reach the stated Millennium Development Goals. The 2022/23 MIG allocation was **R231 011 000.** This report sets out to show the level of usage and implementation of the MIG funds in the year 2021/22 and also to show the impact of the funding on the community as the beneficiaries.

Expenditure Details:

The Table below shows the monthly expenditure from July 2022 to June 2023. Expenditure on PMU salaries was also taken from the MIG allocation.

Monthly MIG Expenditure

Background:

Since the establishment of the PMU section in mid-2008, the MIG expenditure showed marked and tremendous improvement in Harry Gwala District Municipality. The table below shows the MIG expenditure performance in the last 4 years.

GRANT USAGE (grant name)	2018-2019	2019-2020	2020/2021	2021/22
Municipal Infrastructure Grant (MIG)	R160 040 749, 20 **(77, 54 %)**	R200 860 000,00 **(100 %)**	R209 000 000, 00 **(100 %)**	R220 880 000,00 **(100 %)**

2022-2023

MONTH	TOTAL MONTHLY PAYMENTS
July – 2022	R6 835 102,22
August – 2022	R4 030 886,78
September- 2022	R10 076 526,30
October – 2022	R20 770 979,09
November – 2022	R9 955 139,47
December – 2022	R39 359 117,66
January – 2023	R8 157 495,84
February - 2023	R6 983 825,37
March - 2023	R0,00

April –2023	R44 478 712,10
May - 2023	R12 898 320,45
June – 2023	R45 859 102,59
PMU Operational costs included in 2,5 %) the monthly expenditure	**R 5 775 255,00**
TOTAL	**R209 405 207,87**

NB: The 90, 65% expenditure of the MIG allocation was reached by end of June 2023.

The following schedule shows the extracts from the 2022/23 PMU Business Plan and the actual expenditure and status of projects executed in the 2022/23 financial year. **The expenditure shown and the physical progress is the actual current progress as end 30th June 2023.**

PROJECT DECRIPTION	EXPENDITURE 2022/23	SOURCE OF FUNDING	WARD	PROGRESS TO DATE
Greater Summerfield Water Supply	R34 614 353,74	MIG	17 and 20	There are 4 projects that were done this year and they are sitting at an average of 85 % completion.
Greater Mbhulelweni Water Supply	R 2 324 030 ,82	MIG	9,13	The Project has been completed even there is still scope that still needs to be done
Horseshoe Sanitation Phase 2	R 573 376 ,83	MIG	1, 9	The project is currently under designs
Accelerated Water intervention Kokstad rising main	R 2 413 357 ,86	MIG	3,4	The project is 100 % completed. Defects liability period lapsed and it's now being operated.
Kwa-May-Theekloof	R 2 696 572 ,12	MIG	11	The project is under construction and sitting

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May - 2023	R12 898 320,45
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Horseshoe Sanitation Phase 2	R 573 376 ,83	MIG	1, 9	The project is currently under designs
Accelerated Water intervention Kokstad rising main	R 2 413 357 ,86	MIG	3,4	The project is 100 % completed. Defects liability period lapsed and it's now being operated.
Kwa-May-Theekloof Water Supply	R 2 696 572 ,12	MIG	11	The project is under construction and sitting at 70 % completion.

Khukhulela Water Supply	R32 584 371 ,46	MIG	05	Two projects under Construction currently sitting at 90 % average completion.
Mbizweni Main Sewer Collector Upgrade in Umzimkhulu Town.	R27 536 742,64	MIG	16	Two projects under Construction currently sitting at 38 % average completion.
Ibisi Sewer Reticulation	R3 527 709,01	MIG	11	The project is under construction and sitting at 9 % completion.
Mnqumeni/Santombe Water Supply Phase 5 and 6	R35 076 112,12	MIG	14	Two projects under Construction currently sitting at 61 % average completion
Ncakubana Water Supply Scheme Phase 3	R 4 449 103,09	MIG	01	The project is currently under construction and sitting at 78 % completion
Umzimkhulu Sewer	R15 585 852 ,30	MIG	16	The funds under Old Umzimkhulu Sewer MIG NOR was exhausted and the new BP was approved under new project name called Mbizweni Sewers.
Greater Nomandlovu Water Supply Phase 2	R11 543 666,87	MIG	13,14	The project is currently sitting at 95 % Completion
Highflats Town Bulk Water Supply Scheme	R7 458 069,26	MIG	13	The project is currently sitting at 99 % completion (Defects Liability Period)
Rectification & Upgrade of Fairview and Town Sewer	R4 721 780,77	MIG	04	Contractor appointed during the month of June 2022
Creighton Water Supply Scheme Phase 2	R 762 154,60	MIG	5,6,8 and 14	On evaluation for the appointment of Contractor.

Bulwer Dam Emergency Intervention – Water Supply Scheme	R3 864 534 ,58	MIG	10	The Project has been completed
Universal Rural Sanitation Coverage in Ubuhlebezwe Municipality	R 5 349 177 ,62	MIG	All wards	The project has been completed.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP) INCENTIVE GRANT: 2022-20-23 FINANCIAL YEAR

The Expanded Public Works Programme (EPWP) is one of government arrays of programme aimed at providing poverty and income relief through temporary work for the unemployed to carry out socially useful activities.

Harry Gwala District Municipality received an allocation of R 5 221 000.00 as an Incentive Grant for the implementation of EPWP during 2022/23 financial year. The 100% expenditure of the EPWP allocation was reached by the end of March 2023, the Municipality had to go an extra mile and top up till the end of June 2023 in order to pay salaries for EPWP participants.

Through implementation of EPWP ,398 of 1099 work opportunities created by the Municipality were paid with Incentive grant. Most importantly was the Municipality's creation of Full Time Equivalent (FTEs). FTE refers to employment that is equivalent to employing one person for one year of 230 effective working days, making sure that participants are employed for longer duration. The Municipality had a target of 365 FTEs and achieved 484(132%) of the target. Harry Gwala District Municipality had a target of 1099 work opportunities and managed to achieve 1108 (101%) vs the target.

The table below shows Harry Gwala District Municipality's performance on the EPWP Incentive Grant in the last for 4 financial years.

YEAR	WORK OPPORTUNITIES (WO) TARGET	ACHIEVED (WO)	WO %	BUDGET ALLOCATION(R)	EXP.(R)	EXP. %
2019/20	240	240	100%	5 316 000.00	5 316 000.00	100%
2020/21	200	200	100%	5 195 000.00	5 195 000.00	100%
2021/22	350	361	103%	4 596 000.00	4 596 000.00	100%

2022/23	350	398	111%	5 221 000.00	5 221 000.00	100%

FURTHER ACHIEVEMENTS BY HARRY GWALA DISTRICT MUNICIPALITY ON EPWP IMPLEMENTATION

Harry Gwala District Municipality was awarded the 1st position or the best performing District in the Infrastructure sector in KwaZulu-Natal, also achieved 3rd position in the Social Sector Best District category during KAMOSO awards competition held in November 2022

RURAL ROADS ASSETS MANAGEMENT SYSTEMS (RRAMS): 2022 2023 FINANCIAL YEAR

The programme is aimed at collecting road data to successfully create an asset register that will provide information required to plan for the management of roads and roads inventory within Harry Gwala District Municipality jurisdiction.

The strategic goal of the RRAM grant is to ensure effective and efficient investment in the rural roads through the development of Roads Asset Management System (RAMS) and the collection of associated roads and bridge inventory data condition assessment and traffic information. The improved data on rural roads will guide infrastructure investment for Local Municipalities improve accessibility and mobility of the rural communities.

Harry Gwala District Municipality received an allocation of R 2 391 000 for RRAMS implementation and achieving the strategic goal. The 100% expenditure was reached by the end of June 2023.

During the 22/23 financial year, the Municipality conducted the following activities with success

ACTIVITY	PROGRESS
System upgrade and renewal	Completed
Employment of 4 graduates	Completed
Graduates Training	Conducted
Traffic Count	UBuhlebezwe and Kokstad Local Municipalities, also Completed

Harry Gwala District Municipality had **NO** allocation for 2022/23 financial year for the implementation of Regional Bulk Infrastructure Grant (RBIG) and Energy Efficiency Demand Management System (EEDMS).

Description			Budget Year 2022/23			
R (000)	Major Conditions	Adjusted Budget	Year Actual	Year Budget	YTD Variance	TYD Variance %
Rural Roads Asset Management Grant	To set up rural road assets management system and collect road and traffic data in line with the road infrastructure strategic framework	2 391	2 391	2 391	-	100%
Expanded Public Works Programme	Provide poverty and income relief through temporally work of the unemployed to carry out social useful activities	5 221	5 221	5 221	-	100%

3.3 COMPONENT C: CORPORATE SERVICES DEPARTMENT

Employees 2022-2023: Corporate Services

Job Level	FY 2021-2022	FY 2022-2023		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
T3	09	3	07	3
T4	2	-	02	1
T5	1	-	01	0
T6	3	-	03	0
T7	5	-	05	0
T8	-	-	-	0
T9	4	-	05	1
T10	6	-	06	0
T11	3	-	03	3
T12	3	-	03	2
T13	-	-	-	0
T14	1	-	01	0
T15	1	-	01	0
T16	1	-	01	0
T17	1	3	0	1
T0	1	-	1	-
TOTAL	**40**	**3**	**38**	**11**

Financial Performance Year 2022-2023: Corporate Services

DETAILS	FY 2021-2022	FY 2022-2023			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Total Operational Revenue	R 290 386	R 0	R 244 731	R 372 203	R 127 472
Expenditure:					
Employees	R 24 887 460	R 25 882 984	R 24 557 894	R 24 606 933	-R 49 039
Repairs And Maintenance	R 606 282	R 1 037 603	R 300 687	R 284 660	R 16 027
Other	R 55 146 473	R 64 516 953	R 70 642 799	R 65 214 725	R 5 428 074
Total Operational Expenditure	**R 79 137 265**	**R 91 437 540**	**R 95 256 649**	**R 89 734 115**	**R 5 522 534**

COMMENTS ON THE INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

The Harry Gwala District Municipality continues to upgrade its ICT equipment and infrastructure in order to provide quality services to its customers, the general public and the residents within and around the District. By licensing the municipal software and upgrading outdated ICT equipment, the users of technology are able to efficiently communicate by means of emails, telephones, social media and the website. This also enables the users to meet the demands of the Municipality. The website (www.harrygwaladm.gov.za) has proven to be a useful communication tool due to the results, which appear on the statistics of the website. Members of the community, government departments, the

private sector, etc. interact with the website by browsing, downloading content, publishing feedback and interacting with the social network quick-links found on the website. In addition, individuals are also able to access documentation, which have been uploaded as prescribed by legislation.

The Harry Gwala District Municipality Council approved and adopted a number of revised ICT policies, procedures and plans. These included the Information Systems and Security Policy, the Backup Plan, the Master Systems Plan, the Logical Access Management Policy, the Firewall Policy, the Disaster Recovery Plan, The Business Continuity Plan, the Change Management Procedure, the ICT Governance Framework and the Cyber Security Policy.

The Municipality will continue to keep abreast with current and new technologies and adhere to leading practices in order to host and protect all municipal information and data. Currently, the Municipality consistently upgrades its internet to enhance connectivity and employee productivity.

ICT Policies

Information Systems and Security (ISS) Policy
Backup Plan
Master Systems Plan
User Access Management / Logical Access Management Policy
Firewall Policy
Disaster Recovery Plan
ICT Business Continuity Plan
Change Management Policy and Procedure
ICT Governance Framework
Server Room Maintenance Plan
Cyber Security Policy

Comments on the Performance of Human Resource

Recruitment, Selection and Conditions of Service

Organogram

The full organizational structure has 828 positions

The key positions (Senior Management positions) are filled as follows:-

Municipal Manager	Filled
Chief Financial Officer	Filled

Executive Director: Social Services and Development Planning	Filled
Executive Director: Corporate Services	Filled
Executive Director: Infrastructure Services	Filled
Executive Director: Water Services	Vacant

The total vacancy rate in the municipality is 11% (based on the total funded positions)

- Total number of staff 441
- Vacant posts (funded) 48
- Frozen posts (unfunded) 346
- Total in structure 828

Staff Retention Rate

Currently at Harry Gwala District Municipality there are 441 positions filled as follows:-

Permanently employed (393), Contract Appointments which include short and long term contracts (43) and Senior Managers also called Section 56 and 54A (5) employees employed. In the past year, 2022/2023 there were 24 people that left the institution due to resignation, death, retirement and contract expiry.

Retention Rate calculation

Number of stayers	***Divided by***	**Number of Personnel at beginning of period**	***Times 100***	***Equals***	**Your retention rate**
(439)	**÷**	**(404)**	X **100**	**=**	***108%***

Staff Turnover rate

Executive Director: Social Services and Development Planning	Filled
Executive Director: Corporate Services	Filled
Executive Director: Infrastructure Services	Filled
Executive Director: Water Services	Vacant

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Turnover Rate calculation

Number of leavers	Divided by	Number of people employed	Times 100	Equals	Your turnover rate
(24)	**÷**	**(441)**	X **100**	**=**	***5,4%***

Job Evaluation and Job Grading

Harry Gwala District Municipality is currently utilizing Patterson Salary Grading Scheme regardless of SALGA NEC having adopted TASK Job Evaluation System as the applicable system in the Local Government sector. TASK was introduced in order to ensure uniformity as well as to eliminate salary disparities. In KwaZulu Natal, SALGA agreed to establish 5 Job Evaluation Regions with 5 Job Evaluation Units (UThungulu, UMsunduzi, Ugu, Ethekwini & EMnambithi) and a Provincial Audit Committee for the province which seats at KZN SALGA offices. Harry Gwala District Municipality is under UMsunduzi Region which is region 2. Job descriptions were evaluated and sent to the Provincial Audit Committee for auditing, the final outcome results were sent to the Municipal Manager and they were officially published in August 2021. The organizational structure was amended accordingly to reflect new titles as per Final Outcome Report.

Region	**Municipal Code**	**Status**	**No. of Positions**	**No. of Posts**	**No of Evaluated posts**
2	D43	Preliminary results submitted to the Job Evaluation Unit	831	449	449

Human Resource Management & Development Strategy and Implementation Plan

The purpose of the Human Resource Management & Development Strategy and Implementation Plan is to outline key interventions to be undertaken by the municipality in ensuring that it has the right number of people, with the right composition and with the right competencies, in the right places to enable it to deliver on the mandates and achieve its strategic goals and objectives. HR strategic planning is about determining the demand and supply of employees that are critical to achieving strategic objectives, analyzing the gap between the demand and supply and developing a plan that seeks to close the gap.

As the Harry Gwala District Municipality aims to consolidate the solid gains of the last five years and offer better quality services and performance such as exemplary political and administrative governance, it is crucial to build human resource capital to support the needs of the five-year IDP. In order to ensure that the municipality makes the best possible use of its resources to attain its commitments and programme objectives set out in the IDP and SDBIPs, a well-structured HRM & HRD Strategy and an Implementation Plan must be in place. The strategy informs the decision-makers on the three critical issues:

current *supply* of human resources;
human resources *demand* ; as well as
Prioritized and *strategic HR actions* to be taken.

The Human Resource Management and Development Strategy represents the first step in transforming Human Resource Management and Development within the Municipality and is an attempt at defining the future status.

Skills Development

The Harry Gwala District Municipality has developed a Workplace Skills Plan to address the skills and competency needs of its Employees, Councilors and Traditional Leaders. The Workplace Skills Plan and the Annual Training Report were submitted to the Local Government Sector Education and Training Authority (LGSETA) on 26 April 2023.

In the 2022/2023 financial year, Harry Gwala District Municipality planned and implemented the following training and development interventions:

Training and Development Interventions

Name of the learning programme	Number of beneficiaries	Type of learning intervention	Period Trained
Municipal Finance Management Programme	01	Learner ship	18-20 July 2022
Human Resources Councilors and Practitioners Forum	09	Workshop	28 August 2022
POPIA Awareness Programme	03	Workshop	29 August 2022
IT Governance and Cyber Security for Public Finance	02	Conference	11 August 2022
IIA	03	Conference	19-21 October 2022

Local Labour Forum Training	07	Skills Programme	08-09 September 2022
IRMSA Annual Conference	02	Conference	27-28 September 2022
Municipal Finance Management Programme	01	Learner ship	17-19 October 2022
Arbitration and Conciliation Training	02	Workshop	13-14 February 2023
MSAA Workshop	02	Workshop	23 February 2023
Network Plus Training	01	Technical	13-17 March 2023
Intermediate Computer Training	10	Technical	15-17 March 2023
Avoiding Irregular, Unauthorised, Fruitless & Wasteful Expenditure Training	03	Skills Programme	13-14 March 2023
MPAC Capacity Building Workshop	06	Workshop	15 March 2023
Supply Chain Management Training	03	Skills Programme	15-17 March 2023
Coaching for Leadership Development Training	03	Skills Programme	22-24 March 2023
National Certificate: Municipal Governance Training	04	Learner ship	17-21 April 2023
Supervisory Training	15	Skills Programme	04-06 April 2023
Public Sector Audit & Risk Indaba	05	Workshop	4-5 April 2023
Advanced Excel Training	15	Technical	12-14 April 2023
Conditions of Services Collective Agreement Training	06	Workshop	19 June 2023
SALGA KZN Risk management Forum	02	Workshop	25-26 May 2023

Arbitration and Conciliation Training	01	Workshop	21-22 June 2023
National Certificate: Municipal Governance Training	07	Learner ship	26-30 June 2023
Systems Administrator Training	02	Technical	27-28 June 2023

In the 2022/2023 financial year, Harry Gwala District Municipality granted the following bursaries:

Bursaries

COURSE	NUMBER OF STUDENT	INSTITUTION	DEPARTMENT
Advanced Diploma: Business Management	3	MANCOSA	Office of the MM and Corporate Services
Diploma: Public Management	02	Howard FET College	Corporate Services and Water Services
Post Grad Diploma: Public Administration (Monitoring and Evaluation)	01	WITS	Corporate Services
Post Grade: Diploma in Risk Management	01	MANCOSA	Corporate Services
Bachelor In Public Administration	04	MANCOSA	Budget and Treasury Office, Water Services and Social Services
Higher Certificate: Local Government and Development Management	01	MANCOSA	Water Services

Water and Wastewater Treatment NQF L2	01	Umbilo Private Technical College	Water Services
Certificate in Water and Wastewater Treatment	01	Brea Technical College	Budget and Treasury Office
Post Grad Diploma: Public Management	01	University of Pretoria	Budget and Treasury Office
Bachelor of Commerce: Financial Management	01	MANCOSA	Budget and Treasury Office

Employment Equity

The Employment Equity Plan for the period starting 1 October 2022 - 30 September 2027 was adopted by Council on the 30 May 2023..

The Employment Equity Report of the HGDM was completed in the 2021/22 reporting period and was submitted to the Department of Labour on the 11th of January 2023.

Below is the current municipal employee profile in the Harry Gwala District Municipality:

African	97,4 %
Coloured	2%
Indians	0,4%
Whites	0,2%
People with Disabilities	2%

Comments on the performance of Corporate Services

The Corporate Services Department provides administrative and corporate support services to all Departments within Harry Gwala District Municipality. The Department is comprised of these Units: Administration and Corporate Support, Records Management, Fleet Management, Information and Communication Technology, Human Resource and Development, Occupational Health and Safety, and Communications. The Department sets its performance targets based on the Integrated Development Plan and other relevant documents, which are at the disposal of the Municipality. We complied with other legislation, for example, we submitted our Workplace Skills Plan and Annual Training Report timorously to the Local Government Sector Education and Training Authority and all the parties have

agreed and appended their signatures and submitted the Employment Equity Report to the Department of Labour on/before the due dates.

Although the Department struggled to meet some of its targets for the year due to financial constraints, there were those targets that we exceeded on like producing a resolution register for Council in order to track progress made in implementing those resolutions; providing on-time responses to negative publicity; continuously verifying employee qualifications from Senior Management to lower level employees; functionality of the Information and Communication Technology Steering Committee; and last but not least, consistently reporting on the use of municipal vehicles and costs incurred thereo

3.4 COMPONENT D: SOCIAL SERVICES AND DEVELOPMENT PLANNING (SSDP) DEPARTMENT

Employees: Social Services and Development Planning

Job Level	FY 2021-2022	FY 2022-2023		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
T5	1	2	1	1
T6	1	1	1	0
T7	7	9	8	1
T10	3	4	4	0
T11	8	15	10	4
T12	2	2	2	0
T14	4	4	4	0
T15	2	2	2	0
T16	1	1	1	0
T17	2	2	2	0
No grade	1	1	1	0
Total	32	39	36	6

Financial Performance 2022-2023 Social Services and Development Planning

DETAILS	FY 2021-2022	FY 2022-2023			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Total Operational Revenue	R 0	R 0	R 15 242	R 31 998	R 16 756
Expenditure:					
Employees	R 30 302 127	R 31 514 240	R 29 606 733	R 29 722 685	-R 115 952
Repairs And Maintenance	R 0	R 0	R 0	R 0	R 0
Other	R 22 263 019	R 24 484 517	R 22 449 164	R 20 753 180	R 1 695 984
Total Operational Expenditure	**R 52 565 146**	**R 55 998 757**	**R 52 040 655**	**R 50 443 867**	**R 1 596 788**

Comments on the Performance of Social Services and Development Planning in 2022-2023 Financial Year

DEVELOPMENT PLANNING DIRECTORATE

As the Municipal Systems Act and Spatial Planning and Land Use Management Act (SPLUMA) requires Municipalities to prepare Spatial Development Framework (SDF), HGDM has once again managed to fulfil this legislative requirement by reviewing the SDF. As the World community started to experience Covid 19 towards the end of 2019, South Africa also started to experience this deadly virus in March 2020. In response to this pandemic the Country went to a National Lockdown towards the end of March

2020. A number of developmental challenges started to emerge and others which were ignored for some reasons became issues of priority. The HGDM Spatial Development Framework had to pay attention to these issues. Amongst other issues which were considered by this review were issues of denitrification, access to basic service, provision and effectiveness of social services and amenities. The SDF also paid a closer look into issues of cemetery needs and cemetery planning in line with the settlement planning and demands that were being brought by Covid 19 pandemic.

The use of Geographic Information System (GIS) assisted both our Municipal Health Services, Water Services by identifying and mapping areas which were showing concentration of Covid 19 infections. This was helpfully in order to provide necessary awareness and speed up the provision of services in areas where there was an urgent need.

SOCIAL SERVICES DIRECTORATE:

Social Services is a makeup of two units namely Disaster Management and Municipal health Services, and during the 2022-2023 financial year the directorate set out to achieving 10 planned targets and to meet some of its regulated objectives which was achieved. Other activities you may see are not appearing in the SDBIP however they form part of an integral part of providing the services effectively as well in meeting the obligations as set out in the Disaster Management Act and the National Health Act and its regulations.

MUNICIPAL HEALTH SERVICES UNIT:

The Environmental Health is a fundamental public health approach that affects the whole population of Harry Gwala District and provides a foundation for present living. Neglecting of this service may resulted in an increase in diseases associated with environmental factors. The Municipal Health Services needs both financial and technical resources to strengthen environmental health services rendering in areas within the jurisdiction of Harry Gwala District Municipality.

In the fiscal year, 2022-2023, Municipal Health Services Unit developed municipal health plan and that plan was aligned with the Harry Gwala Municipal Integrated Development Plan (IDP) and subsequent with Service Delivery and Budget Implementation Plans (SDBIP).

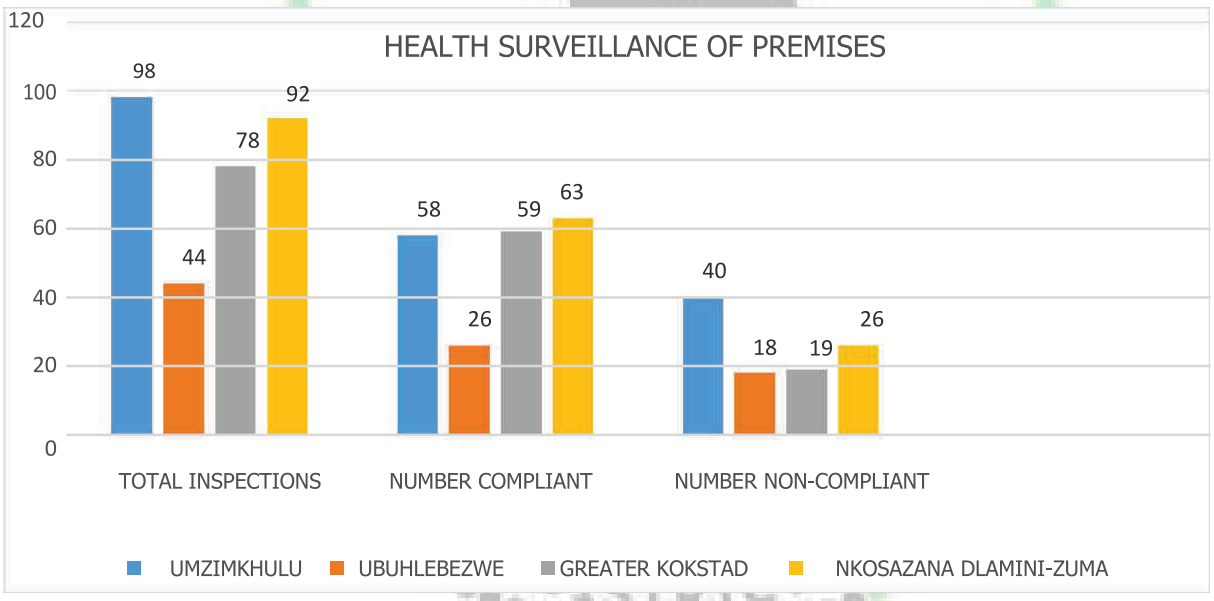
An important aspect of Environmental Health practice is to reduce the incident of illnesses that are related to the environmental induced.

The activities performed during 2022-2023 were all based on the following:

Water Quality Monitoring;
Food Control;
Waste Management;
Health Surveillance of premises;
Surveillance and prevention of communicable disease, excluding immunizations;
Vector Control;
Environmental Pollution Control;
Disposal of the Dead; and
Chemical Safety

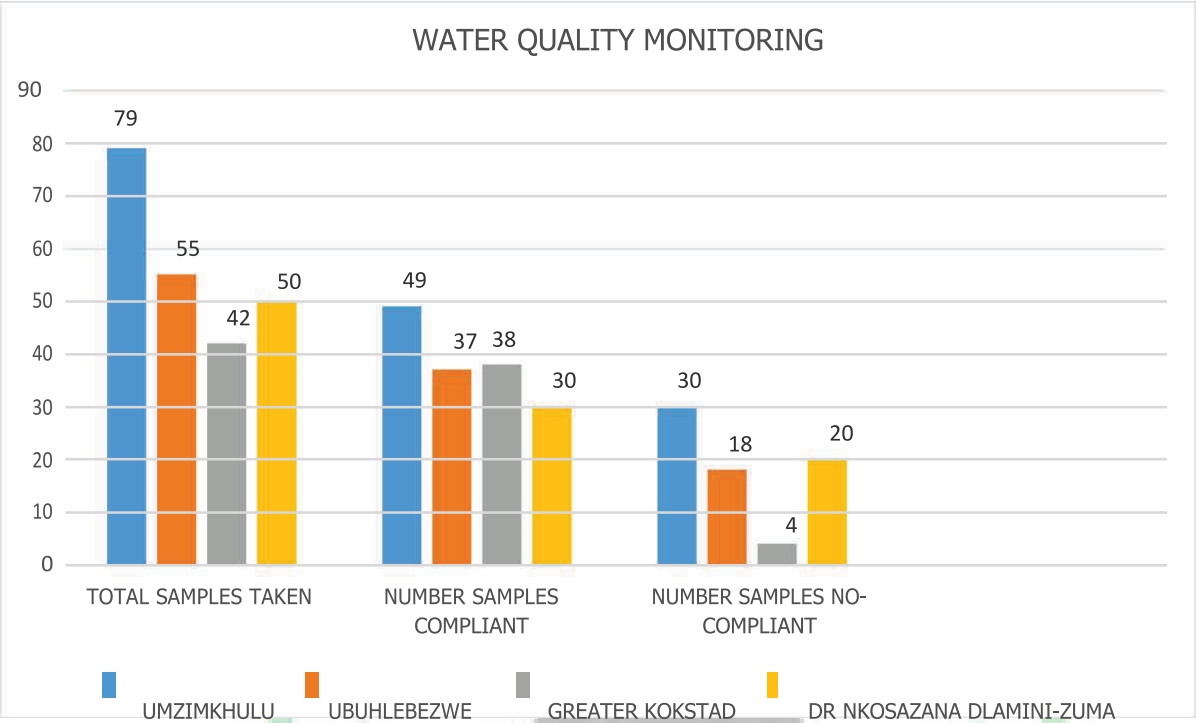
HEALTH SURVEILLANCE OF PREMISES: FINANCIAL YEAR 2022-2023

Total number of premises inspections conducted were 309. The number which were compliant were 206, and 103 premises were non-compliant as follows:



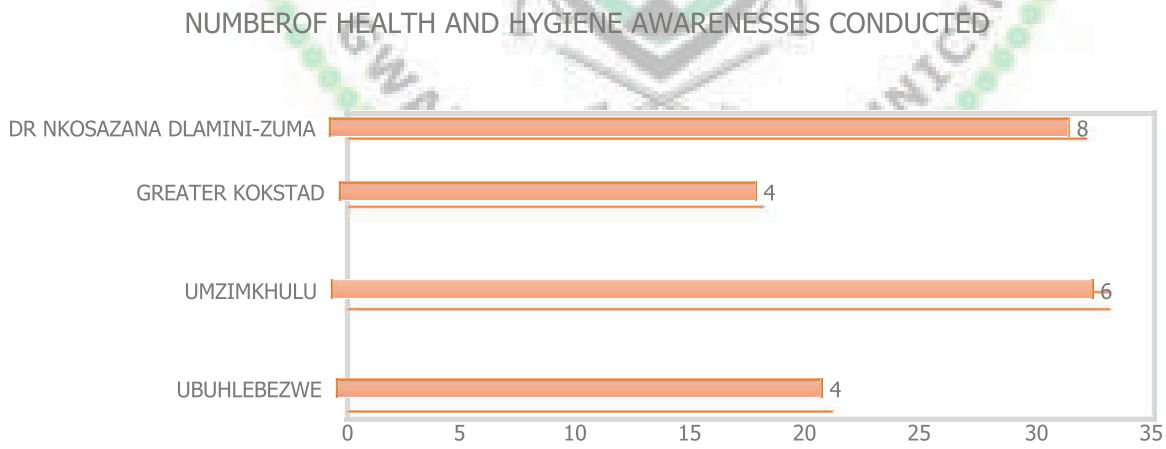
WATER QUALITY MONITORING: FINANCIAL YEAR 2022-2023

The total number of water samples taken were 235. The number of samples compliant were 154 and 72 were non-compliant, and were broken down per Local Municipalities as follows:



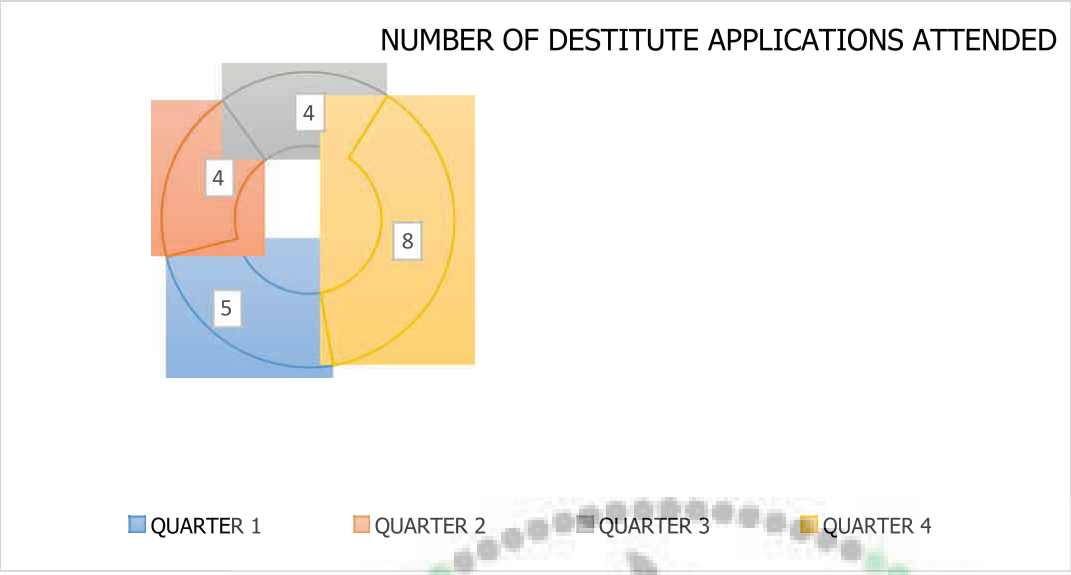
HEALTH AND HYGIENE AWARENESSES CONDUCTED FINANCIAL YEAR 2022-2023

Total number of Health and Hygiene awareness's conducted were 22, and were broken down per Local Municipality as follows:



DISPOSAL OF THE DEAD: FINANCIAL YEAR 2022-2023

Total number of Destitute applications received and processed were 21, and where distributed per quarter as follows:



SURVEILLANCE AND PREVENTION OF COMMUNICABLE DISEASE: FISCAL YEAR 2022-2023

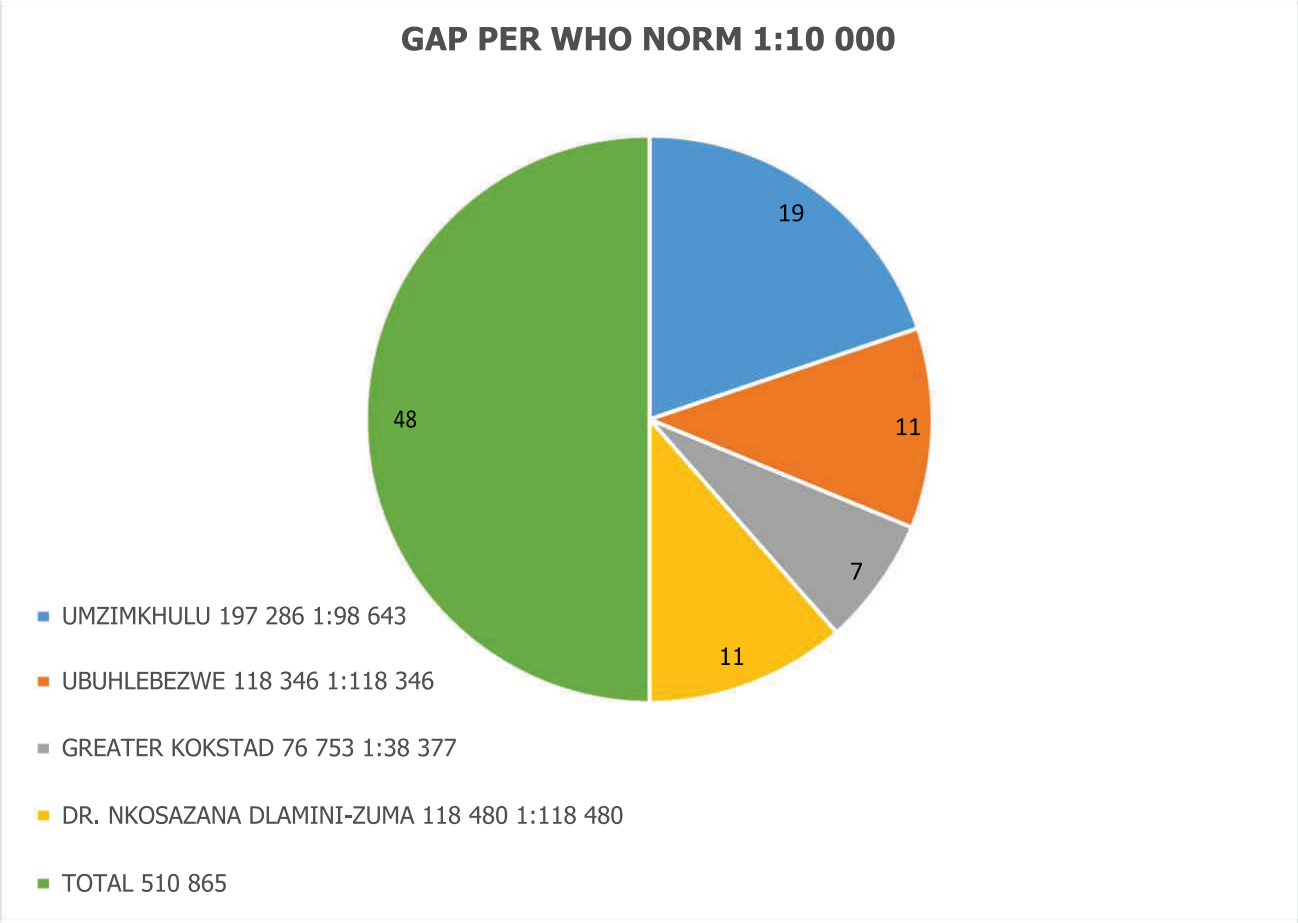
HARRY GWALA DEMOGRAPHICS:

According to South Africa (Stat SA); the population of Harry Gwala is estimated at 510 865 in 2016 and we are faced with environmental health challenges, that is including the water borne diseases, food poisoning and other communicable.

NAME OF LOCAL MUNICIPALITY	POPULATION ESTIMATE	NUMBER OF EMPLOYED EHP/S	CURRENT RATIO OF EHP TO POPULATION	GAP PER WHO NORM 1:10 000
UMzimkhulu	197 286	2	1:98 643	19
Dr. Nkosazana Dlamini-Zuma	118480	1	1:118 480	11
Ubuhlebezwe	118 346	vacancy	0:118 346	11
Greater Kokstad	76753	2	1:38 377	7
TOTAL	510 865	5	-	48

The scope of practice of Environmental Health Practitioners (EHP) made under the Health Professions Act, 1974 (Regulation R698 of 26 June 2009) clearly outline the functions of an EHP.

Number of functional Environmental Health Practitioner's in Harry Gwala and the WHO Norms for the ratio of EHP's for the fiscal year 2022-2023



DISASTER MANAGEMENT UNIT

KPA 1: Integrated institutional capacity

1.1 Municipal Disaster Management Policy Framework

The Harry Gwala Disaster Management Framework has been updated and adopted by Council. It outlines how the municipality will go about implementing disaster management within its area of jurisdiction. All local municipalities have developed their policy framework for disaster management and adopted by their councils.

1.2 Municipal Disaster Risk Management Plan

The Harry Gwala Disaster Risk Management Plan has been updated and adopted by Council. Disaster Risk Reduction projects and programs are identified in the disaster risk management plan to prevent/mitigate disaster risks occurred or may occur and budget to implement these projects and programs.

1.3 Disaster Management Advisory Forum -IGR

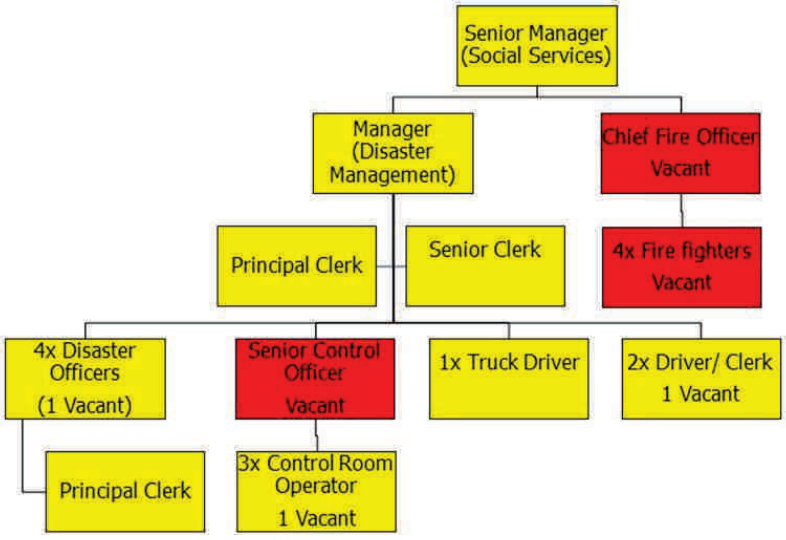
The Joint Disaster Management and Municipal Health Services Advisory Forum is a forum that convenes once in a quarter and 4 meetings are implemented, followed, and serves as a coordination forum for disaster management issues within the municipality.

The Disaster Management unit have established the Disaster Management Advisory forum to comply with the legislation. The Joint District Disaster Management and Municipal Health Services Advisory forum meeting was held on the 07th of June 2023 at the Disaster Management Centre.

1.4 District Disaster Management Practitioners Meeting

The District Practitioners Forum meetings are convened on quarterly basis prior to the Disaster Management Advisory Forum at the Disaster Management Centre. All Local Municipality Fire Services participate and report on Local Disaster Management Programs/Projects in line with their Service Delivery Budget Implementation Plans (SDBIP). All issues that pertain to disaster management and fire services are discussed in this meeting. Reports from Local Municipalities on all activities carried out are presented to this forum. Challenges in the implementation of Key Performance areas and all Disaster Management activities are also shared so that the practitioners can share possible solutions.

1.5 DMC Organogram



KPA 2: Disaster Risk Assessment

The Harry Gwala District Municipality just like most municipalities in the province is prone to several natural and man-made hazards. The vulnerability varies, which mainly depends on socio-economic status as well as the exposure of a particular household or community to a specific hazard. Table 1 outline the list of priority hazards that are affecting the district. The spatio temporal characteristics of these hazards are well known since they have been observed and recorded continuously. The municipality has reviewed its Disaster Management Plan and part of that review will be to establish the current risks in all wards. The process is also informed by the climate change experience that have major impact on the response strategy in place.

2.1 Community Based Disaster Risk Assessment

Disaster Risk Assessment is the first step in planning an effective disaster risk reduction programme (Policy Framework for Disaster Management). Harry Gwala District Municipality is prone to different types of hazards/risk and with the assistance of Local Municipalities has conducted ward based risk assessment in all wards for the purpose of developing risk profile to assist the municipality to identify risk reduction projects that will be incorporated in the Harry Gwala Disaster Risk Management Plan and in the IDP of the municipality for implementation. This will assist disaster management and all stakeholders in planning for projects and programs that need to be implemented. As part of mainstreaming the disaster management at ward level, the district municipality is working closely with all ward committee members to also participate as volunteers at a ward level when incidents occurred.

The Disaster Management Volunteers form part of the disaster management centre strategy to prevent and mitigate the occurrence of disasters e.g. removal of alien plants, clearing of storm water drains, river banks and educational awareness activities.

2.2 Disaster incident mapping

The District Disaster Management Unit have started with the mapping of disaster incidents as part of ensuring that each and every incident that occurred within the district. The disaster management team is using cell phones and GPS devices to take the coordinates when conducting assessments. The GPS coordinates are recorded to indicate a historical occurrence of such an incident, once taken they are then sent to GIS for them to develop maps and pinpoint where exactly the incident occurred.

The GIS under the Development and Planning Unit provided training to the disaster management practitioners on how to utilize the GPS devices.

KPA 3: RISK REDUCTION, PREVENTION AND MITIGATION

3.1 Alignment / Integration between the IDP and DMP

In terms of Section 26 (g) of the Municipal Systems Act, 200, Act 32 of 2000, a Municipality's IDP must contain a disaster risk management plan. A development project in the Municipality, as contained in the Municipality's IDP, is thus interlinked with disaster risk management planning and activities. Risk reduction projects identified as part of disaster risk management planning, such as those identified in this plan and the contingency plans to be developed and risk assessments should be included into the district and local Municipal IDPs.

The HGDM Disaster Management Sector Plan was developed and submitted to IDP and the Provincial Disaster Management Centre to be included in the District IDP document.

3.2 Mutual Assistance Agreement for Disaster Risk Reduction

In accordance with the Act (Act 57 of 2002) Section 7 (2) (d) and Policy Framework for Disaster Risk Management Section 1.4.3, municipalities must establish their level of capacity to deal with disaster risk reduction, response, and recovery. Where necessary, and to strengthen this capacity, they must enter into mutual assistance agreements within their neighbouring districts. At the Municipal level, cooperation and coordination efforts must be supported by cross-boundary mutual assistance agreements between provinces, districts, and municipalities and by creating partnerships with each other through memorandum of understanding.

Since the prevalence of major incidents and disasters is on the rise, there was a need to establish and sustain cross-border cooperation in fire prevention, suppression of fire, disaster management, and other emergency support including bench marking in terms of disaster risk management and fire & rescue services good practice. Such cooperation also opens the potential for pragmatic, flexible, and creative solutions to major incidents and disaster risks.

Harry Gwala District Municipality has three districts with cross-boarders: UGU, uMgungundlovu, and Alfred Nzo. Should an incident or disaster at these cross borders arise, Harry Gwala District Municipality shall liaise with the relevant personnel in that district.

The Harry Gwala District and Alfred Nzo District Municipality reviewed and updated their Mutual Assistance Agreement for cross border cooperation. The MAA was reviewed and signed by both parties in July 2022.

KPA 4: RESPONSE AND RECOVERY

The objective for KPA 4 as stipulated in the NDMF is to ensure effective and appropriate disaster response and recovery. This includes:

Implementing a uniform approach to the dissemination of early warnings

Averting or reducing the potential impact in respect of personal injury, health, loss of life, property, infrastructure, environment, and government services.

Implementing immediate integrated ad appropriate response and relief measures when significant events or disasters occur or threatening to occur.

Implementing all rehabilitation and reconstruction strategies following a disaster in an integrated and development manner.

4.1 Municipal capacity in terms of response and recovery

The municipality has developed disaster risk management preparedness and/ or response plans in terms of the relevant prioritized risks that are imminent within the jurisdiction of the municipality. The response plan includes a response strategy to the Covid-19 pandemic to ensure that the regulations put in place to curb the spread of the corona virus are implemented.

4.2 Preparedness Capacity

As part of preparedness, the Harry Gwala District Municipality's Disaster risk Management, Disaster risk Management Advisory Forum, Local Municipalities within the district, Preparedness Planning Groups, Joint Response and Relief Management Teams, Disaster risk Management Volunteers, Rehabilitation & Recovery Project Teams, Covid-19 Joint Operation Committees and Harry Gwala Emergency Control Group are always on alert for action.

It is therefore very important to understand that, during response and recovery operations the relevant disaster preparedness and/ or response plans of the municipality will be executed by the disaster management structures. As and when disaster incidents and/ or disasters occur, the response teams are immediately activated to assist those affected, conduct assessments, and also provide disaster management relief.

Some of the response plans available in the disaster management plan are as follows:

Covid-19 Response Plan
Cholera Incident Response Plan
Drought Incident Response Plan
Fire Incident Response Plan
Floods Incident Response Plan
Hazardous Materials Accidents by road Response Plan
Snow Incident Response Plan
Tornados Incident Response Plan
Climate Change Response Strategy
Festive Season Contingency Plan
Emergency Evacuation Plan
Ward Based Disaster Risk Assessment

4.3 Incidents occurred in 2022-2023 financial year

Harry Gwala District Municipality is prone to incidents that are man-made and natural such as strong winds, heavy rains, floods, thunderstorms and lightning, snowfall, structural and wildfires. Most of these incidents are seasonal, but in the past years, South Africa has been affected by the onset of climate change, which is associated with natural disasters and is occurring at any season. All four local municipalities under the Harry Gwala District area of jurisdiction were affected: Dr. Nkosazana Dlamini-Zuma, Greater Kokstad, Ubuhlebezwe, and uMzimkhulu.

These incidents sometimes caused displacement, loss of life and damage to property. The HGDM disaster management team and local municipality teams responded to seek the extent of the damages that occurred during the incident to provide emergency assistance to the affected victims. In all the incidents the district and local municipalities were very proactive to assist, the victims in terms of restoring their dignity and bringing their situation back to normal again.

Harry Gwala District Municipality experienced structural fires, strong winds, heavy rain accompanied by thunderstorms and lightnings, floods, and snowfall in different areas within the district.

A total of **One thousand nine hundred and fifty-eight (1958)** households were affected in different areas within the Harry Gwala District Municipality area of jurisdiction**, One thousand four hundred and sixty one (1461)** partially damaged households, **three fifty (350)** totally destroyed households**, one forty seven (147)** homeless, **eleven thousand three hundred and twenty three (11323)** people affected**, eight (08)** fatalities and **twenty five (25)** injuries reported.

2022-2023FY Incidents reported and assessed

Month	No. of incidents	Partially damaged households	Totally destroyed households	Homeless	No. of people affected	Fatalities	Injuries
July	24	17	5	2	94	1	5
August	37	16	16	5	200	1	1
September	24	16	6	2	139	0	0
October	498	446	38	14	2611	0	4
November	63	57	3	3	282	0	1
December	325	231	69	25	2538	1	0
January	376	237	100	39	2149	0	0

February	341	232	74	35	1865	0	0
March	115	95	14	6	643	0	0
April	40	30	5	5	193	2	1
May	37	25	10	2	213	2	13
June	78	59	10	9	396	1	1
TOTAL	**1958**	**1461**	**350**	**147**	**11 323**	**8**	**25**

RELIEF MATERIAL PROVIDED IN 2022-2023 FINANCIAL YEAR

MUNICIPALITY	BLANKETS	MATTRESS	FOOD PARCELS	Box B	Plastic sheeting's
Dr. NDZ	166	110	30	35	90
GKM	131	107	17	35	50
Ubuhlebezwe	170	125	41	40	132
uMzimkhulu	179	122	36	35	527
TOTAL	**646**	**464**	**124**	**145**	**799**

ENABLER 1: INFORMATION AND COMMUNICATION

Objective: To guide the development of a comprehensive information and communication system and establish integrated communication links with all disaster risk management role players.

Harry Gwala Disaster Management Information and Communication System

Integrated disaster risk management depends on access to reliable hazard and disaster risk information as well as effective information management and communication systems to enable the receipt, dissemination, and exchange of information.

The District Municipality has established an information and communication system and was installed in the Disaster Management Centre Control Room in 2013. Two control room operators appointed to date and one vacancy. The Service provider has been appointed supply and upgrade the information system. The Disaster Management Information and Communication System is currently being updated, some of the equipment has been installed and is about 80% complete.

ENABLER 2: TRAINING, AWARENESS EDUCATION AND RESEARCH

Activities conducted by the district disaster management Centre in collaboration with local municipalities:

Respond in all reported incidents and accidents occurred within the district.
Educational awareness campaigns are conducted in communities and in schools.
Risk assessments are conducted in all wards within the district.

Distribution of fire beaters and knap sack sprayers to Traditional Leaders that assist communities in conducting fire breaks and fight veld fires within their wards.

Roadblocks are carried out with other law enforcement stakeholders.

Business premises are being visited to check and ensure compliance with the regulations.

Mapping of disaster incidents and risks identified in areas within the district.

Participate in all events conducted within the district.

Inspection and mapping of lightning conductors and water/fire hydrants installed within the
district.

-

AWARENESS CAMPAIGNS CONDUCTED IN 2022-2023

LOCAL MUNICIPALITY	NO. OF AWARENESSES	TYPE OF AWARENESS
DR NDZ	13	Disaster Management Awareness Campaigns AND distribution of fire beaters & knapsack tanks to Amakhosi (Fire Safety Awareness, Flood awareness, Thunderstorm & Lightning awareness etc.
GKM	06	
Ubuhlebezwe	15	
uMzimkhulu	25	
TOTAL	**59**	

Enabler 3. FUNDING ARRANGEMENTS FOR DISASTER RISK MANAGEMENT

Objective: To establish mechanisms for the funding of disaster risk management in the HGDM. Given the provisions of the Act, funding arrangements must be designed in a manner that ensures that disaster risk management activities are funded adequately and in a sustainable manner.

Funding Mobilization Strategy

In terms of the Disaster management Act, funding arrangements must be designed in a manner which ensures that disaster risk management activities are funded adequately and in a sustainable manner.

Sources of Funding

Harry Gwala District Municipality (equitable share)

Provincial Disaster Management Centre (PDMC) Grant Funding

National Disaster Management Centre (NDMC) Grant Funding

3.5 COMPONENT E: OFFICE OF THE MUNICIPAL MANAGER

Employees: OFFICE OF THE MUNICIPAL MANAGER

Job Level	FY 2022-2023	FY 2021-2022		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
T7	5	5	5	2
T10	-	-	-	1
T11	3	3	3	2
T12	5	5	5	-
T14	3	3	3	1
T15	-	-	-	0
T16	2	2	2	1
T17	-	-	-	-
T18	-	-	-	-
T19	1	1	1	0
No grade	1	1	1	0
Total	20	20	20	7

Financial Performance for 2022-2023 in the Office of the Municipal Manager

DETAILS	FY 2021-2022	FY 2022-2023			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Total Operational Revenue	R 0	R 0	R 0	R 0	R 0
Expenditure:					

Employees	R 14 414 926	R 14 991 547	R 15 646 930	16 153 051	-R 506 121
Repairs And Maintenance	R 0	R 0	R 0	R 0	R 0
Other	R 12 151 888	R 8 912 111	R 7 525 794	R 5 877 373	R 1 648 421
Total Operational Expenditure	**R 26 566 814**	**R 23 903 658**	**R 23 172 724**	**R 22 030 424**	**R 1 142 300**

Financial Performance Year 2022-2023: Financial Performance Office of the Executive Council

DETAILS	FY 2021-2022	FY 2022-2023			
	ACTUAL	ORIGINAL BUDGET	ADJUSTMENT BUDGET	ACTUAL	VARIANCE TO BUDGET
Total Operational Revenue	R 0	R 0	R 0	R 0	R 0
Expenditure:					
Employees	R 8 922 470	R 9 279 394	R 9 302 614	R 8 308 600	R 994 014
Repairs And Maintenance	R 0	R 0	R 0	R 0	R 0
Other	R 14 276 642	R 9 683 861			

			R 10 484 598	R 9 803 531	R 681 067
Total Operational Expenditure	**R 23 199 112**	**R 18 963 255**	**R 19 787 212**	**R 18 112 131**	**R 1 675 081**

COMMUNICATIONS UNIT

The Municipality uses various forms of communication tools to ensure a constant exchange of information among its components (internal and external). This practice helps to enhance the municipality's transparency, credibility, and integrity.

COMMUNICATION STRATEGY

An approved Communication Strategy that serves as a guiding document for the communications unit is in place and it is reviewed annually. The strategy is inclusive of the communications policy that guides its (strategy) implementation.

NEWSLETTER

The Municipality has a newsletter that captures progress on the implementation of the various municipal programs including water and infrastructure projects. The newsletter is used as a platform for accountability by the Municipality.

SOCIAL MEDIA (FACEBOOK)

The Municipality has a Facebook account: (@HarryGwalaDistrictMunicipality) and a Twitter handle. These are critical communication platforms where the Municipality shares new developments and current affairs with the community.

WEBSITE

There is also a live website (www.harrygwaladm.gov.za) with useful information about the Municipality.

MEDIA ACTIVITIES

The Municipality uses verbal and written communication to engage and or communicate with media stakeholders. Press statements are released as and when there is a need.

MEDIA MONITORING

The municipality monitors the output of the print, online, and broadcast media and responds accordingly.

DISTRICT COMMUNICATORS FORUM (DCF)

The Head of Communications chairs the forum on behalf of the District Municipality. The DCF meets once per quarter to discuss and resolve matters of common interest. In the financial year 2022/2023 the DCF managed to hold all its meetings as planned.

INTERNAL AUDI UNIT

Internal audit unit was established as per the section 165 of the mfma, the unit develops an internal audit plan which is approved by the audit committee annually and all the internal projects are conducted in-house/internally. The internal audit unit reports quarterly to the Performance and Audit Committee the implementation of internal audit plan. The performance and audit committee consists of four independent members who are not working for the Harry Gwala District Municipality. The unit is guided by the internal audit charter which is approved annually by the performance and audit committee.

The Audit Committee Meetings for the financial year under review were held as follows:

Quarter 1: 23 August 2022

Quarter 2: 02 December 2022

Quarter 3: 16 February 2023

13 March 2023

Quarter 4: 17 May 2023

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

Employee total turnover and vacancies

The information cited hereunder is as per the organizational structure approved on 30 May 2023.

EMPLOYEES					
Description	FY 2021/2022	FY 2022/2023			
	No. of Employees	No. of Approved Positions	No. of Employees **(excluding Interns)**	No. of Vacancies (Funded and Unfunded)	Vacancies (as a % of Total Posts)
Office of the Municipal Manager	18	34	18	2	5.8%
Budget & Treasury Services	71	94	74	3	3.2%
Water Services	227	553	245	33	5,7%
Corporate Services	45	52	42	3	5.8%
Social Services and Development Planning	44	61	37	5	8.2%
Infrastructure Services	22	34	21	2	5.9%
Total	**428**	**828**	**437**	**48**	**50,9%**

Vacancy Rate as per the categories stated below: 2022/23			
Description	Total No. of Approved Posts	Vacancies	Vacancies (as a % of total posts per category)
Municipal Manager	1	0	0%
CFO	1	0	0%
s.57 Managers (excluding Finance)	4	1	25%
Highly skilled supervision: T12-T18 (excluding Finance)	120	9	7.5%
Highly skilled supervision: T12- T18 (Finance posts)	24	1	4.2%

4.2 COMPONENT B: MANAGING THE MUNICIPAL WORKFORCE

Section 67 of the MSA states that "A municipality, in accordance with applicable law and subject to any applicable collective agreement, must develop and adopt appropriate systems and procedures, consistent with any uniform standards prescribed in terms of section 72(I)(c), to ensure fair, efficient, effective and transparent personae administration…" This component cites the range of workforce management and progress made in the development of workforce policies and management practices during FY 2022-2023.

POLICIES AND PLANS

HR Policies and Plans				
	Name of Policy	% Complete	% Reviewed	Date Adopted by Council or Comment on Failure to Adopt
1)	Experiential Learning Policy	100%	N/A	Adopted on the 30 May 2023.
2)	Internal Bursary Policy	100%	N/A	Adopted on the 30 May 2023.
3)	Recruitment, Selection and Appointment Policy	100%	N/A	Adopted on the 30 May 2023.

4)	Working Hours and Punctuality Policy	100%	N/A	Adopted on the 30 May 2023.
5)	Overtime Work, Emergency Work, Standby Work Shift Work and Night Work Policy	100%	N/A	Adopted on the 30 May 2023.
6)	Advances and Reimbursable Expenses Policy	100%	New	Adopted on the 30 May 2023.
7)	Promotion, Transfer, Secondment and Acting Appointment Policy	100%	N/A	Adopted on the 30 May 2023.
8)	Skills Development Policy	100%	N/A	Adopted on the 30 May 2023.
9)	Job Evaluation Policy	100%	N/A	Adopted on the 30 May 2023.
10)	Travel Allowance Policy	100%	N/A	Adopted on the 30 May 2023.
11)	Harassment Policy	100%	N/A	Adopted on the 30 May 2023.
12)	Incapacity Due to Poor Work Performance Policy	100%	N/A	Adopted on the 30 May 2023.
13)	Incapacity Due to Ill-Health/ Injury Policy	100%	N/A	Adopted on the 30 May 2023.
14)	Incapacity Due to Operational Requirements Policy	100%	N/A	Adopted on the 30 May 2023.
15)	Cellular Phone Allowance Policy	100%	N/A	Adopted on the 30 May 2023.
16)	Annual Leave Policy	100%	N/A	Adopted on the 30 May 2023.
17)	Covid-19 Policy	100%	N/A	Adopted on the 30 May 2023.
18)	Death in Service Policy	100%	N/A	Adopted on the 30 May 2023.

19)	Dress Code Policy	100%	N/A	Adopted on the 30 May 2023.
20)	Employee Wellness Policy	100%	N/A	Adopted on the 30 May 2023.
21)	Employment Equity Policy	100%	N/A	Adopted on the 30 May 2023.
22)	Family Responsibility Leave Policy	100%	N/A	Adopted on the 30 May 2023.
23)	HIV/AIDS Policy	100%	N/A	Adopted on the 30 May 2023.
24)	Injury on Duty Policy	100%	N/A	Adopted on the 30 May 2023.
25)	Learner ship Policy	100%	N/A	Adopted on the 30 May 2023.
26)	Occupational Health & Safety Policy	100%	N/A	Adopted on the 30 May 2023.
27)	Parental leave Policy	100%	N/A	Adopted on the 30 May 2023.
28)	Private Work and Declaration on Interest Policy	100%	N/A	Adopted on the 30 May 2023.
29)	Scarce and Critical Skills Retention Policy	100%	N/A	Adopted on the 30 May 2023.
30)	Sick Leave Policy	100%	N/A	Adopted on the 30 May 2023.
31)	Smoking Policy	100%	N/A	Adopted on the 30 May 2023.
32)	Study Leave Policy	100%	N/A	Adopted on the 30 May 2023.
33)	Termination of Service Policy	100%	N/A	Adopted on the 30 May 2023.
	Strategies/ Plans			Adopted on the 29 June 2022.

1)	Integrated Employee Health & Wellness Strategy	100%	N/A	Adopted on the 29 June 2022.
2)	HRM & HRD Strategy and Implementation Plan	100%	N/A	Adopted on the 29 June 2022.
3)	Employment Equity Plan	100%	N/A	Adopted on the 29 June 2022.
4)	COVID-19 Plan	100%	N/A	Adopted on the 29 June 2022.

Occupational Health & Safety and Employee Wellness

The OHS Act provides for the health and safety of employees at work and for the health and safety of persons in connection with the use of plant and machinery; the protections of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for health and safety; and to provide for matters connected to Occupational Health and Safety.

This Unit deals with the following:

Health and Safety in the institution
Pre-employment Medical Examinations
Executive Medical Examinations
Medical Examinations for pension purposes
Exit Medical Examinations
Annual Medical Vaccinations
Annual Immunization
Injury on duty cases
Occupational diseases
Implementation of wellness programmes

4.4 INJURIES, SICKNESS AND SUSPENSIONS

There were ninety (90) days lost when three of our employees were injured at work. Those employees had to be referred to registered Medical Practitioners for assessment and hospital.

Steps taken to reduce injuries:

The Municipality appointed a service provider to assist with Health and Wellness matters for employees. The service Provider promotes health and wellness as stipulated in the Integrated Health and Wellness Strategy where employees are encouraged about living healthy lifestyle so that they can be fully fit at work. The Municipality procured signs, which included warning signs as recommended by Department Employment and Labour inspectors. The Municipality did a risk assessment, which was
basically to identify hazards and associated risks, and management recommendations were made so as to minimize risks. The Municipality provided employees with Protective Clothing Equipment for those hazards that employees are exposed to, which cannot be eliminated.

Number and Cost of Injuries on Duty				
Type of Injury	Injury Leave Taken (Days)	No. of Employees Using Injury Leave	% Proportion of Employees Using Sick Leave	Average Injury Leave per Employee
Required basic medical attention only	0	0	0	0
Temporary disablement	3	3	3	4.32%
Permanent disablement	0	0	0	0
Fatal	0	0	0	0
Total	**3**	**3**	**3**	**4.32%**

1)	Integrated Employee Health & Wellness Strategy	100%	N/A	Adopted on the 29 June 2022.
2)	HRM & HRD Strategy and Implementation Plan	100%	N/A	Adopted on the 29 June 2022.
3)	Employment Equity Plan	100%	N/A	Adopted on the 29 June 2022.
4)	COVID-19 Plan	100%	N/A	Adopted on the 29 June 2022.

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The OHS Act provides for the health and safety of employees at work and for the health and safety of persons in connection with the use of plant and machinery; the protections of persons other than persons at work against hazards to health and safety arising out of or in connection with the activities of persons at work; to establish an advisory council for health and safety; and to provide for matters connected to Occupational Health and Safety.

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Number and Cost of Injuries on Duty				
Type of Injury	Injury Leave Taken (Days)	No. of Employees Using Injury Leave	% Proportion of Employees Using Sick Leave	Average Injury Leave per Employee
Required basic medical attention only	0	0	0	0
Temporary disablement	3	3	3	4.32%
Permanent disablement	0	0	0	0
Fatal	0	0	0	0
Total	**3**	**3**	**3**	**4.32%**

Number of days and Cost of sick leave (excluding Injuries on Duty)				
Salary band	Total Sick Leave Days		Total no. of employees in post	Average sick leave per employee (Days)
Lower skilled (T1-4)	54	9	146	3
Skilled (T5-T8)	353	27	133	3
Highly skilled production (Levels T9-T13)	656	64	76	3
Highly skilled supervision (T14 – T18)	201	21	81	2
Senior management No. of employees using sick leave	15	3	4	2
Municipal Manager	0	0	1	0

It should be noted that the "*Total Number of Employees in Post*" refers to the number of employees in post at the beginning of the FY 2022/2023.

2022-2023 DISCIPLINARY CASES

Disciplinary Action Taken on Cases of Financial Misconduct				
EMPLOYEE	**ISSUE**	**STATUS**	**DATE**	**COMMENT**
Cashier	Financial Misconduct	Unfair Dismissal Application Dismissed	27 May 2022	N/A
ISD Officer	Financial Misconduct	Not Guilty	11 April 2022	N/A
Director: Expenditure	Financial Misconduct	Reinstated by SALGBC	12 November 2020	N/A
Senior Clerk: Salaries	Financial Misconduct	Settlement Agreement at SALGBC	23 March 2021	N/A

2022-2023 SUSPENSIONS

Number and Period of Suspensions				
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of	Date finalized

			case and reasons why not finalized	
Accountant's Salaries	Negligence	21 November 2022	Dismissed	June 2023

2022-2023 DISMISSALS / DISCIPLINARY CASES IN PROGRESS

Position	Nature of alleged misconduct	Disciplinary action taken	Date dismissed
Office Attendant	Abscondment	Disciplinary Process	N/A

2022-2023 PERFORMANCE REWARDS

Performance Rewards by Gender

Designations	Gender	Total No. of Employees in Group	No. of Beneficiaries	Expenditure on Rewards FY 2019/2020 (R'000)	% Proportion of Beneficiaries Within Group
Lower skilled (T1 – T3)	Female	0	0	0	0
	Male	0	0	0	0

Skilled (T4 – T8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (T9-T13)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (T14 – T18)	Female	0	0	0	0
	Male	0	0	0	0
Senior management	Female	0	0	0	0
	Male	0	0	0	0
Municipal Manger	Female	0	0	0	0
	Male	0	0	0	0
Total		0	0	0	0

4.3 COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

4.5 SKILLS DEVELOPMENT AND TRAINING

Section 68 of the MSA requires municipalities to develop their human resource capacity to a level that enables them to perform their functions and exercise their powers in an economical, effective, efficient and accountable way.

Harry Gwala District Municipality conducts its training through the Workplace Skills Plan. In the 2022/2023 financial year, 26% of the training budget was utilized. The under expenditure was because most of the training were advertised and no service providers were appointed and some of them had no direct cost. Some of the training programmes were offered by external stakeholders such as SALGA, COGTA, LGSETA at no cost.

In accordance with the MFMA Competency Regulations, progress in the HGDM financial competency development is as follows:

Financial Competency Development: Progress Report 2022-2023						
Description	A. Total no. of official Employed by HGDM	B. Total no. of official employed by HGDM Entities	Consolidated Total (A+B)	Consolidated competency assessments completed for A & B	Consolidated no. of officials whose performance agreements comply with Reg. 16	Consolidated no. of officials who meet prescribed competency levels
Financial Officials						
Accounting Officer	0	1	1	1	0	1
Chief Financial Officer	1	1	2	0	2	2
Senior Managers	4	0	4	4	4	4
Any other officials	22	0	22	22	0	22
Supply Chain Management Officials						
Heads of SCM Unit	1	0	1	1	0	1
SCM Senior Managers	0	0	0	0	0	0
Total	**26**	**2**	**30**	**28**	**6**	**30**

Skills Development Expenditure (R'000)										
	Original Budget & Actual Expenditure on Skills Development									
Management level	Gender	Employees as at beginning of 2022/2022	Learnerships		Skills Programs, Bursaries & Other short Courses		Other Forms of Training		Total	
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual
MM & Section 56 Managers	Female	2					R5000	R3000	R8000	MM & Section 56 Managers
	Male	2								
Legislators, Senior Officials and Managers	Female	17	R145000		R60 000	R57 253,9			R205 000	Legislators, Senior Officials and Managers
	Male	22	R87500		R60 000	R57 253,9			R147 500	
Professionals	Female	38			R50 000	R50 000			R50 000	Professionals
	Male	28			R60 000	R59 507			R60 000	

Technicians and Associate Professionals	Female	9							R95 965	R74210
	Male	40							R75 000	R65000
Clerks	Female	38			R54 507	R54 507			R120 000	R60000
	Male	14			R40 000	R40 000			1R07 000	R50000
Service and Sales Workers	Female	6								
	Male	10							0	
Plant and Machine Operators and Assemblers	Female	10							0	
	Male	34								
Elementary occupations	Female	58								
	Male	88								
Sub-total	Female	178								
	Male	238								
Total		416	R232 500		R324 507	R318 521,8			R565 007	R406 520,9
Total budget for training and development 2022/23								**R1 041 380.00**		
% and R value of municipal salaries (original budget) allocated for workplace skills plan										

COMPONENT D: MANAGING THE WORKFORCE EXPENDITURE

4.6 EMPLOYEE EXPENDITURE

Number of employees whose salaries were increased due to positions being upgraded		
Designations	Gender	Total No. of Employees
Lower skilled (T1-T3)	Female	None
	Male	None
Skilled (T4-T8)	Female	None
	Male	None
Highly skilled production (T9-T13)	Female	None
	Male	None
Highly skilled supervision (T14-T18)	Female	1
	Male	None
Senior Management	Female	1
	Male	None
Municipal Manager	Female	None
	Male	None
Total		2

No. of employees whose position was upgraded	Date of implementation	No. of appeals submitted	No. of employees who are personal to holder
02	01/11/2022	0	217

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

The HGDM Organizational structure was approved after engagement of the employer and employee representatives. There were positions that were upgraded in the 2022/2023 financial year because the municipality evaluated one new positions and re-evaluated another position.

CHAPTER 5: FINANCIAL PERFORMANCE

INTRODUCTION

Sustainable Financial Management still remains at the forefront of ensuring sustainable municipal service delivery. Conservative and prudent management of the public purse by the budget & treasury office remains at the core of ensuring the realization of this critical Municipal Financial Management Act (MFMA) objective. In essence, the MFMA contributes towards ensuring that financial resources at a local government level are developmental, effective and efficient and that municipalities / municipal entities are held accountable for the effective management of their funds by encouraging transparency.

The aim of this chapter is to provide an overview of the financial performance of the municipality / municipal entity thorough measuring of actual results against actual and also through evaluating historical trends.

Information included in this chapter is structured as follows:

Component A: Statement of Financial Performance
Component B: Spending against Capital Budget
Component C: Cash flow Management and Investment
Component D: Other Financial Matters

5.1 Component A: Statement of Financial Performance

For the financial year under review, the Harry Gwala District Municipality obtained an unqualified opinion and the summary of its financial performance (Budget vs. Actual) is as follows:

96% of Operating Revenue Budget Earned,

87% of Capital Budget Spent,

90% of Operating Expenditure Budget Spend

The tables that follow show the detailed statement of financial performance by nature (Table A4) and by standard classification (Table A2).

DC43 Harry Gwala - Reconciliation of Table A4 Budgeted Financial Performance (revenue and expenditure)

Description	2022/23								2020/21			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
	1	2	3	4	5	6	7	8	9	10	11	12
Revenue By Source												
Property rates	–	–	–	–		–	-	-				–
Service charges - water revenue	51 777	8 999	60 776	64 524		3 749	106,2%	124,6%				49 353
Service charges - sanitation revenue	13 213	2 598	15 811	13 149		(2 662)	83,2%	99,5%				12 207
Interest earned - external investments	4 859	5 461	10 320	10 858		538	105,2%	223,5%				5 104
Interest earned - outstanding debtors	11 358	–	11 358	14 117		2 758	124,3%	124,3%				11 221
Transfers recognised - operational	463 738	1 612	465 350	452 460		(12 891)	97,2%	97,6%				453 939
Other revenue	582	596	1 179	1 551		372	131,6%	266,3%				819
Gains on disposal of PPE	–	–	–	–		–	-	-				688
Total Revenue (excluding capital transfers and contributions)	**545 528**	**19 266**	564 794	556 659		(8 135)	98,6%	**102,0%**				**535 784**
							-	-				
Expenditure By Type			–				-	-				
Employee related costs	250 011	(5 209)	244 803	240 484	4 318	(4 318)	98,2%	96,2%	–	–	–	238 376
Remuneration of councillors	8 879	(1 169)	7 710	6 988	722	(722)	90,6%	78,7%	–	–	–	7 239
Debt impairment	28 750	–	28 750	–	28 750	(28 750)	-	-	–	–	–	15 147
Depreciation & asset impairment	91 951	169	92 120	81 684	10 436	(10 436)	88,7%	88,8%	–	–	–	81 505
Finance charges	516	(41)	475	75	400	(400)	15,8%	14,5%	–	–	–	307
Bulk purchases	–	–	–	–	–	–	-	-	–	–	–	–
Inventory consumed	28 907	2 970	31 876	28 901	2 975	(2 975)	90,7%	100,0%	–	–	–	44 661
Contracted services	117 271	38 397	155 668	135 443	20 225	(20 225)	87,0%	115,5%	–	–	–	172 985
Transfers and grants	17 000	4 594	21 594	15 290	6 304	(6 304)	70,8%	89,9%	–	–	–	15 100
Other expenditure	64 548	12 171	76 719	65 321	11 398	(11 398)	85,1%	101,2%	–	–	–	63 458
Loss on disposal of PPE	–	–	–	2 875	(2 875)	2 875	#DIV/0!	#DIV/0!	–	–	–	1 940
Total Expenditure	**607 834**	**51 882**	659 716	577 062	**82 654**	**(82 654)**	**87,5%**	**94,9%**	–	–	–	**640 717**
							-	-				
Surplus/(Deficit)	**(62 306)**	(32 616)	(94 922)	(20 403)		**74 518**	**21,5%**	**32,7%**				**(104 933)**
Transfers recognised - capital	320 236	(12 018)	308 218	278 370		(29 848)	90,3%	86,9%				311 860
Contributions recognised - capital	–	–	–	–		–	-	-				
Contributed assets	–	–	–	–		–	-	-				–
Surplus/(Deficit) after capital transfers & contributions	**257 930**	(44 634)	213 296	257 967		44 671	120,9%	100,0%				**206 927**
Taxation	–	–	–	–		–	-	-				–
Surplus/(Deficit) after taxation	**257 930**	**(44 634)**	**213 296**	**257 967**		**44 671**	**120,9%**	**100,0%**				**206 927**
Attributable to minorities			–			–	-	-				
Surplus/(Deficit) attributable to municipality	**257 930**	**(44 634)**	**213 296**	**257 967**		**44 671**	**120,9%**	**100,0%**				**206 927**
Share of surplus/ (deficit) of associate			–	–		–	-	-				–
Surplus/(Deficit) for the year	**257 930**	**(44 634)**	**213 296**	**257 967**		**44 671**	**120,9%**	**100,0%**				**206 927**

DC43 Harry Gwala - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2022/23							
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorised expenditure	Variance of Actual Outcome against Adjustments Budget	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget
	1	2	3	4	5	6	7	8
Revenue - Standard								
Governance and administration	**438 744**	**5 822**	**444 566**	**445 803**		**1 237**	**100,3%**	**101,6%**
Executive and council	–	–	–	–		–	–	–
Budget and treasury office	438 744	5 822	444 566	445 803		1 237	100,3%	101,6%
Corporate services	–	–	–	–		–	–	–
Community and public safety	–	**15**	15	32		**17**	**209,9%**	**#DIV/0!**
Community and social services	–	15	15	32		17	209,9%	#DIV/0!
Sport and recreation	–	–	–	–		–	–	–
Public safety	–	–	–	–		–	–	–
Housing	–	–	–	–		–	–	–
Health	–	–	–	–		–	–	–
Economic and environmental services	**17 180**	(186)	**16 994**	–		**(16 994)**	–	–
Planning and development	17 180	(186)	16 994	–		(16 994)	–	–
Road transport	–	–	–			–	–	–
Environmental protection	–	–	–			–	–	–
Trading services	**409 840**	**1 597**	**411 437**	**389 194**		**(22 243)**	**94,6%**	**95,0%**
Electricity	–	–	–	–		–	–	–
Water	396 689	(167)	396 523	376 068		(20 455)	94,8%	94,8%
Waste water management	13 151	1 763	14 914	13 126		(1 788)	88,0%	99,8%
Waste management			–			–	–	–
Other			–			–	–	–
Total Revenue - Standard	**865 764**	**7 248**	**873 012**	**835 029**		**(37 983)**	**95,6%**	**96,4%**
Expenditure - Standard								
Governance and administration	**266 502**	**27 405**	**293 907**	**241 227**	(52 680)	**(52 680)**	**82,1%**	**90,5%**
Executive and council	33 112	(1 569)	31 543	29 039	(2 504)	(2 504)	92,1%	87,7%
Budget and treasury office	223 635	27 312	250 947	202 003	(48 944)	(48 944)	80,5%	90,3%
Corporate services	9 755	1 662	11 417	10 185	(1 232)	(1 232)	89,2%	104,4%
Community and public safety	**20 881**	**(1 994)**	**18 888**	**17 970**	(918)	**(918)**	**95,1%**	**86,1%**
Community and social services	20 881	(1 994)	18 888	17 970	(918)	(918)	95,1%	86,1%
Sport and recreation	–	–	–	–	–	–	–	–
Public safety	–	–	–	–	–	–	–	–
Housing	–	–	–	–	–	–	–	–
Health	–	–	–	–	–	–	–	–
Economic and environmental services	**156 969**	**9 634**	**166 603**	**141 872**	(24 731)	**(24 731)**	**85,2%**	**90,4%**
Planning and development	156 969	9 634	166 603	141 872	(24 731)	(24 731)	85,2%	90,4%
Road transport	–	–	–	–	–	–	–	–
Environmental protection	–	–	–	–	–	–	–	–
Trading services	**163 481**	**16 836**	**180 318**	**175 992**	**(4 325)**	**(4 325)**	**97,6%**	**107,7%**
Electricity	–	–	–	–	–	–	–	–
Water	162 342	15 373	177 715	173 483	(4 231)	(4 231)	97,6%	106,9%
Waste water management	1 139	1 464	2 603	2 509	(94)	(94)	96,4%	220,2%
Waste management	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
Total Expenditure - Standard	**607 834**	**51 882**	**659 716**	**577 062**	**(82 654)**	**(82 654)**	**87,5%**	**94,9%**

DC43 Harry Gwala - Reconciliation of Table A2 Budgeted Financial Performance (revenue and expenditure by standard classification)

Description	2022/23			
R thousand	Original Budget	Budget Adjustments (i.t.o. MFMA s28)	Final adjustments budget	Actual Outcome
	1	2	3	4
Revenue - Standard				
Governance and administration	**438 744**	**5 822**	**444 566**	**445 803**
Executive and council	–	–		–
Budget and treasury office	438 744	5 822	444 566	445 803
Corporate services	–	–	–	–
Community and public safety	–	**15**	**15**	**32**
Community and social services	–	15	15	32
Sport and recreation	–	–	–	–
Public safety	–	–	–	–
Housing	–	–	–	–
Health	–	–	–	–
Economic and environmental services	**17 180**	**(186)**	**16 994**	**–**
Planning and development	17 180	(186)	16 994	–
Road transport	–		–	
Environmental protection	–	–	–	
Trading services	**409 840**	**1 597**	**411 437**	**389 194**
Electricity	–	–	–	–
Water	396 689	(167)	396 523	376 068
Waste water management	13 151	1 763	14 914	13 126
Waste management			–	
Other			–	
Total Revenue - Standard	**865 764**	**7 248**	**873 012**	**835 029**
Expenditure - Standard				
Governance and administration	**266 502**	**27 405**	**293 907**	**241 227**
Executive and council	33 112	(1 569)	31 543	29 039
Budget and treasury office	223 635	27 312	250 947	202 003
Corporate services	9 755	1 662	11 417	10 185
Community and public safety	**20 881**	**(1 994)**	**18 888**	**17 970**
Community and social services	20 881	(1 994)	18 888	17 970
Sport and recreation	–	–	–	–
Public safety	–	–	–	–
Housing	–	–	–	–
Health	–	–	–	–
Economic and environmental services	**156 969**	**9 634**	**166 603**	**141 872**
Planning and development	156 969	9 634	166 603	141 872
Road transport	–	–	–	–

HARRY GWALA DISTRICT MUNICIPALITY

2022/2023 OPERATING GRANTS PERFORMANCE

Description R thousands	2021/22 Audited Outcome	Budget Year 2022/23 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	**573 921**	**532 325**	**553 597**	**45 417**	**500 372**	**553 597**	**(53 225)**	**-9,6%**	**553 597**
							-		
Energy Efficiency and Demand Side Management Grant	-	-	-	-	-	-	-	-9,6%	-
Equitable Share	517 753	517 748	527 312	43 815	476 511	527 312	(50 801)	-4,0%	527 312
Expanded Public Works Programme Integrated Grant	6 578	5 221	10 135	699	9 729	10 135	(405)	-6,0%	10 135
Local Government Financial Management Grant	995	1 200	902	54	847	902	(54)	-13,6%	902
Municipal Infrastructure Grant	20 737	5 775	11 113	660	9 606	11 113	(1 507)	-19,2%	11 113
Rural Road Asset Management Systems Grant	1 978	2 381	2 381	190	1 924	2 381	(457)	0,0%	2 381
Water Services Infrastructure Grant	25 880	1 755	-	1 755	1 755	(0)			1 755
Provincial Government:	**-**	**-**	**1 304**	**-**	**-**	**1 304**	**(1 304)**	**-100,0%**	**1 304**
Capacity Building and Other Grants	-	-	1 304	-	-	1 304	(1 304)	-100,0%	1 304
Total operating expenditure of Transfers and Grants:	**573 921**	**532 325**	**554 901**	**45 417**	**500 372**	**554 901**	**(54 529)**	**-9,8%**	**554 901**

HARRY GWALA DISTRICT MUNICIPALITY

COMMENT ON OPERATIONAL GRANT PERFORMANCE

The table above shows the operational grants performance against the budget as well as the prior year's performance. All current year grants transfers were fully spent.

Asset Management

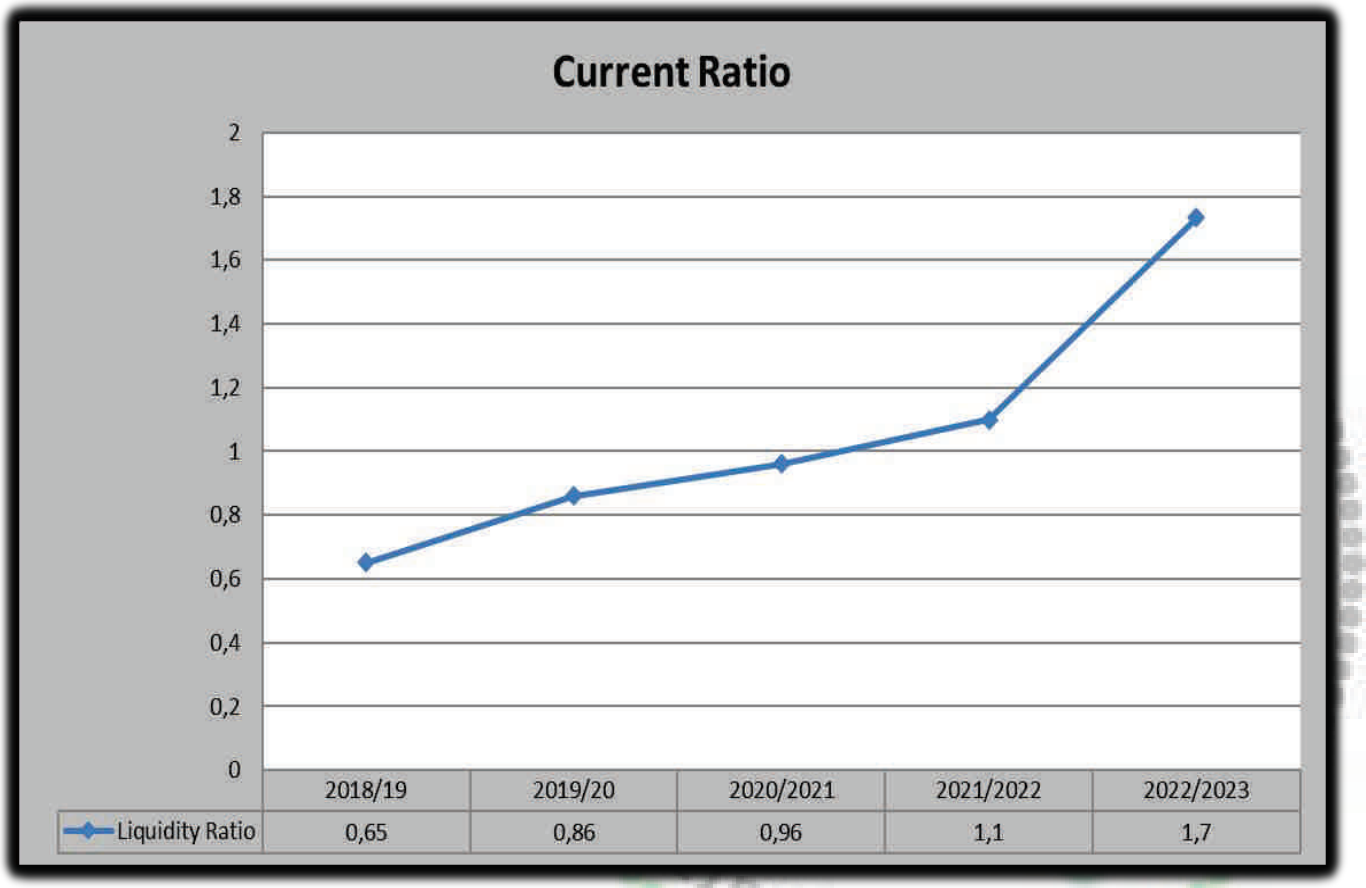
CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS

Name of Project	Budget Year 2020/21				
R thousands	Original Budget	Adjusted Budget	YearTD actual	YTD variance	YTD variance %
MNQUMENI/SANTOMBE WATER SUPPLY	17 391	37 597	31 860	5 737	2%
GREATER SUMMERFIELD WTR SUPPLY PIPE LIN	15 652	33 721	32 330	1 391	0%
KHUKHULELA WATER SUPPLY	13 043	32 097	31 732	365	0%
UMZIMLHULU SEWER	17 391	35 902	35 902	–	0%
GREATER NOMANDLOVU WATER SUPPLY	13 043	12 788	10 038	2 750	0%

Name of Project A	**MNQUMENI/SANTOMBE WATER SUPPLY**
Objective of the Project	Provision of Water Services to Community of Umzimkhulu
Delays	The project is implemented on phases due to budget limit
Future Challenges	The project is implemented on phases due to budget limit
Anticipated Citizen Benefit	1750 Households will benefit after the completion of a project
Name of Project A	**Greater Summerfield Water Project**
Objective of the Project	Provision of Water Services to Community of Kwameyi
Delays	The project is implemented on phases due to budget limit
Future Challenges	The project is implemented on phases due to budget limit
Anticipated Citizen Benefit	4500 Households will benefit after the completion of a project
Name of Project A	**KHUKHULELA WATER SUPPLY**
Objective of the Project	Provision of Water Services to Community of NDZ
Delays	The project is implemented on phases due to budget limit
Future Challenges	The project is implemented on phases due to budget limit
Anticipated Citizen Benefit	9619 Households will benefit after the completion of a project
Name of Project A	**UMZIMKHULU SEWER**
Objective of the Project	Provision of Sewer Services to Community of Umzimkhulu
Delays	The project is implemented on phases due to budget limit
Future Challenges	Budget Constraints or limited
Anticipated Citizen Benefit	12500 Households will benefit after the completion of a project
Name of Project A	**GREATER NOMANDLOVU WATER SUPPLY**
Objective of the Project	Provision of Sanitation to Community of Umzimkhulu
Delays	The project is implemented on phases due to budget limit
Future Challenges	Budget Constraints or limited
Anticipated Citizen Benefit	11 000 Households will benefit after the completion of a project

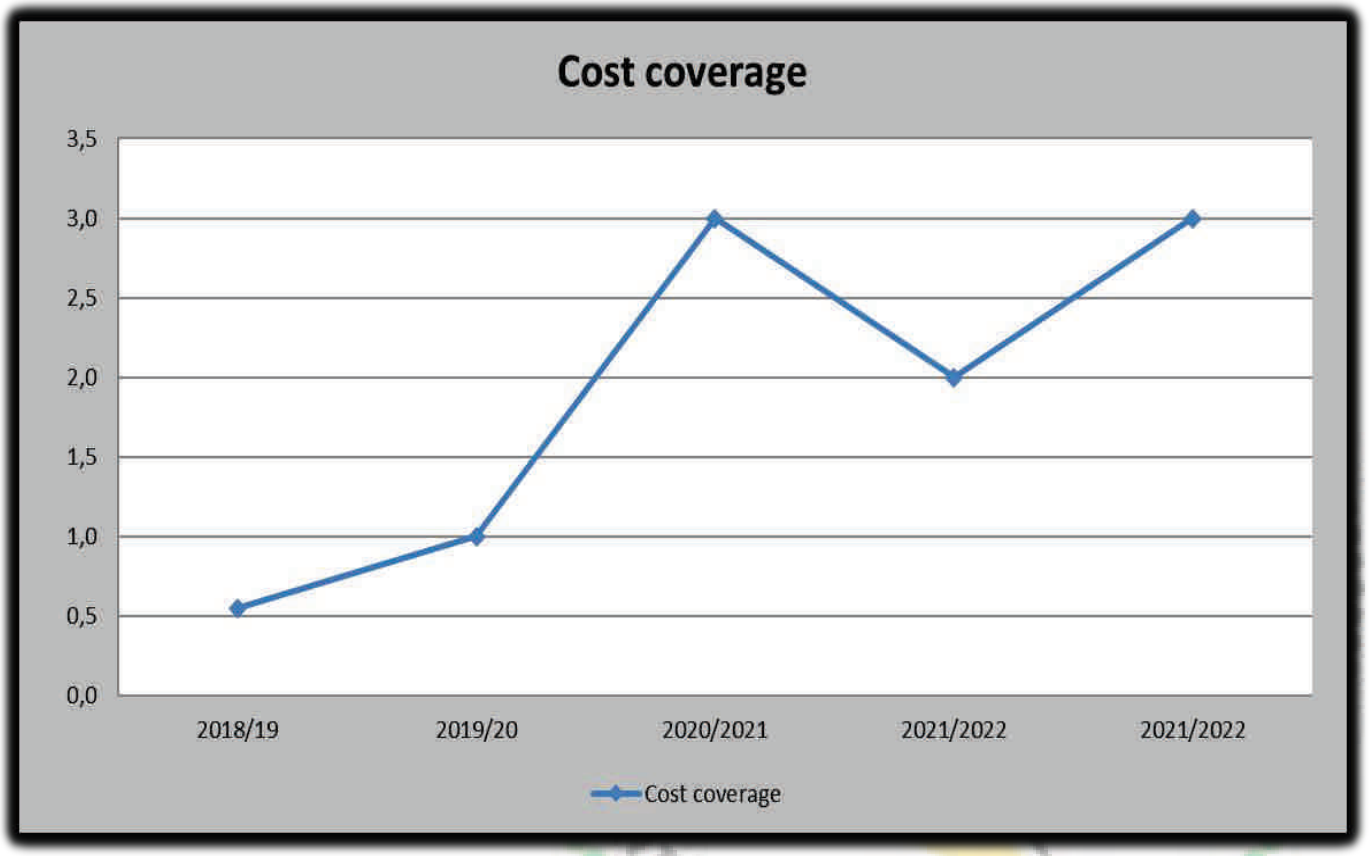
HARRY GWALA DISTRICT MUNICIPALITY

Financial Ratio's based on key financial indicators



Liquidity ratio measures the municipalities ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities.

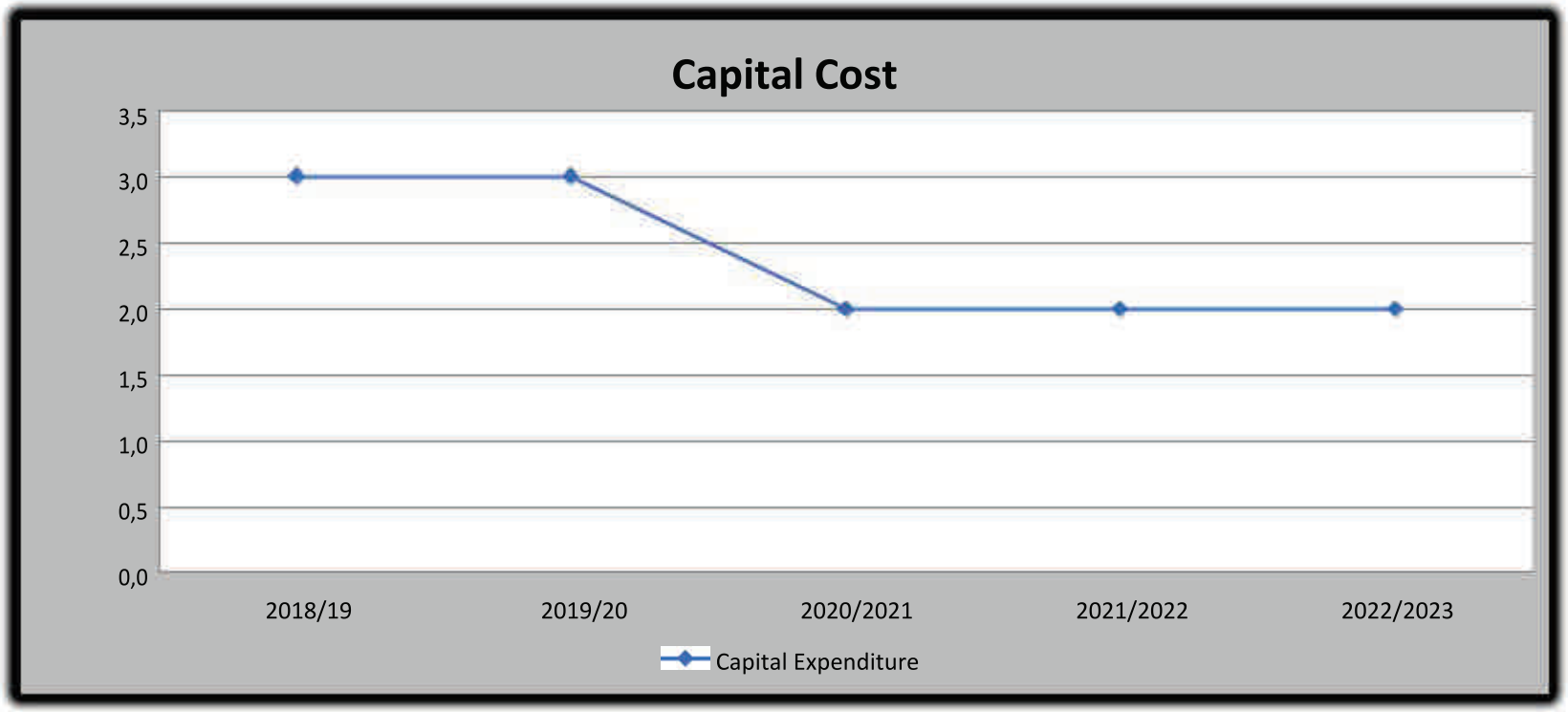
The graph above shows that the municipality will have problems meeting its short-term obligations or paying its current liabilities as the ratio is less than 1 in 2018/19 and 2019/20 although there is a slightly increase, then the municipality shows a great improvement in 2020/21 even though the ratio is still less than 1. In 2021/22 and 2022/23 the ratio shows great improvement, the ratio still shows the positive improvement due to a higher positive balance of cash and cash equivalents as well as VAT receivable at year end.



Cost coverage explains how many months of expenditure the municipality can survive with the cash and other liquid assets available to the municipality excluding utilization of grants can cover.

- ✓ The ratio has been on a positive trend when comparing the two financial years starting from the 2018/19 financial year. In 2020/21 financial year, the ratio has further improved due to a higher cash balance at the end of June 2021. In 2021/2022 financial year the ratio

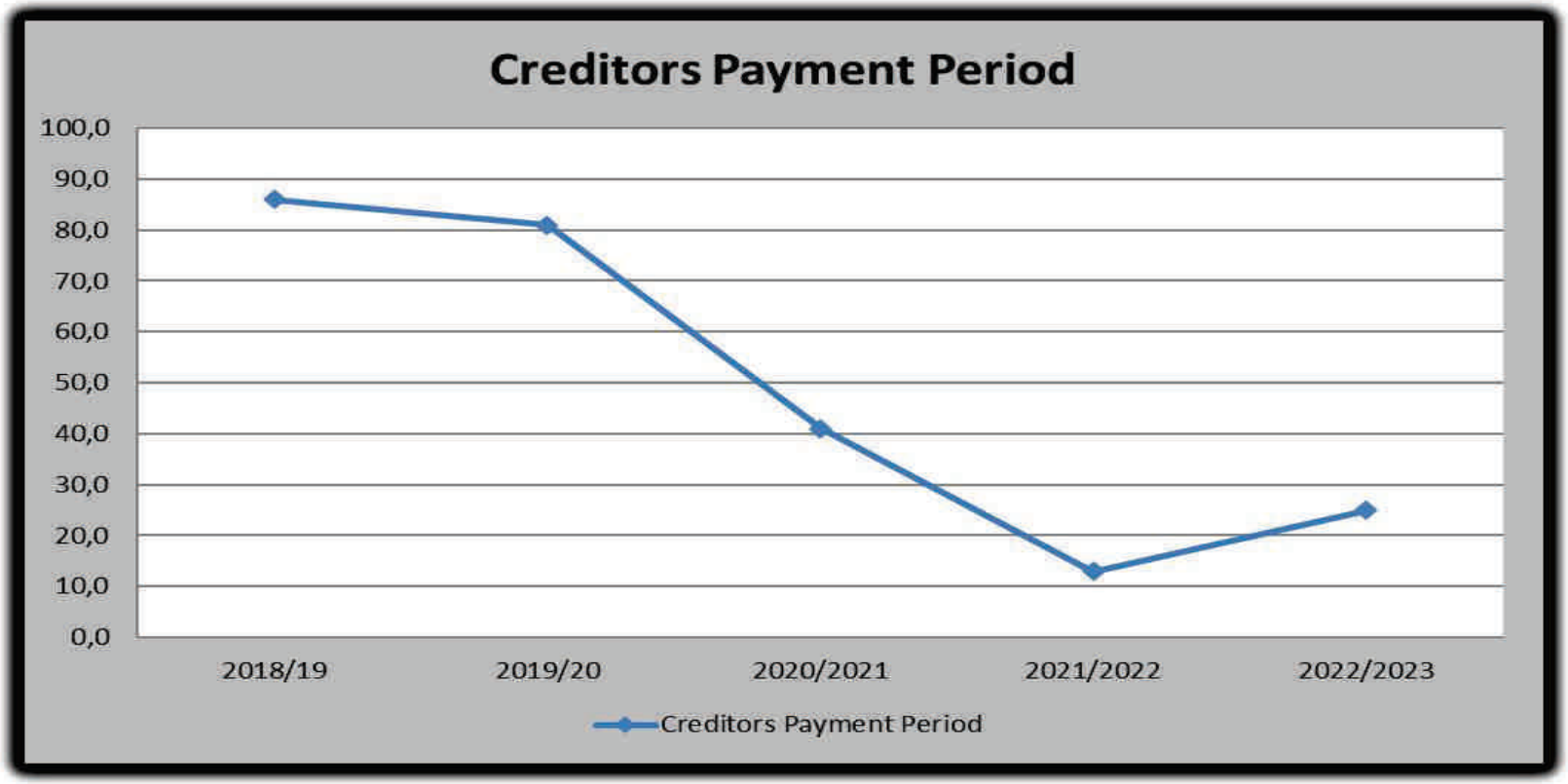
has deteriorated and then in 2022/23 the ratio has improved due to a higher cash balance at the end of June 2023 and the municipality can sustain its operations for a period of up to three months without any cash flows.



Capital Charges to operating expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

The ratio increased from 3% In 2018/19 and 2019/20 and from 2020/21 to 2022/2023 the ratio decreased to 2% due to decrease in the finance charges. The municipality does not have any loans with financial institutions. Furthermore the municipality embarked on an exercise of buying

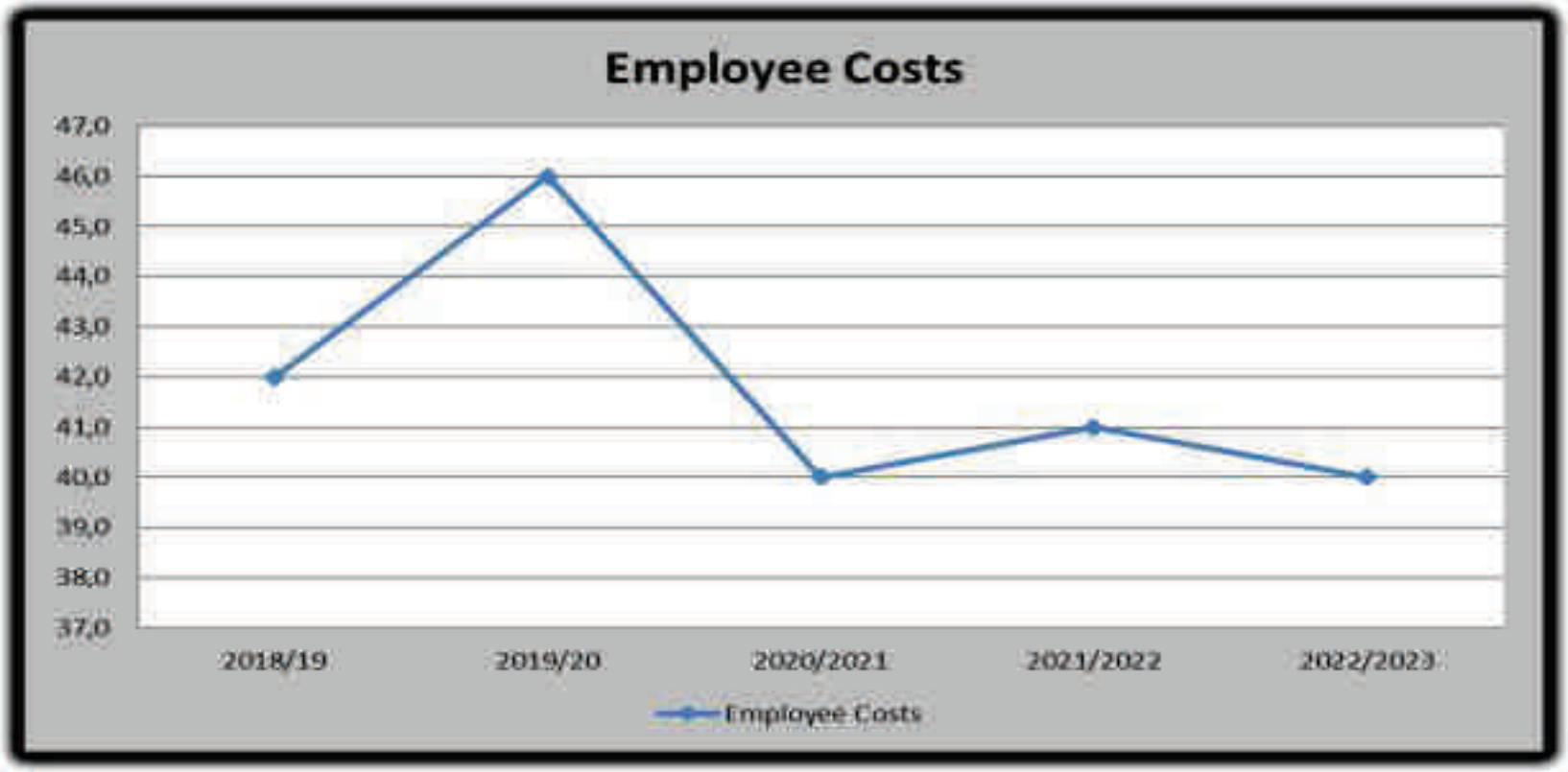
the municipal fleet instead of leasing or renting the vehicles. This has resulted in a decrease on the balance of finance lease obligations and finance costs.



Creditor System Efficiency- The proportion of creditors paid within terms(i.e 30 days). The ratio is calculated by outstanding trade creditors divided by creditor purchases. The ratio deteriorated in 2018/19 due to late payments of suppliers as a result of financial difficulties that was facing the municipality during that financial year. The municipality is still experiencing challenges in paying the suppliers within 30 days however the graph above shows gradual improvements over the years. In 2020/21 to 2022/23 there is great improvement in creditors payment period of 25 days compared to previous financial years except 2021/2022 there was a great improvement then in 2022/2023 there was a regression

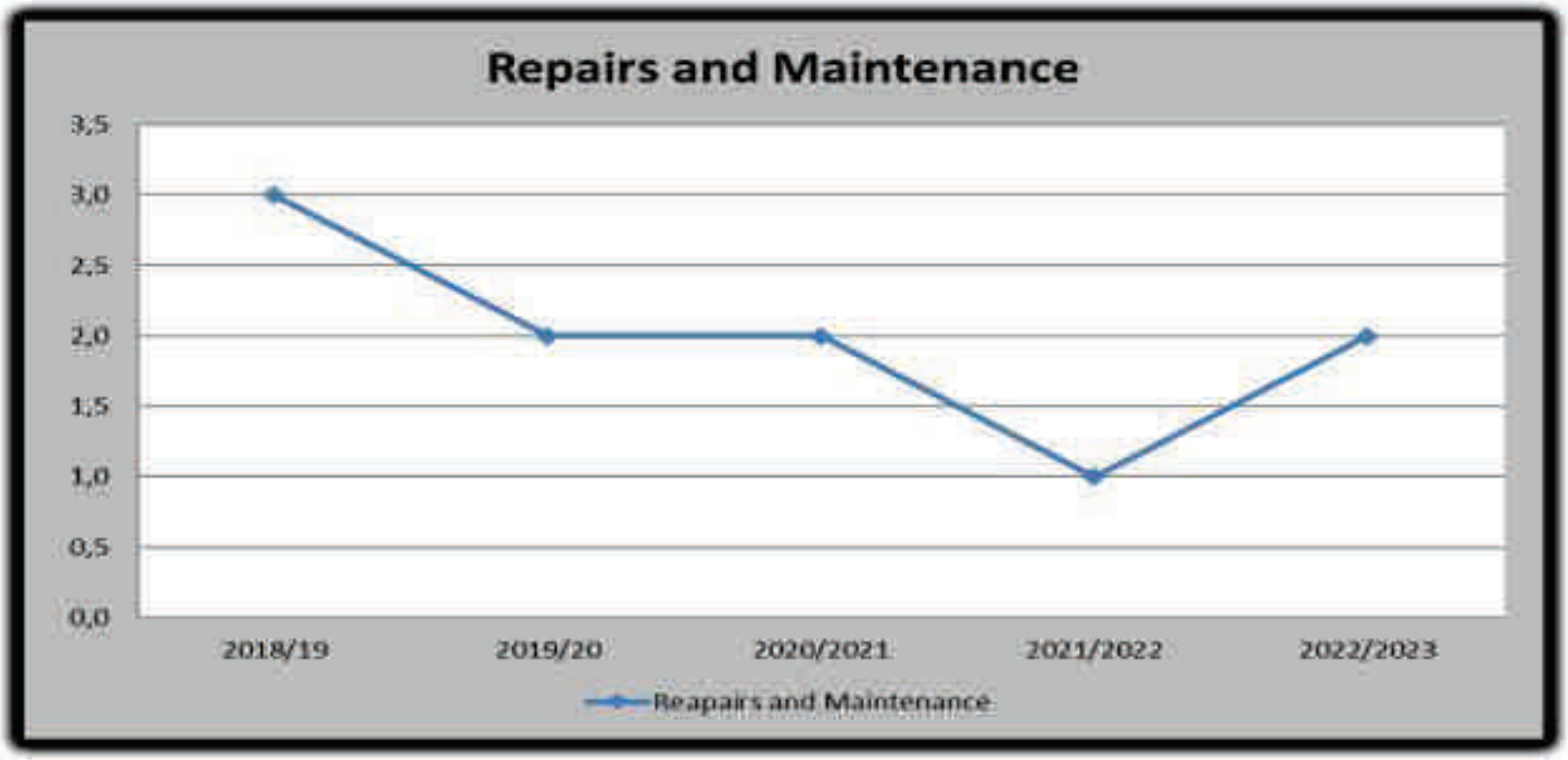
from 13 days to 25 days. The municipality is striving to pay its suppliers within 30 days excepts for instances beyond the control of the municipality such late submission of invoices.

	25 days
Trade Creditors	34 627 869
Contracted Services	134 273 520
Repairs and Maintenance	-
General expenses	69 171 834
Bulk Purchases	33 985 638
Capital Credit Purchases *(Capital Credit Purchases refers to additions of Investment Property and Property,Plant and Equipment)*	265 229 801



Employee related costs cost measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue. The remuneration as a % of operational expenditure is above the circular 71 norm of between 25% and 40%. An increase trend can be noticed in the employee related costs which could pose financial risks if the increase in own revenue does not keep up with increasing costs. The ratio has remained fairly constant over the years

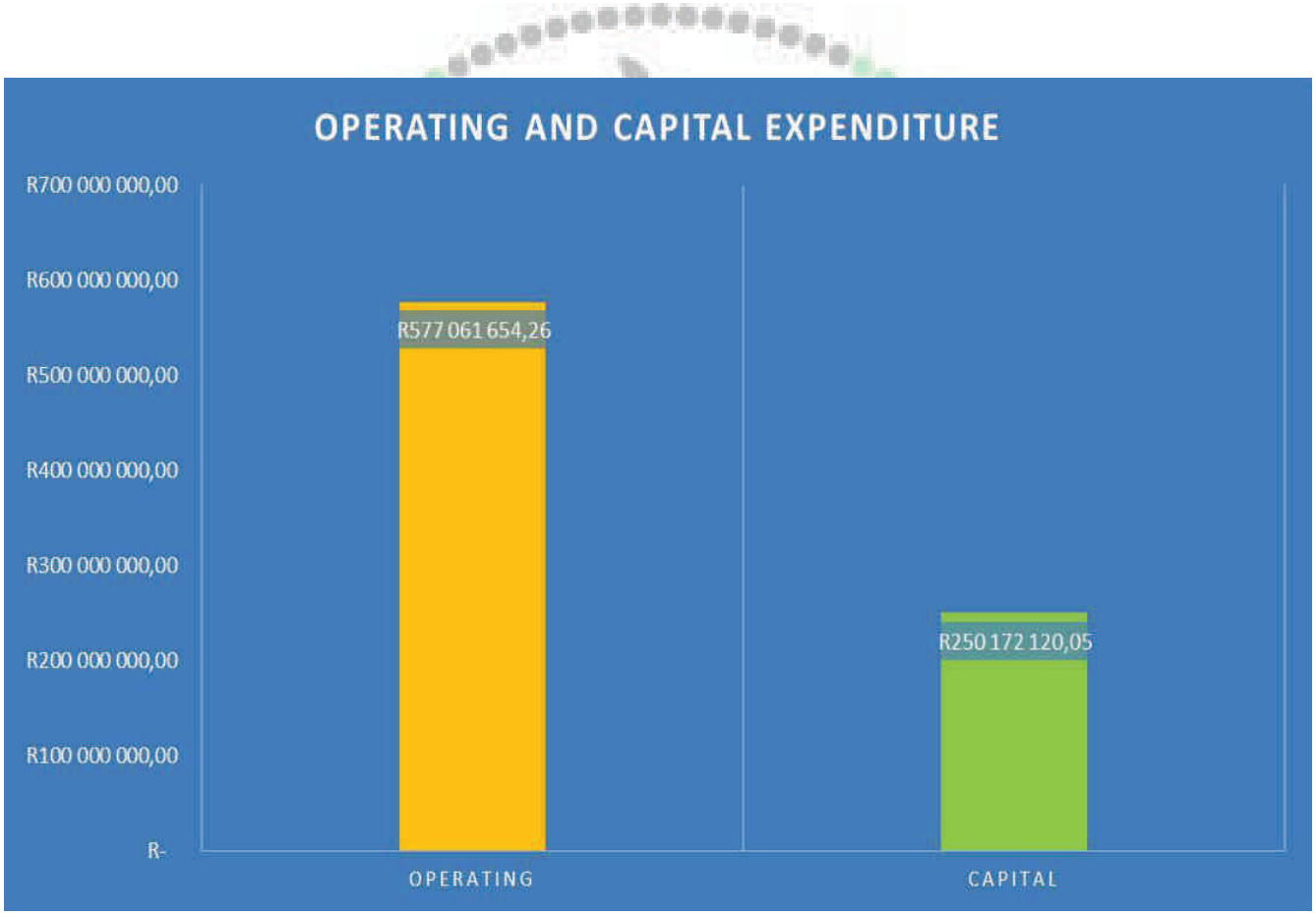
	40%
Employee/personnel related cost	245 707 457
Councillors Remuneration	6 987 878
Total Operating Expenditure	632 526 250
Taxation Expense	-



Repairs and maintenance represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance by the the municipality's own revenue including the equitable share allocation. This ratio shows that the percentage of revenue spent on repairs and maintenance has been declining from 2019/20 meaning the municipality is spending less money on maintaining its infrastructure. The municipality is still facing financial challenges and failing to budget enough for repairs and maintenance, and this poses a risk of disruptions in service delivery due to failure of the water and sanitation plants not well serviced.

5.2 Component B: Spending against Capital Budget

Capital expenditure largely relates mainly to construction projects that will have value lasting over many years. In the case of the District, this relates to the Water & Sanitation Capital expenditure funded from National Grants Transfers. The municipality spent 90% of its Capital Budget.



An analysis of expenditure on the capital budget shows that the municipality's Capital expenditure is highly reliant on Government Grants and subsidies. The district's commitment towards water & sanitation service delivery backlogs reduction is indicated by 90% expenditure trend on water & sanitation infrastructure in the capital budget under trading service

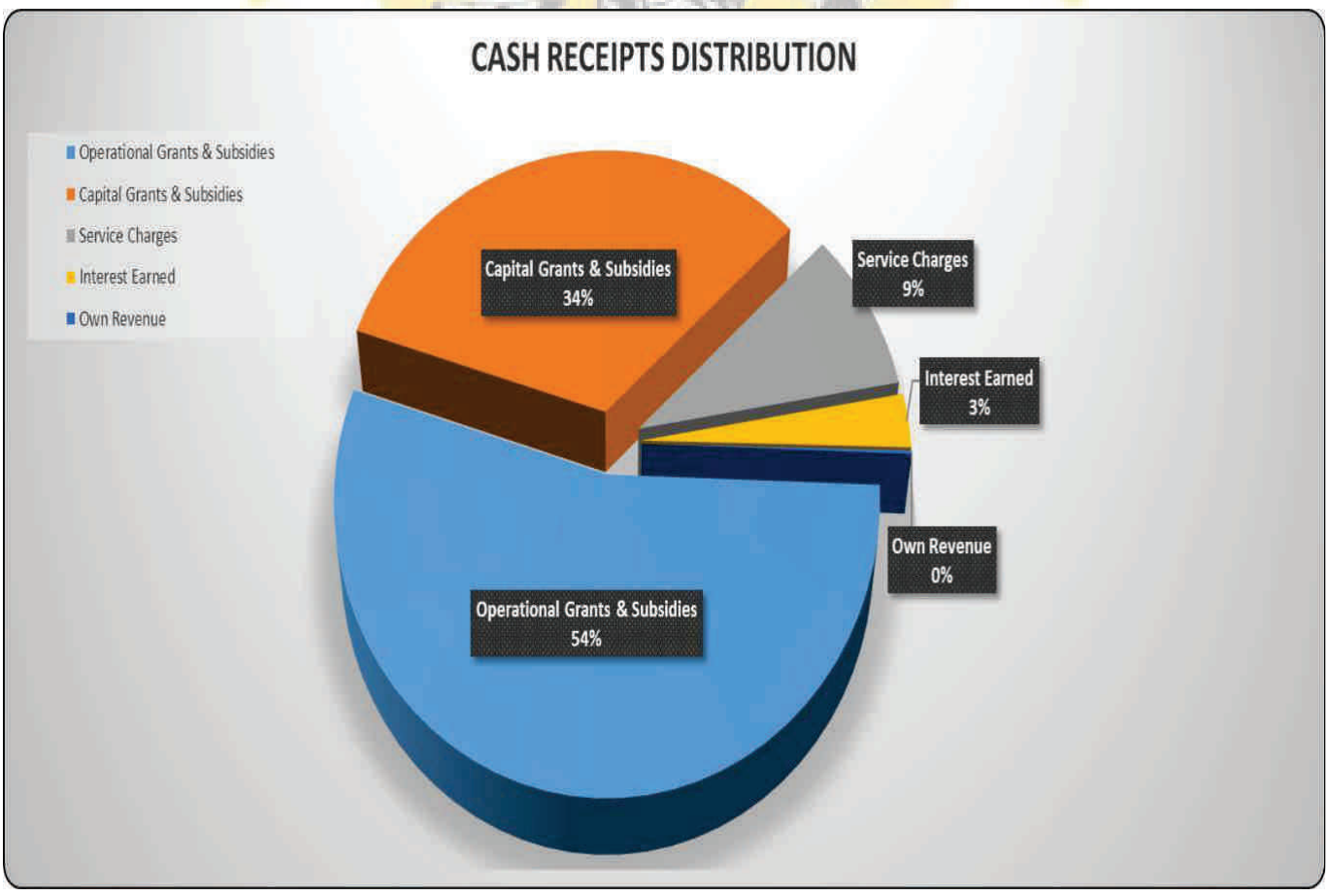
5.3 Component C: Cash flow Management and Investment

COMMENT ON CASH FLOW OUTCOMES

In 2018/19 financial year the cash flow position was at positive balance for the municipality and the cash flow drop down in 2019/20 but still in a positive balance, and in 2020/21 financial year it went up to R56, 7million. The cash flow improved in the 2021/22 financial year to R 59, 6million and again in 2022/23 the municipality closed the year with a positive balance of R131, 4million, however there is R26, 1million unspent for Municipal Infrastructure Grant.

- ✓ 2018/19 R 58, 3million
- ✓ 2019/20 R 40, 6million
- ✓ 2020/21 R 56, 7million
- ✓ 2021/22 R 59,6million
- ✓ 2022/23 R131,4million

The municipality need to continue with cost containment measures to ensure that the municipality's liquidity position continues to improve.



2022/2023 OPERATING GRANTS PERFORMANCE

Description R thousands	2021/22 Audited Outcome	Budget Year 2022/23 Original Budget	Adjusted Budget	Monthly actual	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
EXPENDITURE									
Operating expenditure of Transfers and Grants									
National Government:	**573 921**	**532 325**	**553 597**	**45 417**	**500 372**	**553 597**	**(53 225)**	**-9,6%**	**553 597**
							–		
Energy Efficiency and Demand Side Management Grant	–	–	–	–	–	–	–	-9,6%	–
Equitable Share	517 753	517 748	527 312	43 815	476 511	527 312	(50 801)	-4,0%	527 312
Expanded Public Works Programme Integrated Grant	6 578	5 221	10 135	699	9 729	10 135	(405)	-6,0%	10 135
Local Government Financial Management Grant	995	1 200	902	54	847	902	(54)	-13,6%	902
Municipal Infrastructure Grant	20 737	5 775	11 113	660	9 606	11 113	(1 507)	-19,2%	11 113
Rural Road Asset Management Systems Grant	1 978	2 381	2 381	190	1 924	2 381	(457)	0,0%	2 381
Water Services Infrastructure Grant	25 880	–	1 755	–	1 755	1 755	(0)		1 755
Provincial Government:	**–**	**–**	**1 304**	**–**	**–**	**1 304**	**(1 304)**	**-100,0%**	**1 304**
Capacity Building and Other Grants	–	–	1 304	–	–	1 304	(1 304)	-100,0%	1 304
Total operating expenditure of Transfers and Grants:	**573 921**	**532 325**	**554 901**	**45 417**	**500 372**	**554 901**	**(54 529)**	**-9,8%**	**554 901**

COMMENT ON GRANT RECEIPTS

Operating Transfers and Grants: Budgeted operating include grants such as the Financial Management Grants that contribute the overall institutional arrangement such as Rural household's infrastructure grants, equitable share etc.

Capital Transfers and Grants: All capital grants budget as budgeted were received.

5.3.1 Borrowing and Investments

The municipality does not have any long-term borrowings

The municipality does not have investments greater than 90 days. All excess funds are deposited and kept in call accounts and these short term investments are made after taking into consideration short term working capital requirements.

5.3.2 Public Private Partnerships

The Municipality is currently not involved in any Public Private Partnerships arrangements.

REPORT OF THE AUDITOR-GENERAL

Harry Gwala District Municipality and its municipal entity (The group)

For the year ended 30 June 2023

Report of the Auditor-General to the KwaZulu-Natal Provincial Legislature and the council on Harry Gwala District Municipality and its municipal entity

Report on the Audit of the consolidated and separate financial statements

Opinion

1. I have audited the consolidated and separate financial statements of the Harry Gwala District Municipality and its municipal entity(the group) set out on pages xx to xx, which comprise the consolidated and separate statement of financial position as at 30 June 2023, consolidated and separate statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual amounts for the year then ended, as well as notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

2. In my opinion, the consolidated and separate financial statements present fairly, in all material respects, the financial position of the group as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognized Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act o. 56 of 20030 (MFMA) and the Division of Revenue Act of South Arica, 2022 (Act No. 5 of 2022) (Dora).

Basis for Opinion

3. I conducted my audit in accordance with the International Standards of Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the consolidated and separate financial statements section of my report.

4. I am independent of the group 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 matter below. My opinion is not modified in respect of these matters.

Material Impairments – Consumer Debtors

7. As disclosed in note 7 to the consolidated financial statements, the group recognized an allowance for impairment of R210,6 million (2021-22: R212,0 million) as the recoverability of these debts was doubtful.

Restatement of Corresponding Figures

8. As disclosed in note 40 to the consolidated financial statements, the corresponding figures for 30 June 2022 were restated as a result of errors in the financial statements of the group at, and for the year ended 30 June 2023.

Material Losses – Water

9. As disclosed in note 48 to the consolidated financial statements, materials water losses of R8,44 million (2021-22: R7,99 million) were incurred, which represents 31,1% (2021-22: 30,6%) of total water purchased. These losses were due to aging infrastructure, water supplied to informal settlements but not billed, and illegal connections.

Other Matter

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

Unaudited Disclosure Note

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

Responsibilities of the Accounting Officer for the consolidated and separate Financial Statements

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

13. In preparing the consolidated and separate financial statements, the accounting officer is responsible for assessing the group's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting operations, or has no realistic alternative but to do so.

Responsibilities of the Auditor-General for the Audit of the consolidated and separate Financial Statements

14. My objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue and 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 exits. 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 consolidated and separate financial statements.

15. A further description of my responsibilities for the audit of the consolidated and separate financial statements is included in the annexure to this auditor's report.

Report on the Audit of the Annual Performance Report

16. In accordance with the Public Audit of South Africa, 2004 (Act No.25 of 2004) (PAA) and the general notice issued in terms thereof, I must audit and report on the report on the usefulness and reliability of the reported performance against predetermined objectives for the selected key performance area presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

17. I selected the following key performance area presented in the annual performance report for the year ended 30 June 2023 for auditing. I selected a key performance area that measures the municipality's performance on its primary mandated functions and that is of significant national, community or public interest.

Key Performance Area	Page Numbers	Purpose
	xx	To improve coverage, quality, efficiency and sustainability of water and sanitation in all urban and rural communities

Basic Service Delivery

18. I evaluated the reported performance information for the selected key performance area 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 insight to users on the municipality's planning and delivery on its mandate and objectives.

19. 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 measures taken to improve performance.

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

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

Basic Service Delivery

Various Indicators

Indicator	Target	Reported Achievement
Percentage of households with access to basic water for the first time through new projects (500 HH)	100%	100%
Percentage of households with access to basic water through refurbishment projects (212 HH)	100%	100%

Other Matters

23. I draw attention to the matters below.

Achievement of Planned Targets

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

Material Misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service key performance area. Management did not correct all the misstatements and I reported material findings in this regard.

Report on Compliance with Legislation

26. 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.

27. 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.

28. 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.

29. The material finding on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual Financial Statements

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

Expenditure Management

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

32. Reasonable steps were not taken to prevent irregular expenditure of R288,89 million, disclosed in note 47 to the annual financial statements, as required by section

62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by incorrect application of local content requirements.

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Asset Management

33. An effective system of internal control for assets was not in place, as required by section 63(2)(c) of the MFMA.

Human Resource Management

34. Job descriptions were not established for all posts in which appointments were made, as required by section 66(1)(b) of the Municipal Systems Act.

Strategic Planning and Performance Management

35. The performance management system and related controls were inadequate as they did not describe how the performance measurement processes should be conducted, organized and managed, as required by municipal and performance management regulations 7 (1).

Other information in the Annual Report

36. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report, and the selected key performance area presented in the annual performance report that have been specifically reported on in this auditor's report.

37. My opinion on the consolidated and separate 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.

38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the consolidated and separate financial statements and the selected key performance area presented in the annual performance report or my knowledge obtain in the audit, or otherwise appears to be materially misstated.

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

Internal control deficiencies

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

41. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the opinion, the material findings on the annual performance report and the material findings on compliance with legislation included in this report.

42. Management did not exercise oversight responsibility regarding financial and performance reporting and compliance, as well as related internal control.

43. Management did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information as accessible and available to support financial and performance reporting. In addition, management did not take adequate steps to prevent breakdowns in compliance processes by instilling discipline in the institutionalization of policies and procedures, as well as strict monitoring the compliance checklist.

Material Irregularities

44. In accordance with the PAA and the Material Irregularity Regulations, I have responsibilities to report on material irregularities identified during the audit and on the status of material irregularities as previously reported in the auditor's report.

Material irregularities identified during the audit

45. The material irregularities identified are as follows:

46. Payments to consultant not in accordance with control terms Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) which states that each senior manager of a municipality and each official of a municipality exercising financial management responsibilities must take all reasonable steps within their respective areas of responsibility to ensure that the financial and other resources of the municipality are utilized effectively, efficiently, economically and transparently.

47. The municipality awarded a contract to a service provider for the provision of technical support for assets verification and conditional assessments for a period of 36 months effective from 02 May 2019. The officials of the municipality approved payments to the service provider that were not in accordance with the approved MOA thereby not effectively implementing financial management controls around payment approval and processing resulting in a likely financial loss amounting to R22,1 million.

48. The accounting officer was notified of the material irregularity on 31 January 2023 and was invited to make a written submission on the actions taken and that will be taken to address the matter.

49. The following actions are being taken to address the material irregularity.

- An investigation into the matter is currently in progress.

- The municipality suspended the processing of payments relating to this contract pending the finalization of the investigation.

- The service provider has instituted a counter claim against the Municipality for the outstanding payments not processed. The matter is still in progress.

50. I will follow up on the progress of the matters indicated above, including the outcomes of the investigations and the implementation of the recommendations thereof, in the next audit.

Status of previously reported material irregularities

Payments made to contractor fro project standing costs

51. The municipality did not comply with section 116(2)(a) of the MFMA which states that the accounting officer of a municipality or municipal entity 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 property enforced.

52. The municipality entered into a contract with a supplier for the construction of the Gala Bulk pipeline from Sappi's Ngudwini Dam to J8 (Emnywaneni off-take Greater Bulwer-Donnybrook Water Supply). The construction was dependent on the delivery of the pipes which were procured using another contract from a different supplier. The delivery of the pipes was significantly delayed, which resulted in the delays on the construction process and a subsequent claim for standing time against the municipality.

53. The municipality did not enforce any of the delay or penalty against the supplier for failure to deliver the pipes on time resulting in non-compliance with section 116(2)(a) of the MFMA. The non-compliance resulted in a material financial loss for the municipality of R8.1 million as a result of the standing time claimed and paid to the service provider for delays in construction.

54. The accounting officer was notified of the material irregularity on 15 February 2022 and was invited to make a written submission on the actions taken and that will be taken to address the matter.

55. The following actions have been taken to address the material irregularity:

- The investigation was conducted on the matter, and four municipal employees were recommended for disciplinary proceedings which are currently in progress.

- A letter of demand was issued to the service provider that was responsible for supplying the pipes, demanding a repayment of the loss suffered. This led to a legal process instituted by the supplier against the municipality denying responsibility for the financial loss suffered.

- Due to weaknesses in controls that were identified by the investigation and based on the advice from the legal representatives of the Municipality, the accounting officer elected not to pursue loss recovery as the prospects of recovery are slim.

- The internal controls within the supply chain management (SCM) unit were strengthened through the implementation of the new SCM compliance checklist, to ensure proper verification processes prior to processing payments.

- A clear liability clause for non-compliance has been incorporated into the specification of the service- level agreements.

56. The Municipality is in the process of sourcing training for the relevant employees relating to supply chain management and contract management processes.

57. I will follow up on the progress of this matter in the next audit

Pietermaritzburg

14 December 2023

AUDITOR-GENERAL
SOUTH AFRICA

APPENDICES

Appendix A: Councilors; committee allocation and council attendance

COUNCILLOR ATTENDANCE FOR 2022/2023 FINANCIAL YEAR

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE 2022/2023 FY

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
Cllr NW Dladla	7	7	None
Cllr N Mda	7	6	1 20 June 2023
Cllr BL Marnce	7	5	2 10 November 2022 16 May 2023
Cllr HA Lukhozi	7	6	1 14 September 2022
Cllr BR Memela	7	4	3 17 February 2023 25 April 2023 16 May 2023

CORPORATE SERVICES COMMITTEE 2022/2023 FY

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
Cllr TN Jojozi	6	5	1 11 November 2022
Cllr B Sibeni	6	6	0
Cllr TSH Gamede	6	3	3 16 August 2922

			10 February 2023 25 April 2023
Cllr XM Memela	6	1	5 16 August 2022 11 November 2022 10 February 2023 13 March 2023 25 April 2023
Cllr PN Damoyi	6	6	0

SOCIAL SERVICES AND DEVELOPMENT PLANNING COMMITTEE 2022/2023FY

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
Cllr TN Jojozi	5	5	0
Cllr ZR Tshazi	5	5	0
Cllr NH Zaca	5	5	0
Cllr PK Memela	5	5	0
Cllr NC Dlamini	5	5	0
Inkosi MSI Zulu	5	5	0

LOCAL LABOUR FORUM 2022/2023 FY

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
Cllr BC Keswa	2	2	0 He thereafter resigned
Cllr ZP Dlamini	7	6	1 19 May 2023
Cllr ZR Tshazi	7	7	0
Cllr TSH Gamede	7	6	1 19 September 2022
Cllr SRL Nzimande	3	2	1 19 May 2023

	He was added to the committee by March 2023 to replace Cllr BC Keswa		

BUDGET AND TREASURY OFFICE COMMITTEE 2022/2023 FY

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
Cllr ZD Nxumalo	12	11	1 12 May 2023
Cllr TN Jojozi	12	12	0
Cllr SD Bekwa	12	12	0
Cllr KS Dlamini	12	12	0
Cllr B Keswa	12	03 He resigned	09 due to resignation
Cllr SRL Nzimande	12	09 (he joined the Committee to replace Cllr BC Keswa)	0

INFRASTRUCTURE SERVICES COMMITTEE 2022/2023 FY

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
Cllr ZD Nxumalo	5	5	0
Cllr ZP Dlamini	5	5	0
Cllr NR Mtshali	5	5	0
Cllr HV Msomi	5	5	0
Cllr T Tshangase	5	5	0
Cllr ZM Ngidi	5	2	3

			5 August 2022 4 October 2022 2 February 2023
Inkosi VV Zimema	5	0	5 5 August 2022 4 October 2022 2 February 2023 11 April 2023 13 June 2023

COUNCIL - NEW COUNCIL

2022/2023 FY

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
Councillor MSD Mdunge	17	17	
Councillor TN Jojozi	17		18 August 2022 29 September 2022 12 April 2023
Councillor ZD Nxumalo	17		28 July 2022
Councillor N Mhatu	16		5 October 2022 12 April 2023
Councillor SD Bekwa	16		20 January 2023
Councillor KS Dlamini	16		12 April 2023
Councillor Z Tshangase	16		13 September 2022 29 March 2023
Councillor ZP Dlamini	16		
Councillor NW Dladla	16		23 November 2022 12 April 2023 30 May 2023
Councillor HA Lukhozi	16		13 September 2022
Councillor XM Memela	16		28 July 2022 29 March 2023 27 June 2023

Councillor VAT Mthembu (no longer serving on district council)	16		29 September 2022 5 October 2022 7 December 2022 25 January 2023
Councillor NC Dlamini	16		5 October 2022 22 February 2023 30 May 2023
Councillor N Mda	16		
Councillor BR Memela	16		28 July 2022 29 September 2022 30May 2023
Councillor TG Soni	16		29 September 2022
Councillor NR Mtshali	16		13 September 2022 29 September 2022 29 March 2023 30 May 2023 27 June 2023
Councillor TSH Gamede	16		29 March 2023
Councillor ZR Tshazi	16		
Councillor PN Damoyi	16		
Councillor R Ramatlapeng	16		7 December 2022
Councillor HV Msomi	16		
Councillor NH Zaca	16		30 May 2023
Councillor ZM Ngidi	16		20 January 2023 25 January 2023 27 June 2023
Councillor NH Malimela	16		29 March 2023 12 April 2023 30 May 2023
Councillor SRL Nzimande (sworn in – October 2022)	9	9	
Councillor B Sibeni	16		18 August 2022 13 September 2022 29 September 2022 27 June 2023
Councillor BL Marnce	16		8 September 2022 29 September 2022 20 January 2023 25 January 2023

			22 February 2023
Councillor PK Memela	16		18 August 2022 8 September 2022 7 December 2022 30 May 2023
Councillor BC Keswa (no longer serving on district council since October 2022)			28 July 2022 29 September 2022 5 October 2022
Councillor SG Mkhize (sworn in – February 2023)	4		29 March 2023 30 May 2023
Inkosi VV Zimema	16	11	
Inkosi MSI Zulu	16	13	
Inkosi PDH Chiliza (Sworn in – February 2023)	4	0	

EXECUTIVE COMMITTEE - NEW COUNCIL

2022/2023 FY

MEMBERS	**TOTAL NUMBER OF MEETINGS**	**NUMBER OF MEETINGS PRESENT**	**NUMBER AND DATES OF MEETINGS ABSENT**
Councillor ZD Nxumalo	11	10	1 16 May 2022
Councillor TN Jojozi	11	8	19 July 2022 7 September 2022 12 September 2022
Councillor SD Bekwa	11	11	
Councillor KS Dlamini	11	11	
Councillor Z Tshangase	11	7	18 August 2022 16 August 2022 27 September 2022 16 November 2022

WATER SERVICES COMMITTEE - NEW COUNCIL

SWORN-IN ON 26 NOVEMBER 2021

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
Cllr BC Bekwa	3	3	0
Cllr N Mhatu	3	3	0
Cllr R Ramatlapeng	3	1	2 1 April 2022 3 June 2022
Cllr VAT Mthembu	3	3	0
Cllr TG Soni	3	3	0
Cllr N Memela	3	2	1 1 April 2022

WOMEN'S CAUCUS - NEW COUNCIL

SWORN-IN ON 26 NOVEMBER 2021

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
1. Cllr ZP Dlamini (Chairperson)	1	1	0
2. Cllr TN Jojozi	1	1	0
3. Cllr N Mhatu	1	0	1 3 March 2022
4. Cllr N Damoyi	1	1	0
5. Cllr NW Dladla	1	1	0
6. Cllr TSH Gamede	1	1	0
7. Cllr NH Malimela	1	1	0
8. Cllr BR Memela	1	1	0
9. Cllr N Mda	1	1	0
10. Cllr NR Mtshali	1	1	0
11. Cllr R Ramatlapeng	1	0	1 3 March 2022
12. Cllr B Sibeni	1	0	1 3 March 2022
13. Cllr TG Soni	1	1	0

14. Cllr ZR Tshazi	1	1	0
15. Cllr NH Zaca	1	1	0

RAPID RESPONSE TEAM - NEW COUNCIL

SWORN-IN ON 26 NOVEMBER 2021 MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETINGS PRESENT	NUMBER AND DATES OF MEETINGS ABSENT
1. Cllr. MSD Mdunge (Speaker/ Chairperson)	4	4	0
2. Inkosi MSI Zulu	4	4	0
3. Cllr. NW Dladla	4	4	0
4. Cllr. NC Dlamini	4	4	0
5. Cllr. N Mda	4	2	2 10 May 2022 28 June 2022
6. Cllr. NR Mtshali	4	2	2 28 February 2022 10 May 20225
7. Cllr. TG Soni	4	3	1 28 February 2022

Appendix B: Committee and committee purpose

Executive Committee Council

Finance and Corporate Services Committee

Social Services and development Planning Committee

Infrastructure Services Committee

Water Services Committee

Municipal Public Accounts Committee

Audit Committee

Executive committee

It is the Principal Committee and makes recommendations to Council for Endorsement. It monitors the municipal performance. The Committee also reports annually to Council on the effect of community participation and consultation in oversee provision of services to the community eg. Integrated Development Plan (IDP) roadshows.

Council

This is the body that makes the by-laws and decisions for the municipality and oversees the executive and administration. It has a number of different responsibilities. These include making the by-laws and policies, providing financial oversight, planning the budget, approval of the Service Delivery and Budget Implementation Plan (SDBIP) and the Integrated Development Plan (IDP), employment of the Municipal Manager and ensures that policies and by-laws are adhered to. It is also responsible for ensuring that the municipal administration fulfills its duties by ensuring that all resolutions are implemented.

Finance and Corporate Services committee

The Finance and Corporate Services Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for research, planning and recommendation of best methods and strategies with respect to the following

General Administration

Security Services

Organizational Development

Committees Management an Administration

Registry Services

Information Communication Technology Management

Communication

Social Services and Development Planning committee

The Social Services and Development Planning Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee:-

Social Development strategies for all sectors of the District community, including but not limited to Senior Citizens, Youth, Women (Gender issues), children and people with disabilities.

Environmental Health System: the planning and development of a system and mechanisms to implement an effective and efficient environmental health system.

Sports and Recreation, Heritage, Arts and Culture: coordinating and initiating programmes and projects aimed at developing the skills, knowledge, talent and participating in social regeneration of all sectors of the community.

Disaster Management: planning and local economic including disaster mitigation i.e. put measures in place to deal with disaster should it happen.

The Committee shall approve development applications.

The Committee will work in promoting Tourism within the District.

Establishment of poverty alleviation initiatives

The Committee shall monitor progress and use of land after transfer.

Revitalization of declining towns.

Encouragement liveable and sustainable human settlements.

General Administration

Security Services

Organizational Development

Committees Management an Administration

Registry Services

Information Communication Technology Management

Communication

Social Services and Development Planning committee

The Social Services and Development Planning Committee assists the Executive Committee to promote a safe, healthy and enabling environment. The Committee shall be responsible for undertaking research, planning and recommendation of best methods and strategies with respect to the following functions of the Municipal Council, in each case advising the Executive Committee:-

Social Development strategies for all sectors of the District community, including but not limited to Senior Citizens, Youth, Women (Gender issues), children and people with disabilities.

Environmental Health System: the planning and development of a system and mechanisms to implement an effective and efficient environmental health system.

Sports and Recreation, Heritage, Arts and Culture: coordinating and initiating programmes and projects aimed at developing the skills, knowledge, talent and participating in social regeneration of all sectors of the community.

Disaster Management: planning and local economic including disaster mitigation i.e. put measures in place to deal with disaster should it happen.

The Committee shall approve development applications.

The Committee will work in promoting Tourism within the District.

Establishment of poverty alleviation initiatives

The Committee shall monitor progress and use of land after transfer.

Revitalization of declining towns.

Encouragement liveable and sustainable human settlements.

Development of sector plans and monitor that sector plans are undertaken.

Undertaking any other related functions which may be requested by the Committee from the Executive Committee.

Receive reports and evaluate progress.

Municipal Public Accounts committee

Audit Report on annual financial statements of the Municipality, Any reports issued by the Auditor- General on the Affairs of the Harry Gwala District Municipality, and the annual report of the municipality.

The Mayor's quarterly report on the implementation of the budget and the financial state of affairs of the municipality; and any other financial statement or reports referred to MPAC by the Council. Any information relating to personnel; books of account, records, assets and liabilities of the council. Relevant information that may be required for the purpose fulfilling its mandate, MPAC may report on or make recommendations in relation to any of the reports or financial statements which it may examine.

In its examination (mentioned in 2) MPAC must take into account previous statements and reports and consider the degree to which previously identified shortcomings have been rectified. The Committee must report to council on its findings. The Committee shall initiate and develop the annual Oversight report on the Municipality's Annual Report.

The Committee may initiate, direct and supervise investigations referred to it and render an opinion on such recommendations. MPAC may consider any Audit Committee recommendations referred to it and render an opinion on such recommendations. The Committee may request or invite members of the public to attend any meeting of the Committee (section 16 (1) of the Municipal System Act, 2000) to assist it with the performance of its function. MPAC may co-opt advisory members or experts to advise the Committee in its liberation, provided that such persons may not vote of any matter.

Audit committee

Section 166 of the Municipal Finance Management Act, 1998 requires every municipality to have an Audit Committee which must serve the purpose of being an independent advisory body to the council, political office bearers, and the municipal manager in his role as accounting officer, management and staff. The audit Committee is required to consider any matters relating to financial affairs of the municipality and any risk, internal and external audit matters. The Committee must review and assess the qualitative aspects of financial reporting, the municipality's processes and compliance with significant applicable legal, ethical regulatory requirements.

The advisory role of the Audit Committee is related to matters including:

internal financial control and internal audits;

risk management;

accounting policies;

the adequacy, reliability and accuracy of financial reporting and information;

performance management;

effective governance;

compliance with the Municipal Finance Management Act, the annual Division of Revenue Act and any other applicable legislation;

performance evaluation; and

Any other issues referred to it by the municipality.

The Committee must review the financial statements to provide council with a credible view of the financial position of the municipality. It must respond to any issues raised by the Auditor-General in the audit report and carry out any investigations into the financial affairs of the municipality which the council requests.

Infrastructure services committee

In the 2022/2023 financial year, the municipality has witnessed the following successes:

Filling of all Senior Management.
Filling of most budgeted vacant positions.
Full staff complement of the Information and Communication Technology Unit.
Information and Communication Technology policies were approved and implemented.
Functional Audit Committee.
Functional Local Labour Forum.

While witnessing the fore stated successes, the encountered challenges outweigh them. The challenges that have been noted are as follows:

Insufficient funding for filling the vacant positions.
Huge amounts of overtime paid especially to Water Services employees due to insufficient funding for vacant positions.
Insufficient funding for capacity building (training and bursaries).
Poor capacity of the Municipal Public Account Committee.
Longer period taken to fill in budgeted vacant positions especially during the period of COVID-19.
Inadequate office accommodation and parking for Councilors and Employees.
Lack of funding for employee compounds for Water Services employees.
Inability to meet certain performance targets due to insufficient funding.

The Delegations of Authority were reviewed and are awaiting adoption. The Council, Office of the Mayor, Office of the Deputy Mayor and the Office of the Speaker have been delegated powers. Each Committee of Council has also been delegated powers within which it will perform its functions and all Senior Managers including the Municipal Manager have also been delegated powers by Council.

1.7 AUDITOR GENERAL REPORT

According to the Auditor General, the consolidated and separate financial statements present fairly, in all material respects, the financial opinion of the group as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the South African Standards of General Recognised Accounting Practices and the requirements of the Municipal Finance Management Act of South Africa 2003 (Act No. 56 of 2003) and the Division of Revenue Act of South Africa, 2022 (Act No. 5 of 2022).

Overseeing of the implementation of infrastructure projects.

Prioritization of infrastructure development projects and recommend to the Executive Committee Support administration in community liaison issues relevant to infrastructure development.

Represent Council in Seminars/workshops related to Infrastructure development.

The Committee must recommend the provision/approval of funds for unforeseen infrastructural improvements.

Overseeing the implementation of projects and support committees relevant to community development.

Water and Sanitation services committee

The Municipal Structures Act, 117 of 1998 prescribes the methodology for the establishment of Municipal Council Committees. The Water and Sanitation Committee (hereby referred to as the "Committee" is established in terms of Section 80 of the Municipal Structures Act.

This Committee provides to the Executive Committee, recommendations on legislation and policies relating to the following functions:

Water,

Sanitation,

Ensure that all Safety issues relating to the above are adhered to,

Legislative compliance,

Receive progress reports on the issues mentioned above and evaluate progress.

Responsible to assist the Executive Committee in the coordination of functions pertaining to its portfolio. Considering reports from the designated officials for the portfolio, or other functionary and submit its recommendations on such issues to the Executive Committee.

Perform any duties and exercise any powers delegated to it by the Executive Committee.

May sub-delegate any duty or power delegated to it by the Executive Committee to any Political Office Bearer or the Municipal Manager.

May within the limits of any Policy Directives of the Executive Committee and adopted Integrated Development Plan issue policy directives to any Political Office Bearer or the Municipal Manager to whom discretion has been sub-delegated by it for the exercise of any power by such a person under such sub-delegation.

To assist the Executive Committee to promote a safe and healthy environment by advising the
Executive Committee on:

-All policies and bylaws for the water and sanitation services

-The review of those bylaws, regulations, rules and tariffs that regulate and arise out of matters within the Terms of Reference of the Committee and the proposal of amendments and additions thereto.

Appoint from within its membership a sub-committee with powers to co-opt such other members as the sub-committee deem fit, to consider and report to the Committee on any matter falling within its terms of reference.

Recommend to the Executive Committee strategies, programs and services to address water and sanitation needs through the water services development plan and Integrated Development Plan; taking into account any applicable national and provincial development strategies and recommend or determine the best methods, including partnership and other approaches, to

deliver water and sanitation services, programs and services to the maximum benefit of the community.

Oversee random water quality testing undertaken within the district municipality The Water and Sanitation Committee in performing its duties must: Identify and develop criteria in terms of which progress in the implementation of water and sanitation strategies, programs and services it recommended to the Executive Committee can be evaluated, including key performance indicators which are specific to the Municipality and common to local government and water sector in general evaluate progress against the key performance indicators, which include provision of water and sanitation.

Monitor water services administration.

Oversee the provision of water and basic sanitation services to the community is in a sustainable manner, in compliance with Section 3 of the Water Services Act.

Ensure that regard is given of particular scheme specific and reports on the effect of consultation on the decisions of the Executive Committee.

Make recommendations to the Executive Committee about provision of water services to areas outside the district municipality.

To report to the Executive Committee on all decisions and resolutions taken by it where necessary, make a request to the district municipality for financial, technical and administrative support services for unforeseen water development services, planning and provision related matters.

APPENDIX C: Third tier administrative structure

Departments	Directorate	Director/Manager (Title and name)
Corporate Services	ED: Corporate Services	Ms. T.T.Thiyane- Magaqa
Human Resource Management	Sen Manager: Human Resources	Mrs. P.P. Cele
Administration	Sen Manager: Administration	Vacant
Social Services and Development Planning	ED: Social and Development Planning	Ms. N.N.F. Buthelezi
IDP / PMS	Manager: SP, IDP / PMS	Mr. Z.W. Mtolo
Planning and Development	Sen Manager: Development Planning	Mr. L.D Zondi
Special Programmes	Manager: Special Programmes	Mr. R.Z Langa
Social Services	Sen Manager: Social Services	Ms. T.T Mahlaba
Water & Sanitation	ED: Water & Sanitation	Vacant
Operations and Maintenance	Sen Manager: O & M	Mrs. M. A Ntamane
Design and Planning	Sen Manager: Planning, Research & Design	Mr S.A Ngcobo
Governance	Sen Manager: Water Governance & Customer Care	Ms B.R Khathali-Msomi
Infrastructure	ED: Infrastructure	Mr. NE Biyase
Project Management Unit	Manager: Project Management Unit	Mr. M Mpepeto
Municipal Works	Manager: Municipal Works	Mrs. H.G Ngcobo
Professional Services	Chief Engineer Contracts	Mr. C.C.M Cele
Budget and Treasury Office	ED: Budget and Treasury Office	Mr K.M.B Mzimela
Supply Chain Management	Sen Manager: SCM	Ms. H.T Dandala
Expenditure	Sen Manager: Expenditure	Mr. P.B Luthuli

Budgeting and Reporting / Accounting Support / Financial Systems	Sen Manager: Budgeting and Reporting / Financial Systems	Ms. A.J Nongalo
Income	Sen Manager: Income	Ms. V Mfenqa

Appendix D: Functions of municipal entity

Municipal Functions	Function applicable to Municipality Y/N	Function applicable to Entity Y/N
Air pollution	N	N
Firefighting services	N	N
Local tourism	N	Y
Municipal planning	Y	N
Municipal health services	Y	N
Water and sanitation services	Y	N
Cemeteries, funeral parlours and crematoria	N	N
Cleansing	N	N
Control of public nuisances	N	N
Markets	N	Y
Municipal abattoirs	N	N
Municipal parks and recreation	N	N

Municipal roads	Y	N
Public places	N	N
Noise pollution	N	N
Refuse removal, refuse dumps and solid waste disposal	N	N

Appendix E: Ward reporting

Local municipality function

Appendix F: Ward information

Local municipality function

Appendix G: Recommendations of the municipal audit committee

REPORT OF THE AUDIT COMMITTEE FOR HARRY GWALA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2022

REPORT OF THE AUDIT COMMITTEE FOR HARRY GWALA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2023

1. Objective

For the Audit Committee to present to Council the progress to date in carrying out its oversight responsibilities, including oversight for the statutory audit process for the financial year ended 30 June 2023.

Terms of reference

The mandate of the Audit Committee is legislated in terms of section 166 of the Municipal Finance Management Act, 2003 (MFMA) which requires the Audit Committee to advise the Accounting Officer and Council on matters relating to: Internal financial control and internal audits; risk management; adequacy, reliability and accuracy of financial reporting and information; Accounting policies; performance management and evaluation; effective governance; Compliance with the MFMA, the Annual Division of Revenue Act (DORA) and any other applicable legislation and / or policies and any other issues referred to it by the municipality.

The Audit Committee is also required to fulfil the functions of a Performance Management Committee constituted in terms of Regulation 14(2) of the Local Government: Municipal Planning and Performance Management Regulations, 2001.

The MFMA also requires the Audit Committee to review the annual financial statements, respond to Council on matters raised by the Auditor General.

Audit Committee membership and attendance

As at 30 June 2023 the Audit Committee comprised of four independent members. The members have diverse skills and experience. An independent member chairs the Committee. Both the Internal and External Auditors have unrestricted access to the Audit Committee.

The table below sets forth the membership and attendance at meetings of the committee for the period ended 30 June 2023. The Audit Committee held 5 meetings overall for this reporting period:

Names	Role	Meetings held	Meetings attended
Mr S.Z. Hlophe	Chairperson	5	5
Ms S. Gumbi	Member	5	5
Prof B. Stobie	Member	5	5
Mr S Ngidi	Member	5	5

- **Audit Committee's Responsibility**

The Audit Committee operates under written terms of reference, the audit committee charter which is approved by the Council annually. These terms of reference are in line with the requirements of section 166 of the MFMA and Treasury Regulation 27.1.

In the performance of its duties and in fulfilling its responsibility, the Audit Committee has performed the following statutory duties, responsibilities and would like to report as follows:

4.1 Internal Audit and Internal Control

In line with the requirements of the MFMA the Internal Audit provides the Audit Committee and Management with assurance as to whether the internal controls are appropriate and effective. This is achieved by means of the risk based internal audit plan which is approved by the Audit Committee annually.

Internal Audit Plan and Charter

We approved the Internal Audit Plan covering the period ending 30 June 2023. We also approved the internal audit charter which serves as the guiding policy for the internal audit unit.

Execution of Internal Audit Plan

Internal Audit unit performed all planned projects as per approved risk based annual internal audit plan. State of Internal Audit Function

We are satisfied of the work performed by Internal Audit within the municipality.
As at 30 June 2023 the Internal Audit unit had only one vacant position.

4.2 Risk Management

We are pleased to report that, the municipality had a fully flashed Risk Management Unit for the financial year ended 30 June 2023. We have considered risks facing the municipality at both operational and strategic level, emanating from a risk assessment. The Audit Committee noted and approved operational risk register, while strategic risk register was recommended for Council consideration. We have continuously (quarterly basis) monitored the implementation of mitigating factors by management. We are satisfied with the progress made in this regard. We noted where applicable that some mitigating factors could not be implemented due to budgetary limitations.

4.3 ICT Governance and ICT Operations

We note and appreciate that the Municipality has a fully fleshed ICT Unit. ICT is the integral part of the organization and it covers wide range of departments within the organization. We note that a significant amount of work has been done in this regard to improve internal controls, segregation of duties and interface issues relating to payroll and salaries.

4.4 Evaluation of Financial Reports and Annual Financial Statements (AFS)

Monthly and quarterly financial reports were submitted and reviewed by the Audit Committee during the year.

The Audit Committee reviewed the Annual Financial Statements for the year ended 30 June 2023, before submission to Auditor-General. All matters raised by Internal Audit and the Audit Committee were considered and processed.

4.5 Performance information

The Audit Committee also serves as the Performance Audit Committee for the Municipality. The legal responsibilities of the Audit Committee in this regard are set out in terms of the Local Government: Municipal Planning and Performance Management Regulations 2001.

We reviewed the Annual Performance Report and draft Annual Report. We raised our observations which were addressed prior the submission to Auditor-General.

The Chairperson served on the evaluation panel in terms of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Accounting Officer.

We noted improvement in overall performance of the Municipality.

Investigations

There were no investigations reported as new or underway during this period.

Conclusion

The Audit Committee confirms its commitment to assist and support the Council in the execution of its mandate and towards managing the financial affairs in accordance with the law.

To enhance the quality of our control environment and instil a culture of good governance within the Municipality, the Audit Committee always provides guidance and recommendations to management during our meetings.

The Audit Committee also wishes to thank the Council and management for their cooperation and support as well as the teams from internal audit and the Auditor-General for their contributions.

On behalf of the Audit Committee

Mr Simiso Ngidi

Chairperson

Appendix H: Long term contract and public private partnership

None

Appendix I: Municipal entity service provider performance schedule

N/A

Appendix J: Disclosure of financial interest

Period 1 July to 30 June 2022-2023		
Position	Name	Description of Financial interest
Mayor	Cllr Z D Nxumalo	N/A
Member of Executive Committee	Cllr TN Jojozi	N/A
Member of Executive Committee	Cllr SD Bekwa	N/A
Member of Executive Committee	Cllr KS Dlamini	N/A
Member of Executive Committee	Cllr Z Tshangase	N/A
Municipal Manager	Mr. G.M. Sineke	N/A
Chief Financial Officer	Mr. K.M.B. Mzimela	N/A

Section 56 officials	Mr. N.E Biyase	Yes
	Mrs. T.T Thiyane-Magaqa	N/A
	Ms. N.N.F Buthelezi	N/A
		N/A

Appendix K: Revenue collection performance by vote

K (1). Revenue collection performance by vote

TOTALING CATEGORY DES	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	180 DAYS	TOTAL
BASIC SEWERAGE	-	-	-	-	-	-	6 223 301,43	R 6 223 301,43
BASIC WATER	7 751,70	6 558,16	5 716,18	5 278,21	5 056,72	4 728,22	15 980 990,45	R 16 016 079,64
DEPOSIT	35 785,57	29 747,27	1 363,80	-	5 067,20	1 363,80	82 765,09	R 156 092,73
INTEREST	1 398 038,42	1 321 211,36	1 334 483,51	1 265 724,01	1 214 655,16	1 095 058,93	53 462 022,12	R 61 091 193,51
SEWERAGE SERVICES	1 229 909,27	1 078 942,31	594 842,63	512 572,04	584 089,27	424 167,06	34 056 073,70	R 38 480 596,28
SUNDRIES	-	-	-	-	-	-	474 803,35	R 474 803,35
WATER	15 982 552,29	4 194 021,51	2 012 201,50	2 560 746,25	5 345 373,81	1 252 609,87	88 965 440,90	R 120 312 946,13
TOTALING CATEGORY	18 654 037,25	6 630 480,61	3 948 607,62	4 344 320,51	7 154 242,16	2 777 927,88	199 245 397,04	R242 755 013,07

K (2). Revenue collection performance by source

DEBTOR TYPE DESC	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	180 DAYS	TOTAL DEBT
BUSINESS	1 072 366,59	978 157,30	613 732,38	321 851,51	368 965,89	327 353,41	11 887 786,56	15 570 213,64
DOMESTIC	11 212 743,01	2 176 395,00	2 116 104,51	2 017 437,67	2 509 913,92	1 962 520,32	157 648 974,37	179 644 088,80
INDIGENTS	451 080,97	221 817,57	217 698,17	206 915,57	215 733,48	202 005,72	10 684 164,40	12 199 415,88
DECEASED DEBTORS	51 993,88	53 070,65	55 002,27	51 091,78	-	-	-	211 158,58
CHURCH	342 860,53	22 596,37	24 007,56	31 322,97	26 033,62	28 225,85	948 767,27	1 423 814,17
MUNICIPAL	119 358,26	96 070,29	91 159,23	4 223,37	11 882,75	11 341,92	647 607,15	981 642,97
DEPARTMENT OF EDUCATION	296,74	-	-	-	-	-	-	296,74
DEPARTMENT OF HEALTH	1 640 105,49	997 616,67	311 068,01	1 234 208,53	3 717 898,42	11 298,04	9 854 639,01	17 766 834,17
KZN WILDLIFE	467,88	182,88	182,85	182,85	4,37	-	-	1 020,83
PARA-STATAL	31 668,28	33 478,95	30 938,42	10 410,72	10 891,76	13 661,41	327 305,29	458 354,83
DEPARTMENT OF WELFARE	14 899,18	25 550,06	5 684,58	82 267,83	14 518,62	245,22	23 501,07	166 666,76
OLD AGE HOMES AND ORPHANAGES	49 680,38	57 357,03	51 759,49	50 237,28	44 275,51	55 101,88	2 562 988,69	2 871 400,26
SPORTS CLUBS	15 427,58	10 033,18	8 554,85	8 421,07	8 460,58	8 804,08	831 677,04	891 378,38
EDUCATION	933 428,08	302 745,39	128 613,05	166 588,22	93 117,14	50 370,56	2 351 383,72	4 026 246,16
DEPARTMENT OF PUBLIC WORKS	2 540 685,21	1 409 574,91	190 350,08	115 753,70	91 255,90	47 981,44	539 167,14	4 934 768,44
DEPARTMENT OF TRANSPORT	137 619,32	64 524,33	44 572,19	1 048,63	1 266,30	14,60	417 817,48	666 862,85
DEPARTMENT OF SOCIAL DEVELOP	15 015,11	84 706,55	30 652,72	24 553,95	25 397,09	30 393,10	150 854,46	361 572,98
HOTELS	26 452,17	95 897,62	25 915,70	15 889,09	11 849,89	11 439,84	360 466,54	547 910,85
DEPARTMENT OF AGRICULTURE	519,22	127,96	117,76	68,31	-	-	-	833,05
INDUSTRIAL	2 860,57	578,10	2 493,80	1 847,46	2 776,86	17 170,49	8 279,13	36 006,41
DEPARTMENT OTHER	-	-	-	-	-	-	17,72	17,72
DEBTOR TYPES	**18 659 528,65**	**6 630 480,61**	**3 948 607,62**	**4 344 320,51**	**7 154 242,16**	**2 777 927,88**	**199 245 397,04**	**242 760 504,47**

Appendix L: Conditional grants received: excluding MIG 2022-2023

GRANTS	OPENING BALANCE	Total Receipts 2022/2023	Total Receipts 2022/2023 including opening balance	ACCRUALS 2021/2022	ADJUSTMENT	TRANSFERTO OPEX	Expenditure	Vat on Grant	Expenditure Total	Unspent Grants
CAPITAL										
WSIG - DWA	-	85 000 000.00	85 000 000.00	-		(2 017 729.74)	(72 204 102.31)	(10 778 167.95)	(82 982 270.26)	(0.00)
TOTAL CAPITAL GRANT EXPENDITURE	**-**	**316 011 000.00**	**316 011 000.00**	**(1 884 919.00)**	**-**	**(11 496 742.36)**	**(244 787 135.28)**	**(36 665 622.89)**	**(281 452 758.17)**	**21 176 580.47**
GRANTS										
OPERATING										
Dr NDZ Household Sanitation - WSIG	-					2 017 729.74	(1 754 547.60)	(263 182.14)	(2 017 729.74)	-
Financial Management Grant	-	1 200 000.00	1 200 000.00				(1 113 511.82)	(86 488.18)	(1 200 000.00)	(0.00)
Rural Transport Infrastructure Grant	-	2 381 000.00	2 381 000.00				(2 070 434.78)	(310 565.22)	(2 381 000.00)	0.00
Expanded Public Works Programme Grant	-	5 221 000.00	5 221 000.00				(5 221 000.00)	-	(5 221 000.00)	-
TOTAL OPERATING GRANT EXPENDITURE	**-**	**8 802 000.00**	**8 802 000.00**	**-**	**-**	**11 496 742.36**	**(19 155 408.00)**	**(1 143 334.36)**	**(20 298 742.36)**	**(0.00)**
GRANTS AND SUBSIDIES /UNSPENT CONDITIONAL GRANTS		**324 813 000.00**	**324 813 000.00**	**(1 884 919.00)**			**(263 942 543.28)**	**(37 808 957.25)**	**(301 751 500.53)**	**21 176 580.47**

GRANTS	OPENING BALANCE	Total Receipts 2021/2022	Total Receipts 2021/2022 including opening balance	ADJUSTMENT	TRANSFER TO OPEX	Expenditure	Vat on Grant	Expenditure Total	Unspent Grants
CAPITAL									
Municipal Infrastructure Grant	-	220 880 000,00	220 880 000,00	-	(28 957 919,90)	(167 218 518,76)	(24 703 561,34)	(191 922 080,10)	-
KZNCOGTA Grant	-	34 000 000,00	34 000 000,00			(29 565 217,39)	(4 434 782,61)	(34 000 000,00)	-
WSIG - DWA	-	115 700 000,00	115 700 000,00		(29 762 264,29)	(75 526 765,21)	(10 410 970,50)	(85 937 735,71)	(0,00)
TOTAL CAPITAL GRANT EXPENDITURE	-	**370 580 000,00**	**370 580 000,00**	-	**(58 720 184,19)**	**(272 310 501,36)**	**(39 549 314,45)**	**(311 859 815,81)**	**(0,00)**
GRANTS									
OPERATING									
Municipal Infrastructure Grant	-		-		28 957 919,90	(26 062 430,25)	(2 895 489,65)	(28 957 919,90)	-
Household Sanitation - WSIG	-				29 762 264,29	(25 880 229,82)	(3 882 034,47)	(29 762 264,29)	-
Financial Management Grant	-	1 200 000,00	1 200 000,00			(1 122 852,32)	(77 147,68)	(1 200 000,00)	-
Rural Transport Infrastructure Grant	-	2 275 000,00	2 275 000,00			(1 978 260,87)	(296 739,13)	(2 275 000,00)	-
Expanded Public Works Programme Grant	-	4 596 000,00	4 596 000,00			(4 596 000,00)	-	(4 596 000,00)	-
Development Planning Shared Services	134 759,77		134 759,77			(134 759,77)	-	(134 759,77)	-
Management	-		-					-	-
TOTAL OPERATING GRANT EXPENDITURE	**134 759,77**	**8 071 000,00**	**8 205 759,77**	**-**	**58 720 184,19**	**(59 774 533,03)**	**(7 151 410,93)**	**(66 925 943,96)**	**-**
GRANTS AND SUBSIDIES / UNSPENT CONDITIONAL GRANTS	**134 759,77**	**378 651 000,00**	**378 785 759,77**	**-**	**-**	**(332 085 034,39)**	**(46 700 725,38)**	**(378 785 759,77)**	**(0,00)**

Appendix M: Capital expenditure: including MIG

M (1): Capital expenditure- new assets programme

\PROJECT DECRIPTION	EXPENDITURE 2022/23	SOURCE OF FUNDING	WARD	PROGRESS TO DATE
Highflats Water Scheme	R7 458 069,26	MIG	13	The project has been completed and the project is now under Defects Liability Period.
Mathathane Water Supply Scheme	R2 205 104,53	MIG	17	The project has been completed and the project is now under Defects Liability Period.

M (2): Capital expenditure – upgrade/ renewal programme

\PROJECT DECRIPTION	EXPENDITURE 2022/23	SOURCE OF FUNDING	WARD	PROGRESS TO DATE
Greater Summerfield Water Supply	R34 614 353,74	MIG	17 and 20	There are 4 projects that were done this year and they are sitting at an average of 85 % completion.
Greater Mbhulelweni Water Supply	R 2 324 030 ,82	MIG	9,13	The Project has been completed even there

				is still scope that still needs to be done
Horseshoe Sanitation Phase 2	R 573 376 ,83	MIG	1, 9	The project is currently under designs
Accelerated Water intervention Kokstad rising main	R 2 413 357 ,86	MIG	3,4	The project is 100 % completed. Defects liability period lapsed and it's now being operated.
Kwa-May-Theekloof Water Supply	R 2 696 572 ,12	MIG	11	The project is under construction and sitting at 70 % completion.
Khukhulela Water Supply	R32 584 371 ,46	MIG	05	Two projects under Construction currently sitting at 90 % average completion.
Mbizweni Main Sewer Collector Upgrade in Umzimkhulu Town.	R27 536 742,64	MIG	16	Two projects under Construction currently sitting at 38 % average completion.
Ibisi Sewer Reticulation	R3 527 709,01	MIG	11	The project is under construction and sitting at 9 % completion.

Mnqumeni/Santombe Water Supply Phase 5 and 6	R35 076 112,12	MIG	14	Two projects under Construction currently sitting at 61 % average completion
Ncakubana Water Supply Scheme Phase 3	R 4 449 103,09	MIG	01	The project is currently under construction and sitting at 78 % completion
Umzimkhulu Sewer	R15 585 852 ,30	MIG	16	The funds under Old Umzimkhulu Sewer MIG NOR was exhausted and the new BP was approved under new project name called Mbizweni Sewers.
Greater Nomandlovu Water Supply Phase 2	R11 543 666,87	MIG	13,14	The project is currently sitting at 95 % Completion
Highflats Town Bulk Water Supply Scheme	R7 458 069,26	MIG	13	The project is currently sitting at 99 % completion (Defects Liability Period)
Rectification & Upgrade of Fairview and Town Sewer	R4 721 780,77	MIG	04	Contractor appointed during the month of June 2022

PROJECT DESCRIPTION	ORIGINAL BUDGET	ADJUSTED BUDGET	VARIANCE	EXPENDITURE
GREATER BULWER DONNYBROOK WATER SUPPLY	R17,391,305	R-	R-	R-
NTWASAHLOBO; NETHERBY & RIDGE WT PROJECT	R2,608,696	R-	R-	R-
CREIGHTON WATER SUPPLY_PIPES	R7,826,087	R1,500,000	R837,257	R662,743
KHUKHULELA WATER SUPPLY_PIPES	R13,043,479	R32,097,002	R365,450	R31,731,552
FRANLKIN TOWN SEWER _SEWER PIPES	R869,566	R-	R-	R-

Creighton Water Supply Scheme Phase 2	R 762 154,60	MIG	5,6,8 and 14	On evaluation for the appointment of Contractor.
Bulwer Dam Emergency Intervention – Water Supply Scheme	R3 864 534 ,58	MIG	10	The Project has been completed
Universal Rural Sanitation Coverage in Ubuhlebezwe Municipality	R 5 349 177 ,62	MIG	All wards	The project has been completed.

Appendix N: Capital programme by project current year

GREATER KILIMON WATER SUPPLY PIPE LINE	R2,608,696	R-	R-	R-
HIMEVILLE SANITATION PROJECT SEWER PIPES	R1,739,131	R-	R-	R-
IXOPO HOPEWELL WATER SUPPLY SCHEME PIPES	R1,739,131	R-	R-	R-
GREATER MBULULWENI WT SUPPLY_PIPE LINE	R4,347,827	R1,700,000	-R172,894	R1,872,894
HORSESHOE SANITATION PROJECT PUMP STATIO	R2,608,696	R-	R-	R-
UNDERBERG HIMEVILLE WTER UPGR_RESEVOIR	R869,566	R-	R-	R-
GREATER SUMMERFIELD WTR SUPPLY PIPE LIN	R13,043,479	R31,285,754	R1,391,128	R29,894,626
IBISI HOUSING RETICULATIO_SEWER PIPES	R8,695,653	R7,165,847	R3,700,259	R3,465,588
UMZIMKHULU UPGRADE PHASE 2 SEWER PIPES	R17,391,305	R35,902,254	-R1,595,755	R37,498,009
GREATER SUMMERFIELD SUPPL PUMP STATION	R2,608,696	R2,435,605	R0	R2,435,605
KEMPSDALE RAISING PROJECT DAMS & WEIRS	R13,480,517	R-	R-	R-
KWAMAY-THEEKLOOF WATER S_PIPE LINE	R1,739,131	R7,000,000	R5,364,411	R1,635,589
NCAKUBANA SCHEME (PHASE 2&3) PIPE LINE	R1,739,131	R2,950,335	R129,425	R2,820,910

GREATER MBULULWENI WATR TREATMENT PLNT	R26,086,957	R266,632	-R0	R266,632
HIGHFLATS TOWN WATER BULK PIPE LINE	R11,941,854	R7,689,593	R113,301	R7,576,292
MNQUMENI / SANTOMBE WTR PHS 4 PIPE LIN	R8,695,653	R15,137,692	-R152,164	R15,289,856
BULWER DAM INTERVEN WATER BULK PIPE LIN	R4,347,827	R3,378,600	-R332,738	R3,711,338
MNQUMENI / SANTOMBE WTR PHS 4 DAMS&WEI	R8,695,653	R22,459,137	R5,889,321	R16,569,816
GREATER NOMANDLOVU WTR PHAS 2 BULK PIPE	R695,653	R12,787,971	R2,750,000	R10,037,971
GREATER KOKSTAD WATER _BULK METERS	R3,478,261	R-	R-	R-
WTR INTERVEN PRGRMM (NCW RI) PUMP STATIN	R1,739,131	R1,010,515	-R269,789	R1,280,304
RECTIF & UPGRD OF FAIRVW & IXOPO SEWER	R7,130,435	R4,141,009	R570,171	R3,570,838
UNIVERSAL SANITATION NIX_TOILET FACIL	R8,695,653	R-	R-	R-
GALA DONNYBROOK WATER SUPPLY_PIPES	R-	R1,000,000	R1,000,000	R-

Appendix O: Capital programme by project by ward current year

\PROJECT DECRIPTION	EXPENDITURE 2022/23	SOURCE OF FUNDING	WARD	PROGRESS TO DATE
Greater Summerfield Water Supply	R34 614 353,74	MIG	17 and 20	There are 4 projects that were done this year and they are sitting at an average of 85 % completion.
Greater Mbhulelweni Water Supply	R 2 324 030 ,82	MIG	9,13	The Project has been completed even there is still scope that still needs to be done
Horseshoe Sanitation Phase 2	R 573 376 ,83	MIG	1, 9	The project is currently under designs
Accelerated Water intervention Kokstad rising main	R 2 413 357 ,86	MIG	3,4	The project is 100 % completed. Defects liability period lapsed and it's now being operated.
Kwa-May-Theekloof Water Supply	R 2 696 572 ,12	MIG	11	The project is under construction and sitting at 70 % completion.
Khukhulela Water Supply	R32 584 371 ,46			Two projects under Construction currently

		MIG	05	sitting at 90 % average completion.
Mbizweni Main Sewer Collector Upgrade in Umzimkhulu Town.	R27 536 742,64	MIG	16	Two projects under Construction currently sitting at 38 % average completion.
Ibisi Sewer Reticulation	R3 527 709,01	MIG	11	The project is under construction and sitting at 9 % completion.
Mnqumeni/Santombe Water Supply Phase 5 and 6	R35 076 112,12	MIG	14	Two projects under Construction currently sitting at 61 % average completion
Ncakubana Water Supply Scheme Phase 3	R 4 449 103,09	MIG	01	The project is currently under construction and sitting at 78 % completion
Umzimkhulu Sewer	R15 585 852 ,30	MIG	16	The funds under Old Umzimkhulu Sewer MIG NOR was exhausted and the new BP was approved under new project name called Mbizweni Sewers.

Greater Nomandlovu Water Supply Phase 2	R11 543 666,87	MIG	13,14	The project is currently sitting at 95 % Completion.
Highflats Town Bulk Water Supply Scheme	R7 458 069,26	MIG	13	The project is currently sitting at 99 % completion (Defects Liability Period).
Rectification & Upgrade of Fairview and Town Sewer	R4 721 780,77	MIG	04	Contractor appointed during the month of June 2022
Creighton Water Supply Scheme Phase 2	R 762 154,60	MIG	5,6,8 and 14	On evaluation for the appointment of Contractor.
Bulwer Dam Emergency Intervention – Water Supply Scheme	R3 864 534 ,58	MIG	10	The Project has been completed
Universal Rural Sanitation Coverage in Ubuhlebezwe Municipality	R 5 349 177 ,62	MIG	All wards	The project has been completed.

Appendix P: Service connection backlog at schools and clinics

Not the District Municipality function

Appendix Q: Service backlog experienced by community where another sphere of government is responsible for service provision.

This is per the District Development Model

National Initiatives	Provincial Initiatives
	• Construction of Community Residential Unit at UBuhlebezwe local municipality
	• Maloti-Drakensberg Transfrontier
	• uKhahlamba-Drakensberg Park World
	• Hydroponics and Greenhouse Project • Industrial / Agro-processing Economic Hubs • Concrete Products Manufacturing Plant

	Alan Paton Railway Project Umzimkhulu Maize Mill
	Ogle Farm Mixed Use Development (Nelson Mandela View) (R200 000 000.00) Erection of market stalls (Ixopo Taxi Rank) (R1 000 000.00) Construction of Light Industrial Park (R 2 000 000.00) Morningview Housing Project (R 15 000 000.00) Ubuhlebethu Community Residential Units (2018/19 - R 6 000 000.00, 2019/20 - R 24 000 000.00) Golf Course Development (R18 348 371.06)

	Construction of a Ward 2 eMazabekweni agro-processing and packhouse (R 4 000 000.00)

Appendix R: Declaration of loans and grants made by the municipality

There are no loans made by the Municipalities to any organizations, institutions or person. The only grants made by the Municipality in the reporting period under review relate to a grants paid to the Harry Gwala Development Agency for the funding of the projects listed below. This grants were initially received by the Municipality from the Corporative Governance & Traditional Affairs Department.

Appendix S: Declaration of returns made not made in due time under section 71 of the MFMA

No longer applicable

Appendix T: National and Provincial outcome for local government

None.

Appendix u: Service Providers' Performance

No.	BID/ QUOTATION NUMBER	APPOINTED BIDDER	DESCRIPTION OF GOODS/SERVICES/PROJECTS	CONTRACT VALUE AS PER CONTRACT	CONTRACT START DATE
1	HGDM 737/HGDM/2021	SERENITY FINANCIAL SERVICES	PROVISION OF MEDIUM TERM INSURANCE	R 979 338,94	20/07/2021
2	HGDM 738/HGDM/2021	AFRIRENT FLEET MANAGEMENT	SUPPLY & INSTALLATION OF FLEET MANAGEMENT SYSTEM	RATES	20/07/2021
3	HGDM 739/HGDM/2021	HUGHES-MADONDO INCORPORATED	PANEL OF 5 LEGAL SERVICES	RATES	20/07/2021
4	HGDM 739/HGDM/2021	KA-MBONANE COOPER	PANEL OF 5 LEGAL SERVICES	RATES	20/07/2021
5	HGDM 739/HGDM/2021	MDLEDLE INCORPORATED	PANEL OF 5 LEGAL SERVICES	RATES	20/07/2021
6	HGDM 739/HGDM/2021	SEANAGO INCORPORATED	PANEL OF 5 LEGAL SERVICES	RATES	20/07/2021
7	HGDM 739/HGDM/2021	ZUMA AND PARTNERS INCORPORATED	PANEL OF 5 LEGAL SERVICES	RATES	20/07/2021
8	HGDM 734/HGDM/2021	EMALANGENI TECHNOLOGIES (PTY)LTD	PROVISION OF ICT PROFESSIONAL SERVICES, SUPPLY OF ICT EQUIPMENT AND SOFTWARE	RATES	16/08/2021
9	HGDM 734/HGDM/2021	ION CONSULTANT	PROVISION OF ICT PROFESSIONAL SERVICES, SUPPLY OF ICT EQUIPMENT AND SOFTWARE	RATES	16/08/2021
10	HGDM 724/HGDM/2021	Msalela Transport	SUPPLY, INSTALLATION, TESTING AND COMMISSIONING OF ELECTRICAL AND MECHANICAL WORKS FOR GREATER SUMMERFIELD	R 19 632 295,36	27/09/2021

11	HGDM 696/HGDM/2020	Tower City Trading 193	NCAKUBANA WATER SUPPLY SCHEME - PHASE 3B: CONSTRUCTION OF 160MM DIAMETER 1,8KM LONG BULK PUMPING MAIN, OPERATOR HOUSES, GUARD HOUSE,BOOSTER PUMP HOUSE AND REPAIRS	R 8 972 162,00	20/07/2021
12	HGDM723/HGDM/2021	Khumalo Masondo Attorneys Inc	Debt Collection Services for Harry Gwala District Municipality	10% commission based on the recovered amount	27/09/2021
13	HGDM 732/HGDM/2021	TRUE BUILD SERVICES CC	SUPPLY AND DELIVERY OF STORAGE TANKS	R 274 022,00	04/10/2021
14	HGDM 744/HGDM/2021	MAKIZE'S PLUMBING and PROJECTS PTY (LTD)	KHUKHULELA WATER SUPPLY PHASE 2: CONSTRUCTION OF 4.65KM RISING MAIN,160-90MM DIAMETER DUCTILE IRON/UPVC PIPELINE AND INSTALLATION OF BOREHOLES IN MPUMULWANA VILLAGE	R 7 547 081,08	09/03/2022
15	HGDM 746/HGDM/2021	MAKIZE'S PLUMBING and PROJECTS PTY (LTD)	HIGHFLATS WATER SERVICES: CONSTRUCTION OF RETICULATION NETWORK, COMMUNAL STANDPIPES & EQUIPPING OF 2 BOREOLES AT HIGHFLATS.	R 8 044 554,48	09/03/2022
16	HGDM 745/HGDM/2021	INDABENHLE PROJECTS CC	MHLABASHANE WATER SUPPLY: CONSTRUCTION OF RETICULATION NETWORK, COMMUNAL STANDPIPES AND EQUIPPING OF 4 BOREHOLES.	R 21 821 616,00	04/03/2022
17	HGDM 749/HGDM/2021	TSI CONSULTING ENGINEERS (Pty)Ltd	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022
18	HGDM 749/HGDM/2021	IMPANDE CONSULTING ENGINEERS	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022

19	HGDM 749/HGDM/2021	ZIMILE CONSULTING ENGINEERS	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022
20	HGDM 749/HGDM/2021	LESEDI TECHNICAL ENGINEERING COMPANY	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022
21	HGDM 749/HGDM/2021	ECA CONSULTING	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022
22	HGDM 749/HGDM/2021	BM JV RUDKOR CONSULTING	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022
23	HGDM 749/HGDM/2021	MSW CONSULTING	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022
24	HGDM 749/HGDM/2021	MUTEO CONSULTING	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022
25	HGDM 749/HGDM/2021	SMEC SOUTH AFRICA (Pty)Ltd	PROVISION OF TECHNICAL SUPPORT	RATES	02/03/2022
26	HGDM 753/HGDM/2021	NASHUA MARITZBURG	SUPPLY AND DELIVERY OF STATIONERY	RATES	06/04/2022
27	HGDM 753/HGDM/2021	VK DISTRICBUTORS	SUPPLY AND DELIVERY OF STATIONERY	RATES	06/04/2022
28	HGDM 750/HGDM/2021	UBUHLE BENINGIZIMU SELLERS CC	SUPPLY AND DELIVERY OF COVID-19 PROTECTIVEEQUIPMENT	RATES	06/04/2022

29	HGDM 766/HGDM/2022	AYANDA MBANGA COMMUNICATIONS(Pty)Ltd	PROVISION OF ADVERTISING AGENT	RATES	06/04/2022
30	HGDM 754/HGDM/ 2022	LINDIVUYI MULTI SOLUTIONS(PTY)LTD	ASSESS, TEST, DRILL, EQUIP, REFURBISHMENT OF 8 EXISTIONG BOREHOLES IN DR.NDZ	R4 299 425,45	06/04/2022
31	HGDM 755/HGDM/2022	LINDIVUYI MULTI SOLUTIONS(PTY)LTD	ASSESS, TEST, DRILL, EQUIP, REFURBISHMENT OF 11 EXISTIONG BOREHOLES IN UBUHLEBEZWE.	R4 328 425,20	06/04/2022
32	HGDM 756/HGDM/2022	C.O VALVES AND PIPING	ASSESS, TEST, DRILL, EQUIP, REFURBISHMENT OF 08 EXISTIONG BOREHOLES IN UMZIMKHULU AND GREATER KOKSTAD.	R7 439 025,93	06/04/2022
33	HGDM 761/HGDM/2022	MBOVA CONSTRUCTION	UNIVERSAL SPRING PROTECTION FOR THE VILLAGE OF UBUHLEBEZWE LM, DR.NDZ LM AND UMZIMKHULU LM	R9 935 183,52	06/04/2022
34	HGDM 764/HGDM/2022	LEANO 87 SOLUTIONS JV NGQIKA TRADING	REFURBISHMENT/ Augmentation of Springvale Water Supply Scheme: EQUIPPING OF 1 BOREHOLE AND CONSTRUCTION OF 15,5KM 90-50MM DIA RISING MAIN UPVC PIPELINE AND RETICULATION WITH 42 COMMUNAL STANDPIPES AND STORAGE IN PLASTIKE, MZIKI VILLAGES.	R8 868 340,69	06/04/2022
35	HGDM 762/HGDM/2022	MASIHLONIPHANENI TRADING CC	REFURBISHMENT/AUGMENTATION OF DR.NDZ WATER SUPPLY: CONSTRUCTION OF 1KM DIAMETER GRAVITY HDPE PIPELINE, STORAGE AND NEW COMMUNAL STANDPIPE IN GOXHILL MABEDLANA AND KWA BHOBHI VILLAGE.	R2 704 297,20	06/04/2022

36	HGDM 762/HGDM/2022	EZAMASIBA CONSTRUCTION	PROVISION OF GENERAL BUILDING AND MAINTENANCE FOR HGDM OFFICES	RATES	06/04/2022
37	HGDM 729/HGDM/2021	AJKV PROJECTS T/A LUANDI MEDIA MARKETING	PRINTING OF NEWSLETTER	R2 790 000,00	20/04/2022
38	HGDM 779/HGDM/2022	CHISANI CONSTRUCTION AND TRADING (PTY) LTD	SUPPLY AND DELIVERY OF FUEL AND OIL	RATES	03/10/2022
39	HGDM 779/HGDM/2022	SHADESA OF SPICE	SUPPLY AND DELIVERY OF FUEL AND OIL	RATES	03/10/2022
40	HGDM 742/HGDM/2021	TSALA ENVIRONMENT & PROJECT CONSULTANTS	DEVELOPMENT OF HGDM AIR QUALITY MANAGEMENT PLAN	R720 000,00	03/10/2022
41	HGDM 782/HGDM/2022	NATHISIWELILE (PTY)LTD	SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE EQUIPMENT	RATES	03/10/2022
42	HGDM 748/HGDM/2021	MABONA CIVILS AND PLANT HIRE	GREATER MNQUMENI WATER SUPPLY PHASE 5.: Construction of Greater Mnqumeni abstraction works, pumping system and rising main: Civil, Mechanical and Electrical	R28 000 000,00	03/10/2022
43	HGDM 760/HGDM/2022	SSR SECURITY T/A MAHLUBI PLANT HIRE	Umzimkhulu Bulk Sewer: Construction of Bulk Sewer Rising Main and Pumpstation	R49 177 000,26	03/10/2022
44	HGDM 759/HGDM/2022	SSR SECURITY T/A MAHLUBI PLANT HIRE	Umzimkhulu Bulk Sewer: Construction of Bulk Sewer Outfall, Construction of Manholes and Construction of Junction Boxes within NMZ Town	R24 106 168,91	03/10/2022

45	HGDM 743/HGDM/2021	GOVERNANCE MANAGEMENT CONSULTING	Development of HGDM Business Continuity Plan	R193 000,00	03/10/2022
46		XJM CONSULTANTS	Financial Management Consultants	13,5% Commission	05/07/2022
47	HGDM 768/HGDM/2022	BLACKMOON INVESTMENTS 76 JV DUKANI ENTERPRISE	Marrieskop Water Supply Intervention Scheme (Contract 2 For Swartberg,Marrieskop Villages)Construction of Infrastructure reticulation, Boreholes, Rising Main and Standpipes.	R9 279 053,30	13/10/2022
48	HGDM 770/HGDM/2022	INDABENHLE PROJECTS CC	Water Supply Project to Masamini-Mbuzweni Intervention schemes-Emmaus, Mbuzweni, Diphini and Ndawana	R18 422 339,28	13/10/2022
49	HGDM 778/HGDM/2022	RHEOCHEM (PTY) LTD	SUPPLY AND DELIVERY OF TREATMENT WORKS CHEMICALS	RATES	13/10/2022
50	HGDM 774/HGDM/2022	MSALELA TRANSPORT	KHUKHULELA WATER SUPPLY PHASE 2-MPUMULWANE VILLAGE. CONSTRUCTION OF 5000KL STEEL TANK RESEVIOR,WATER TREATMENT PACKAGE PLANT AND RETICULATION AT MPULWANE.	R27 492 878,76	13/10/2022
51	HGDM 769/HGDM/2022	AQUAPLAN (PTY)LTD	GREATER MNQUMENI WATER SUPPLY PHASE 5. UPGRADE OF THE WATER TREATMENT WORKS AND PUMPING SYSTEM.	R49 494 948,49	13/10/2022
52	HGDM 771/HGDM/2022	MBOVA CONSTRUCTION	GREATER SUMMERFIELD WATER SCHEME: CONSTRUCTION OF 2KM-110MM DIA GRAVITY UPVC/RETICULATION PIPELINE IN MATHATHANE.	R2 740 876,19	30/11/2022

53	HGDM 772/HGDM/2022	SSR SECURITY CC T/A MAHLUBI TRANSPORT HIRE	GREATER SUMMERFIELD WATER SCHEME: -CHAMTO VILLAGE: CONSTRUCTION OF 13,1KM -140-20MM DIA GRAVITY UPVC/RETICULATION. COMMUNAL STANDPIPES IN THORNBUSH	R8 648 014,83	30/11/2022
54	HGDM 773/HGDM/2022	SIDLAKAHLELA CATERING AND TRADING (PTY)LTD JV BLACKBULLS	GREATER SUMMERFIELD WATER SCHEME: CONSTRUCTION OF 12KM-160-110MM DIA GRAVITY UPVC/RETICULATION PIPELINE IN MADAKENI-HOPEWELL TO STRANGEREST AND MAGQAGQENI VILLAGES.	R11 659 425,85	30/11/2022
55	HGDM 774/HGDM/2022	MBOVA CONSTRUCTION	GREATER SUMMERFIELD WATER SCHEME: CONSTRUCTION OF 705KM-90-20MM DIA GRAVITY UPVC/RETICULATION. COMMUNAL STANDPIPES IN BLEMA VILLAGE	R3 944 341.00	
56	HGDM 782/HGDM/2022	UBUHLE BENINGIZIMU SELLERS CC	SUPPLY AND DELIVERY OF PERSONAL PROTECTIVE EQUIPMENT	RATES	8/12/2022
57	HGDM 786/HGDM/2022	MAGUBANE PLANT AND CONTRACTOR CC	PROVISION OF TRAINING IN FURTHER EDUCATION AND TRAINING CERTIFICATE: WATER AND WASTEWATER TREATMENT PROCESS CONTROL SUPERVISION.	R490 073.00	19/01/2023
58	HGDM 681/HGDM/2020	MBOVA CONSTRUCTION	KWAMEYI-TEEKLOOF WATER SUPPLY SCHEME:COMPLETION OF CONSTUCTION OF 3,2KM OF 200-22MM DIAMETER GRAVITY UPVC/HDPE RETICULATION PIPELINE INSTALLATION OF COMMUNAL STANDPIPES & ANCILLARY WORKS	R8 543 843.00	13/01/2023

59	HGDM 776/HGDM/2022	YAKHALUNGISA ENGINEERING SERVICES	PANEL OF 3 SERVICE PROVIDERS FOR THE PROVISION OF ELECTRICAL AND MECHANICAL SERVICES	RATES	12/01/2023
60	HGDM 776/HGDM/2022	NOVUBU CONSTRUCTION	PANEL OF 3 SERVICE PROVIDERS FOR THE PROVISION OF ELECTRICAL AND MECHANICAL SERVICES	RATES	12/01/2023
61	HGDM 776/HGDM/2022	VUSAKEN CC	PANEL OF 3 SERVICE PROVIDERS FOR THE PROVISION OF ELECTRICAL AND MECHANICAL SERVICES	RATES	12/01/2023
62	HGDM 753/HGDM/2022	CLEAN SPOT SOLUTIONS	SUPPLY AND DELIVERY OF CLEANING AND MAINTANENCE PRODUCTS	RATES	03/10/2023
63	HGDM 801/HGDM/2022	SIGMA INFO TECH	SUPPLY AND INSTALLATION OF DISASTER MANAGEMENT CENTER COMMUNICATION AND INFORMATION SYSTEM	R 599 680.00	07/02/2023
64	HGDM 781/HGDM/2022	HARVEY WORLD TRAVEL	TRAVEL AGENT	RATES	07/02/2023
65	HGDM 757/HGDM/2022	MTHUTHUKISWA CONSTRUCTION	UNIVERSAL SPRING PROTECTION FOR THE VILLAGE OF UBUHLEBEZWE LM, DR.NDZ LM AND UMZIMKHULU LM	R 3 757 155,00	06/04/2022

66	RFQ	PACE ONLINE (PTY)LTD	PROVISION OF WEBSITE HOSTING AND TECHNICAL SUPPORT	R66 240,00	06/09/2023
67	HGDM 788/HGDM/2022	IMVUSA TRADING 595 CC	IBISI SEWER RETICULATION: CONSTRUCTION OF APPROXIMATELY 24KM OF SEWER MAIN AND 334 CONNECTIONS WITH TOILET TOP CONSTRUCTURES AND PLUMBING CONNECTION	R35 877 265,88	13/03/2023
68	HGDM 789/HGDM/2022	MBOVA CONSTRUCTION	HOSTELA MNCWABE/MALENGE WATER SUPPLY SCHEME: DRILLING AND EQUIPPING OF BOREHOLES, CONSTRUCTION OF PUMPHOUSES, WATER STORAGE, RETICULATION NETWORK AND COMMUNAL STANDPIPES AT MNCWEBA HOSTELA AND BOVINI VILLAGE.	R15 029 192,42	10/03/2023
69	HGDM 790/HGDM/2022	MABONA CIVILS AND PLANT HIRE	HOSTELA MNCWABE/MALENGE WATER SUPPLY SCHEME: CONSTRUCTION OF RISING MAINS, STORAGE TANKS, AND ASSOCIATED WORKS AT MALENGE,ESINTOLWENI AND NOZIYINGILA VILLAGES	R14 700 000,00	10/03/2023
70	HGDM 791/HGDM/2022	KUHLE AND LWANDLE (PTY)LT D	REFURBISHMENT/AUGMENTATION OF GUDLUCINGO/EBHAYI WATER SUPPLY SCHEME: CONSTRUCTION OF 6,400 KM 75MM DIA.UPVC GRAVIT MAIN PIPELINE, DRILLING AND EQUIPPING OF BOREHOLES.	R10 845 858,20	10/03/2023
71	HGDM 792/HGDM/2022	KUHLE AND LWANDLE (PTY)LT D	REFURBISHMENT/AUGMENTATION OF GUDLUCINGO/EBHAYI WATER SUPPLY SCHEME: CONSTRUCTION OF 1 KM 75MM DIA.UPVC GRAVIT MAIN PIPELINE,	R8 038 069,33	10/03/2023

			DRILLING REFURBISHMENT OF EXISTING INFRASTRUCTURE AND EQUIPPING OF BOREHOLES FOR EBHAYI VILLAGES		
72	HGDM 795/HGDM/2022	LETHOKUHLE INVESTMENTS CC	MAZIZINI WATER SUPPLY SCHEME: DRILLING AND EQUIPPING OF BOREHOLES, CONSTRUCTION OF RISING MAINS, STORAGE TANKS, PUMPSTATIONS AND ASSOCIATED WORKS	R19 004 070,03	10/03/2023
73	HGDM 796/HGDM/2022	ZIZAMELE SIZWE TRADING ENTERPRISE JV MELOMSANDI	MAZIZINI WATER SUPPLY SCHEME: CONSTRUCTION OF RETICULATION NETWORK AND COMMUNAL STANDPIPES	R12 893 727,85	10/03/2023
74	HGDM 797/HGDM/2022	MABONA CIVILS AND PLANT HIRE	NOKWEJA/MASHUMI WATER SUPPLY SCHEME PHASE 4: DRILLING AND EQUIPPING OF BOREHOLES, CONSTRUCTION OF RISING MAINS, PUMPSTATIONS AND ASSOCIATED WORKS.	R19 955 526,80	10/03/2023
75	HGDM 800/HGDM/2022	ACCESS TECHNOLOGY CONSULTANTS (PTY)LTD	PROVISION OF ICT CYBER SECURITY	RATES	10/03/2023
76	HGDM 809/HGDM/2022	MNTANAMI'S PROJECTS	TECHNICAL RACE DIRECTOR FOR THE HARRY GWALA DISTRICT MUNICIPALITY MARATHON	R300 000.00	14/05/2023

Appendix v: 2022-2023 Auditor General Audit Action Plan

No	FINDING	ACTION TO RESOLVE QUERY	PERSON RESPONSIBLE	TARGET DATE	EVIDENCE
	As disclosed in note 7 to the consolidated financial statements, the group recognized an allowance for impairment of R210, 6 million (2021-22: R212, 0 million) as the recoverability of these debts was doubtful.	Develop and implement the debt collection strategy to include at least the following: **Employee owing the Municipality** - Automatic deductions of amounts in arrears from staff and Councillors owing the municipality -Automatically deduct the amount owed by employees and councillors no more than 25% of salary at a time until the debt is paid in full.	SM: Revenue SM: Human Resources SM: Expenditure SM: Revenue SM: O&M	28 February 2024 28 February 2024 31 January 2024 and ongoing on a	**Confirmation of deduction from Human Resources** **Instruction to the Council attorneys** **Restriction notices**

		Government Departments -IGR Process has failed on Reitvlei Hospital and other Schools. -Council's attorneys are to be instructed to proceed with the debt recovery procedures on a 10% contingency basis (Judgement, Warrant of execution,) on Reitvlei Hospital account. With immediate effect, all government departments—including schools—that have already been served with disconnection notices and whose balances exceed ninety days will be subject to restrictions. **Service Restrictions and disconnections** Revenue Unit to provide restriction listing on a monthly basis to Water Services	SM: Revenue SM: O&M SM: Water Governance SM: Revenue SM: Revenue SM: Communication	Monthly basis January 2024 and ongoing on a monthly basis Montly March 2024 January 2024 Monthly	**Restriction notices** **Confirmation that services have been restricted** **Awareness notices, attendance registers, awareness programmes** **Signed Memorandum of agreement with local municipalities** **Proof of publications from social media, website and on other platforms**

		Water Services to implement upon receiving the restriction list from revenue **<u>Public Education</u>** Customer Care Unit to rollout customer educational and awareness program to cover at least the following: • Water leaks • Importance of payment for services • Smart meter installation program • Property Transfers The Customer care, Management, MM and political leaders to hold meetings with key stakeholders such as Ratepayers within the boundaries of the Municipality soliciting their support in encouraging their members to pay for water and other municipal services	SM: Revenue	January 2024 and Monthly	**Write off report from Revenue**

		Data Cleansing It is recommended that prior to business licences or any other permission being granted either by local or district municipalities all outstanding municipal debt be paid or have an arrangement in place **Debt Recovery Schemes** The Council approved the debt recovery scheme on 26 October 2023. The amnesty program must be made known to all customers (via bulk email, Facebook, websites, notice boards, loud hailing, etc.). The MANCO and Council Committees must receive a monthly report on the scheme's implementation progress.			

		Debt Written off process Accounts owned by indigent consumers deceased customers to be assessed and be written off.			
2.	Suppliers not paid within 30 days.	To request BCX to develop an invoice tracking tool that will allow the municipality to manage and track invoices effectively. The aim is to manage and monitor invoices throughout their lifecycle. This involves keeping a close eye on invoice receipt from the supplier, due dates, payment status, and any potential delays or issues. By closely monitoring the status of invoices, we will be able to identify any delays in payment and take appropriate action to ensure smooth transactions and timely payments. Where invoices are not paid within 30 days of receipts thereof, the reasons for the delay should be documented on the payment voucher together with the	Senior Manager: Expenditure	30 September 2024	Invoice Tracking Tool

		Implement consequence management processes to ensure that individuals are held accountable for invoices that are paid late without valid reasons.			
3.	As disclosed in note 48 to the consolidated financial statements, material water losses of R8, 44 million (2021-22: R7,99 million) was incurred, which represents 31,1% (2021-22: 30,6%) of total water purchased. These losses were due to ageing infrastructure, water supplied to informal settlements but not billed and illegal connections.	Installation of bulk meters monitoring of water produced. Increased budget allocation maintenance of water infrastructure. WCDM Business Plan to be compiled; WCDM Strategy to be compiled and replacement of aging infrastructure. Water Conservation and Water Demand management section must be established to focus on WCDM. Reviewal of the organogram Installation of Smart meters	for Executive Director: Water Services for	(30 June 2024, June 2025 and 30 June 2026)	Job cards 30 Maintenance Budget report Approved WCDM Business Plan Approved WCDM Business Plan Reviewed organogram Job Cards and installation program report
4.	Reported achievements not supported by sufficient audit evidence	Infrastructure Services Department to regularly engage with Human Resources so that the EPWP listings corresponds.	Mr N Biyase Mrs Hlanzekile Ngcobo	30 June 202	4 EPWP listing Human Resources database Payroll

	Differences between employer database and achievement identified Differences between POE and APR on immaterial indicators. Differences noted between reported achievement and recalculation done	PMS will also verify information submitted with payroll.			
		Water Services to calculate and report the average as an achievement of the water and waste water quality indicators. PMS to verify information submitted and confirm actual achievement %.	Mr L Gwala Mrs B Msomi	Quarterly	IRIS generated report(s) Quarterly Performance Report
		To capture all travel arrangements invoices as sundry payments instead of orders so as to ensure that VAT is accounted for appropriately i.e. non vatable items will be treated as such.	Senior Manager: Expenditure	Ongoing	Payment vouchers
6.	Validity of reported achievement cannot be confirmed	Infrastructure & Water Services to utilise the beneficiary list template developed by PMS to ensure that all	Mr L Gwala & Mr T Mtshali Mr N Biyase & Mr	30 June 2024	Beneficiary listing template Quarterly Performance
	AOPO – Technical indicator descriptor and listings	information is available, e.g. ID Numbers, Contact Numbers. So that beneficiaries can be contacted to verify if they have received the services.	M Mphephetho		Report

		PMS to assist both departments by developing the standard beneficiary list template for Water and Infrastructure Services Departments showing the project description, date in which the service was signed for, contact details and ID numbers.	Mrs NF Ndlovu Mrs NF Ndlovu All HODs	30 November 2023	Developed Beneficiary listing template. Proof of Email sending the developed template to both departments
		PMS to engage with all departments to ensure that the Technical Indicator Descriptions are always in place and in line with the revised SDBIP		30 March 2024	Technical Indicator Descriptions Proof of engagement

7.	The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of non-current assets, liabilities and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.	We will conduct a thorough review of our financial reporting practices, particularly regarding the various GRAP standards disclosures. The interim financial statements will be prepared, thoroughly reviewed, and checked against GRAP checklists disclosure and compliance checklists in conjunction with the applicable GRAP standards. Any necessary adjustments will be made to ensure compliance with recognized accounting standards and the provision of relevant, transparent information to stakeholders Interim financial statements will also be reviewed by Cogta, Provincial Treasury, IA and APAC. To strengthen the interim reviews we will make use of the MFMA Legislative Disclosure Checklist prepared by the Public Sector Division of The South African Institute of Chartered Accountants (SAICA).	CFO CFO CFO CFO CFO	March 2024 March 2024 March 2024 March 2024 March 2024	Interim Financial Statements, Completed GRAP Checklists Interim Financial Statements, Completed GRAP Checklists Interim Financial Statements, Completed GRAP Checklists Interim Financial Statements, Completed GRAP Checklists Completed Checklist

8.	Reasonable steps were not taken to prevent irregular expenditure of R288, 89 million, disclosed in note 47 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by incorrect application of local content requirements.	Preparation and implementation of an irregular expenditure reduction plan that takes into account the control deficiencies in the control environment and other inherent limitations. The progress report on the implementation of the plan must be tabled with the audit steering committee, MPAC, BTO Committee, and EXCO for monitoring purposes.	SM: Supply Chain Manager	31 January 2024 and monthly	Irregular expenditure reduction plan and progress report on the implementation of the plan
9.	Assets incorrectly classified in the Property plant and equipment disclosure note (R33,6 million) Depreciation misstated as a result of WIP not transferred to completed assets (R0,57 million)	All completion certificates and BOQ's must be submitted by water services department and infrastructure services department on time to allow asset management team capitalised assets in time and conduct conditional assessment to ensure that assets are correct cost or value. As with transfer of other capital assets between departments, the transfer should be finalized within a reasonable period and not unduly delayed. Enquire	Asset Manager: Asset Manager Asset Manager Asset Manager Relevant Project Manager and Asset Manager	Monthly Monthly Monthly Monthly Monthly	Monthly List of completed projects (supported by final BOQs, Physical verification report, completion certificates and other relevant supporting documents). Monthly Notice /signed letter submitted to User Departments requesting completed and Sector Departments. Monthly Notice /signed letter enquiring from user department

		from Department of COGTA and Local Municipalities of any possible donations of assets to HGDM.	Executive Director: Water Services and Infrastructure	Monthly	Physical verification report and attendance register
		Formally enquire from Water Services Department of assets used by the Municipality but not owned by the Municipality. Legal title and physical possession are good indicators of control, but the right of ownership is not essential.	Executive Director: Water Services and Infrastructure	February 2024	Completion certificate, physical verification report, attendance register and final BOQ's
		The assets be capitalized within 30 days of receiving the completion certificate, final BOQs.	CFO	Monthly	
		Physical inspection/verification be undertaken simultaneous by Water Services Team and Assets Management Teams before the asset is capitalized to confirm the existence and components as they appear on the final BOQs rather than wait till the year end.	Asset Manager	30 April 2024	Terms of reference, quarterly minutes of meetings.
			Executive Director: Corporate Services (SDL)	Monthly Monthly	Signed confirmation that the aforementioned activities have been performed

		The Final payment certificate/invoice must not be released for payment until the above documentation and activities are performed by a user department and asset management team. Water Services and Infrastructure departments to avoid submitting contracting POEs when submitting to PMS unit and Assets unit Establish an effective asset management committee to assist the accounting officer in fulfilling his asset management responsibilities in terms of the MFMA Scrutinize repairs and maintenance invoices, accounting records and ledger	Executive Directors: Water and Infrastructure Services Asset Manager	30 April 2024	Training manual and attendance register of all relevant participants Performance Assessment report per contractor and consultant (signed by consultant, contractor and municipal representative) Reprimand letters or termination letters, Deeds Search report

		for any possible replaced asset component incorrectly expensed.			
		All officials involved in the project management process should be informed of, and trained in, the latest developments in the infrastructure sector, including all legislation, Assets Accounting Standards instructions, assets management policy, practice notes and other guidance issued by the National Treasury.			
		The Municipality should ensure that infrastructure is completed timeously. This means that: Monthly assessment of contractor performance must be undertaken			

		Develop and implement the source document requirements checklist for Bulk purchases, Contracted services, Debt Impairment Depreciation and amortization Employee related costs Finance costs, Inventory Consumed, Operational costs, Employee Related Costs, Remuneration of councilors and Transfer payments	CFO	31 January 2023		Source documents requirements for all payment types		
		Investigate all the payments made for Business and Advisory services included in the contracted services whether services were received or not.	Accounting Officer	30 March 2023		Investigation Report		
2.	Material impairments and losses – Consumer debtors.	Make budget appropriation for smart meters.	CFO	31 May 2023		Approved budget		

		Assess and ensure that delivery note is signed by Assets, personnel ,SCM personnel and fleet management personnel			
11	Work in progress opening balance within the reconciliation of work in progress disclosure note	Ensure that all completion certificate and BOQ's are submitted by water services department and infrastructure services department on time to allow asset management team capitalised assets in time and conduct conditional assessment to ensure that assets are correct cost or value.	Asset Manager	30 June 2024	Quarterly List of completed projects. Quarterly Notice submitted to User Departments requesting completed projects Completion certificate and final BOQ's
12.	Impairment indicators not assessed	Management disagreed with the audit finding pertaining to the Nyembe water scheme. The supporting PoE was made available to the auditors. Managements will take additional corrective measures including taking necessary steps to repair or replace the stolen components and implementing enhanced security measures to prevent such incidents in the future.	Executive Director: Water Services Executive Director: Corporate Services	30 June 2024 30 April 2024	Job cars indicating components replaced Security Assessment report and implementation report

		Security Assessment must be undertaken in all high risks water schemes and security measures be put in place to prevent vandalism.			
13	Job descriptions were not established for all posts in which appointments were made, as required by section 66(1) (b) of the Municipal Systems Act.	Job descriptions will be developed for all HODs	Executive Director: Corporate Services	31 March 2024	Job descriptions
14.	Material irregularities Payments to consultant not in accordance with contract terms Payments made to contractor for project standing costs	All the actions committed by the municipality to address and resolve the two (2) material irregularities will be monitored on a monthly basis.	SM: Legal Services Accounting Officer	Monthly	Progress Report

HARRY GWALA DISTRICT MUNICIPALITY
AUDITOR GENERAL's DRAFT ACTION PLAN
AUDIT REPORT 2021/2022

MISSTATEMENTS

NO	Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Evidence	Reasons not done	Internal Audit Comment
1.	Payments not adequately supported (Basis for Qualification)	Develop and implement the expenditure checklist to ensure that all invoices submitted by suppliers are supported by the evidence of the work done	CFO	31 January 2023		Expenditure Checklist		

		Develop and implement the source document requirements checklist for Bulk purchases, Contracted services, Debt Impairment Depreciation and amortization Employee related costs Finance costs, Inventory Consumed, Operational costs, Employee Related Costs, Remuneration of councilors and Transfer payments	CFO	31 January 2023		Source documents requirements for all payment types		
		Investigate all the payments made for Business and Advisory services included in the contracted services whether services were received or not.	Accounting Officer	30 March 2023		Investigation Report		
2.	Material impairments and losses – Consumer debtors.	Make budget appropriation for smart meters.	CFO	31 May 2023		Approved budget		

		Monitor the progress made by the appointed service provider for debt collection	CFO	Monthly		Collection reports from the debt collector		
		Write off outstanding debt of qualifying indigent consumers and deceased.	CFO	31 May 2023		Report on indigent and deceased consumer write offs		
		Update consumer information on the system with the latest data from the collection team (Emails, Cell numbers etc.)	CFO	31 May 2023 and Ongoing		Full Age analysis with the latest consumer information		
		Disconnect water supply to defaulting debtors after the issue of a final demand letter if the consumer has not paid or arranged to pay with municipality's credit control section	CFO	Monthly		Job Cards		

		Quarterly engagements with defaulting government departments with the aim of reminding them of outstanding debt and reconciling the accounts.	CFO	Quarterly		Government Age analysis Receipts Analysis Attendance Registers		
		Develop and implement Public Education and customer care programme to encourage customers to pay for services	CFO ED: Social Services	31 March 2023		Public Education and customer care programme		
3.	Material losses – Water	Bulk meter installation programme to address the water losses measurement. Strengthen the war on leaks programme	ED: Water Services ED: Water Services	31 May 2023 31 May 2023 and ongoing		Job cards Leaks Programme plan and Reports		
4	The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of	Strictly implement the AFS preparation checklist. Timeous review of the AFS by the internal audit	CFO Internal Audit	30 June 2023 31 July 2023 15 August 2023				

	section 122(1) of the MFMA.	Timeous review of the AFS by the audit committee	Audit committee					
PROCUREMENT, CONTRACT AND EXPENDITURE MANAGEMENT								
5	Goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a).	The SCM Policy will be amended to incorporate the evaluation and awarding criteria for the selection of service providers participating in the panel of service providers.	CFO	31 January 2022		Amended SCM Policy and Council Resolution		
6	Contracts were awarded to bidders that did not score the highest points in the evaluation process, as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and	The SCM policy will be reviewed to include a process for the evaluation and management of panel procurement to ensure that SCM processes are fair, transparent, competitive, and cost-effective.	CFO	31 January 2022				

35835	TELKOM MAIN OFFICE	201,925.50
35836	DR NKOSAZANA DLAMINI ZUMA MUNICIPALITY	227,926.00
35837	MNDENI SIBISI	4,050.00
35838	LUSIKISIKI COMMERCIAL PROPERTIES CC	871.74
35839	MDLEDLE INC	380,366.42

35840	A COKOTO	99,500.00
35841	MATHESHANE PLUMBING	95,500.00
35843	GREATER KOKSTAD MUNICIPALITY	542,144.05
35844	WETSPEC CC	10,854.45
35845	CHA LUKE TRADING (PTY)LTD	358,503.00
35846	IMPANDE ENGINEERS AND P0ROJECT MANAGERS	390,824.91
35847	TELKOM GROUP FINANCE	200,853.60
35848	SPEED SERVICES	1,061.15
35860	UMGENI WATER BULK	704,750.53
35863	ESKOM	447,889.95

35865	UMGENI WATER BULK	1,346,529.50
35880	ESKOM	392,160.25
35899	HTB CONSULTING CC	306,168.00
35911	BUSINESS CONNEXION	179,158.76
35912	GREATER KOKSTAD MUNICIPALITY	10,949.54
35913	TRAVEL WITH FLAIR (PTY)LTD	108,828.54
35914	TRAVEL WITH FLAIR (PTY)LTD	67,843.40

HARRY GWALA DISTRICT MUNICIPALITY

HARRY GWALA DISTRICT MUNICIPALITY

[2022/2023 ANNUAL PERFORMANCE REPORT]

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ACCRONYMS

NDP	National Development Plan
PGDS	Provincial Growth and Development Strategy
NSDP	National Spatial Development Plan
IDP	Integrated Development Plans
SDBIP	Service Delivery Budget and Implementation plan
MFMA	Municipal Finance Management Act
MTEF	Medium Term Expenditure Framework
KPI	Key Performance Indicators
PMS	performance Management System
APR	Annual Performance Report
AFs	Financial Statements
KPAs	Key Performance Areas
MPAC	Municipal Public Accounts
PAC	Performance Audit Committee
WSDP	Water Service Development Plan
O&M	Operations and Maintenance
EEP	Employment Equity Plan
SALGA	South African Association Local Games
LMs	Local Municipalities
CoGTA	Cooperative Governance and Traditional Affairs
AFMS	Application Filling and Monitoring System

SDF	Spatial Development Framework
LED	Local Economic Development
BTO	Budget and Treasury Office
EXCO	Executive Committee

CHAPTER 1 FOREWORD BY THE MAYOR

The Harry Gwala District Municipality's vision is "to be a leading Water Services Provider in the KZN Province with its communities benefitting from a vibrant agriculture and tourism sector by 2030" with high-quality drinkable water and discharge high-quality effluent to the environment. The 2022/2023 financial year saw the municipality experiencing several financial challenges which have compromised the Municipality's ability to perform some of its deliverables. The legacy of our dysfunctional billing system coupled with the prevalent culture on non-payment by some residents for municipal services rendered as a major contributor to our financial situation.

The Harry Gwala District Municipality (HGDM) remains committed to its vision which will see the municipality working together with its communities and stakeholders in ensuring provision of clean, drinkable uninterrupted water services and proper sanitation facilities and strive to improve its agriculture and tourism sectors to enhance human dignity. In order to realise this long-term vision, on an annual basis as a municipality we set strategic objectives and goals as which are intended to be used as building blocks towards our vision. Our strategic objectives are clear and achievable. These strategic objectives cater for Basic Service Delivery, Municipal Transformation and Institutional Development, Good Governance and Public Participation, Local Economic Development and Social Development and Cross Cutting Issues.

In addition to the ongoing work aimed at giving effect to the vision, I have taken personal responsibility to embark on a project inspection task with a focus on projects in progress and malfunctioning water supply schemes. In this endeavour I am joined by the Municipality's Technical Team, Project Managers, Consultants and Contactors to ensure accountability and accurate reporting of progress and challenges that are being experienced. It is important to acknowledge that water remains a basic resource that is fundamental to improve the quality of life for all citizens, and equally critical to our economy.

Illegal water connections in some of the areas continue to cause a serious challenge to service delivery and unless we take drastic measures, our efforts to ensure uninterrupted water supply to communities will remain compromised. In a number of occasions, the abnormal demand for water, as a result of unauthorised connections, result of some of our water systems being overworked. This, amongst other things, cost the municipality financially and tend to also cause social unrest. As we work around the clock to try and address water and sanitation issues, we request all stakeholders to become active partners and reflect on our shared responsibility to use water more sparingly and also report any suspicious and illegal water connections.

Our focus as an institution is guided and driven by the Integrated Development Plan (IDP), which is developed initially as a five (5) year plan (aligned to the current term of office). This is revised and updated annually while taking current resources (detaining annual strategy objectives) into account. The strategic goals and priorities are then translated into the Service Delivery and Budget Implementation Plan (SDBIP) where the municipality develops the indicators and targets attached to each Executive Director with allocated resources and cascaded into the strategic and operational plans

of all directorates and related employee's scorecards. By doing so, it is ensured that every effort at any point in time is constantly being made to achieve the required targets and desired outcomes.

As many Municipalities in the country, we are also experiencing the challenges of Unemployment, Poverty and inequality. Our struggle is based on overcoming the triple challenge of poverty, unemployment and inequality. This is a continuous process which we commit to address in our planning in every financial year. In our efforts to address that, there were a number of issues that needed to be considered so as to enable the environment and place suitable measures in place.

Despite the challenges, the Municipality have made a remarkable progress in-roads towards extending water and sanitation services to communities who had no access to these services. Our ongoing task is to work tirelessly in accelerating and mobilizing our resources towards our core function which is water and sanitation services to our community services. We are determined to overcome whatever challenges we encounter along the way in pursuit of this noble course.

The people of Harry Gwala District Municipality expect the municipality to provide an uninterrupted water and sanitation services which requires full cooperation of our residence towards the payment of municipal services. We are making all strides towards mitigating risks, improvement of our billing system, improvement of our water infrastructure and bettered municipal financial management.

I wish to extend a word of appreciation to the Political Leadership, Stakeholders and Staff led by the Municipal Manager for ensuring stability in political and administrative day-today work within our District Municipality.

The Municipality will continue to make improvements where and when necessary, so as to improve on service delivery and in changing the lives of the people for the better.

Conclusion: The collective leadership of this municipality will continue to ensure that the municipality is providing and delivering on its mandate of delivering services to people of Harry Gwala and the surrounding areas. We will ensure that we perform our oversight task, and the management is committed in implementing Council policies.

Yours in development,
Councillor Z.D. Nxumalo
THE MAYOR
HARRY GWALA DISTRICT MUNICIPALITY

FOREWORD BY THE MUNICIPAL MANAGER

The Annual Performance Report indicates how the Municipality is performing against its aims and objectives. Good performance information helps to identify what policies and processes work and why they work. Performance information is essential for effective management, including business planning, monitoring and evaluation. Externally, performance information allows effective accountability with appropriate information; members of the public and other stakeholders are able to exert pressure for improvements and can better understand the issues involved.

The Municipality for each quarter aligns the performance of the municipality against the set targets on the Municipal SDBIP. This performance seeks to attain the following:

- indicating progress against objectives.
- prompting an external focus by public institutions on transparency, accountability, and progress on service delivery.
- ensuring the best results for citizens.
- identifying gaps between policy formulation and policy implementation; enhancing strategic planning processes; and
- reflecting the level of institutional capacity to actually deliver services to citizens

This performance report is per National Key Performance Areas and indicates the performance of each National Key Performance Areas. This report also entails the corrective measures to variations on planned targets and the challenges thereof.

BACKGROUND

The constitutional commitment mandates all spheres of government to ensure that the lives of the South African citizens are improved, and their dignity is restored. As a sphere of government which is closer to the people, we are striving to ensure that the needs of the communities residing within the Harry Gwala district area of jurisdiction finds expression in the Integrated Development Plan (IDP) which is a five-year strategic plan of the municipality.

Harry Gwala district municipality as a water service authority has a quest to provide clean drinkable water to all people living within this district and to restore the people`s dignity by providing decent sanitation system. Since 1994, when the present government took over, Harry Gwala district municipality have managed to provide taped water to more than 51 000 people. Over the past 24 years' government has massively expanded access to basic service, but backlog remains, and the quality of services is uneven. Improvement of the quality and consistency of services requires improvement in the performance of the municipality and its service providers.

SUMMARY

In pursuit for a sustainable development, the Service Delivery Budget and Implementation plan (SDBIP) was developed to ensure the realisation of the municipality`s vision that " By 2030 Harry Gwala will be a leading water services provider in the KZN province with its communities benefitting from vibrant agriculture and tourism sector" strategic objectives, key performance indicators and targets were set to be achieved in a period of year and they got expression in the form of the organisational SDBIP which is the management tool for the municipality.

In 2009 government re-affirmed its intention to shift its high-level management focus from being compliant to outcome focus. Therefore, accountability also shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes. The National Treasury`s mandate which is informed by section 215 and 216 of the Constitution as well as the MFMA of 2003 is to ensure that information on inputs, activities, outputs and outcomes underpinning planning, budgeting, implementation and reporting promotes efficiency and effectiveness, transparency and expenditure control.

The cabinet took a decision in 2013 that the 2014-2019 performance indicators and targets should be set relating to the budget year and the Medium-Term Expenditure Framework (MTEF) period in respect of strategic objectives and activities in the Service Delivery Budget and Implementation plan. Hence the Service Delivery Budget and Implementation plan was developed as the management tool to inform the annual strategic planning and budgeting in the municipality. Targets and key performance indicators (KPIs) were set in the IDP and the SDBIP are now being reported on a quarterly basis in order to comply with Regulation 28(1) of the Local Government: Municipal Performance Regulations for Municipal Managers and Managers directly accountable to the Municipal Manager, 2006, section 46 of the Systems Act, 2000

1. STRATEGIC SUMMARY OF 2021/2022 – 2022/2023 FINANCIAL YEAR

Annual Performance Report (APR) presents the performance results for the 2022/2023 financial year that contributed to the achievement of goals identified in the MTSF priorities which was adopted by the cabinet in 2013. The performance measures in this report were initially outlined in municipal IDP which is a five-year strategic document. To ensure the realization of the objectives in the IDP, the Service Delivery Budget and Implementation plan was developed with clear targets and key performance indicators to be achieved in a period of a year. Performance targets are revised annually to reflect changes in accordance with the budget adjustment.

The APR contains details of the municipality`s projects performance, showing the historical targets and results of the 2022/2023 financial year. This report fulfils the statutory requirements of the Municipal Financial Management Act (MFMA) of 2003 that a municipality must prepare for each financial year a performance report reflecting the performance of the municipality and each external service provider during that financial year and compare the targets set for and performance of the previous financial year.

The 2022/2023 performance reporting is based on the 2022-2023 IDP, which serves as a blueprint for enhancing service delivery and economic growth within the district. We are currently in the 3rd generation of the IDP. On its adoption, the service delivery budget and implementation plan are developed and is reviewed annually.

The APR shows the historical performance of the municipality for the financial year 2021/2022-2022/2023 financial year. With the core function of providing water and sanitation, there are other functions provided by the municipality that cuts across the district to ensure that the lives of the residents are improved. The municipality is comprised of Infrastructure services department, Water services department, Budget and Treasury Office, Corporate services, Office of the Municipal Manager and Social services and Development planning.

2. MANAGEMENT PROCESS

Performance management is defined as a strategic process to management (or system of management), which equips leaders, managers, employees and stakeholders at different levels with a set of tools and techniques to regularly plan, continuously monitor, periodically measure and review performance of the organization in terms of indicators and targets for efficiency, effectiveness and impact. Regulation 7 of the 2001 Performance Regulations requires that every municipality develop a performance management system (PMS) which consists of a performance framework that describes and represents how the municipality's cycle and processes of performance planning, monitoring, measurement, review, reporting and improvement will be conducted, organized and managed, and must set out the roles and responsibilities of the different stakeholders. The regulations further provide in Regulation 13 that a municipality must, after consultation with the community, develop and implement mechanisms, systems and processes for the monitoring, measurement and review of performance in respect of the key performance indicators and targets set by it.

HARRY GWALA DISTRICT MUNICIPALITY

	EXCO	
	PERFORMANCE AND AUDIT COMMITTEE	
	COUNCIL	
	NATIONAL AND PROVINCIAL TREASURY	***25TH JANUARY***
THIRD QUARTER	*PMS UNIT*	***QUARTERLY***
	INTERNAL AUDIT	
	PORTFOLIO COMMITTEE	
	EXCO	
	PERFORMANCE AND AUDIT COMMITTEE	
	COUNCIL	
FOURTH QUARTER	*PMS UNIT*	***QUARTERLY***
	INTERNAL AUDIT	
	PORTFOLIO COMMITTEE	
	EXCO	
	PERFORMANCE AND AUDIT COMMITTEE	
	COUNCIL	
	NATIONAL AND PROVINCIAL TREASURY	***AUGUST***
	PROVINCIAL COGTA	
	AUDITOR GENERAL	

4. SUMMARY OF PERFORMANCE PER DEPARTMENT (2020/2021 – 2022/2023)

The legend used to report performance is as follow:

Blue *– Planned targets*

Green *– Performance target met.*
Bottle Green *– Performance exceeded.*
Red *– performance target not met.*

Traffic Light Status	***2022/2023***	***2021/2022***	***2020/2021***
	Performance	***Performance***	***Performance***
Blue – Planned target	*73*	*73*	*64*

Green – Target met	*57*	*64*	*50*
Bottle Green – Performance exceeded	*29*	*46*	*27*
Red – Target Not met	*16*	*9*	*14*

4.1. BASIC SERVICE DELIVERY

4.1.1. INFRASTRUCTURE SERVICES

Water and sanitation constitute the human right of every individual, without discrimination, to sufficient, safe, acceptable, accessible and affordable water and sanitation for personal use. It is well known that safe water and adequate sanitation are the bases for sustainable solution to the threat of water related diseases.

Sources of water within this district are categorized into boreholes, protecting springs, rainwater collection and abstraction of water from the rivers and currently implementing the Stephen Dlamini dam. High priority is given to sanitary waste disposal because human excreta always contain large numbers of microorganisms, some of which may cause diseases such as cholera, typhoid and hepatitis. Lack of proper sanitation facilities lead to contamination of water sources. To ensure that Harry Gwala residents are protected from the risk of drinking contaminated water, the municipality had put aside a budget for infrastructure department to implement the water and sanitation projects. Projects were identified by the communities during the IDP road shows, and they find expression in the IDP. Most of the water projects are multi-year and the spring protection, rainwater collection and sanitation have targets that can be accomplished in a period of month to a year.

Key challenges:

Percentage (100%) of households with access to basic water for the first time (1683 HH). For Khukhulela project there is slow progress on the implementation of projects due to late appointments of the consultants. The contractor that is doing the Package plant fell behind program due to reasons beyond his control. This part of the project is the one that was going to clean the water before it gets reticulated to the communities. The contractor will now complete the project during the first quarter of 2023/24 financial year based on the approved revised program of works and also approved extension of time. For Highflats projects the contractor that was appointed for the project has fully (100 %) completed their scope of works. Their Scope of works did not include the construction of the treatment plant. When the project was completed, we were able to fill up the 150kl tank for the purpose of testing the lines and also the functionality of the standpipes. It was at this time that we discovered that the water quality was not up to standard, and the water needed to be treated. This matter was communicated to the Project Steering Committee and the CLO.

Percentage (100%) of expenditure spent on capital projects (MIG). 1. Mnqumeni Water scheme was stopped by the Department of Environment due to some non-compliance issues and that affected our expenditure as there was no work. 2. We could not be to register the Raising of the Kempsdale Dam Wall through the Municipal Business Plan Appraisal Committee (MBPAC) due to delays in getting the

land agreement signed between the Municipality and the Landowners. This affected the expected expenditure as this was one of our big projects. 3. Our projects namely Mbizweni Sewers, Greater Summerfield, Ibisi Sewers and Khukhulela Water supply were approved very late (May 2023) by the MBPAC. We spent a lot of time not paying the contractor as the projects were not registered and this affected onsite progress as well as their expenditure. 4. Reticulation of Magqagqeni was stopped by a court Order as one of the farm owners indicated that we were working on their land

Total number of households (334) connected to sewer water borne for the first time. The project took too long to get registered by the MBPAC and also delays on the contract appointment was only done during the month of April 2023 and that affected planned target.

Corrective measures:

For Khukhulela project the department is working tirelessly to ensure that the projects gets completed by the 30 June 2023 to ensure that the mandate of the municipality is achieved through water access by the communities. On another projects, consultants appointments have since been done and progress shall be reported on by the fourth quarter. Extension of time for the contractor has been approved by the Municipality and the project will now be completed by the first quarter of 23/24 financial year. The contractor has completed the construction of all the bulk lines, Package Plant, 500KL Reservoir, Reticulation lines, Equipping of 2 x Boreholes, Pumphouse and Standpipes. The Municipality is currently in the process of appointing a contractor for the construction of the 1ML Concrete Reservoir in the 2023/24 financial year. For Highflats project We have since applied and got an approval for a Variation Order to the treatment plant to the value of R R1 190 707.01. This VO will also cover the Eskom connection line.

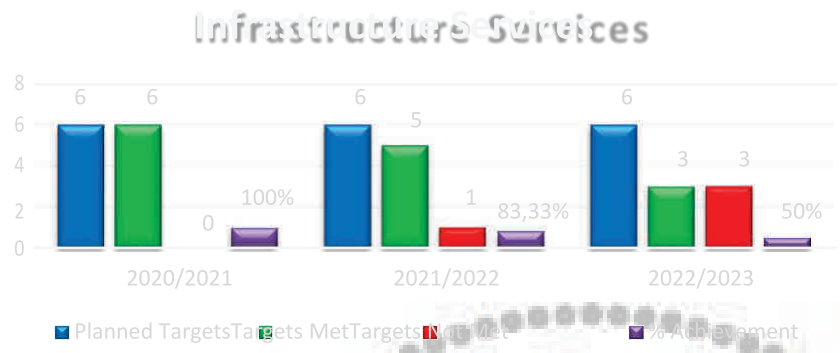
1. Early registration of Projects for the 23/24 financial year. 2. Ensure that all our projects are in compliance with all the governing laws especially Environmental issues. The municipality has advertised four projects to the estimated value of 110 million and active contracts to the value of R 114 479 825,24 giving a total of R 224 479 825,24. The other two contracts are being finalised for advertisement and they total to R 146 364 997,14. The value of contracts that are earmarked for 2023-24 expenditure amounts R370 844 822.38 which suffice to spend an allocation of R241 833 000.00

Contractor has been appointed and they are currently onsite, and the project will be completed after 8 months. The project is currently 27% complete. E:The plan is to have bulk earthworks complete by the end of September, Pipelaying by end October and have manholes completed by mid-December 2023.

4.1.1.1 INFRASTRUCTURE SERVICES DEPARTMENT Performance Highlights for 2020/2021 – 2022/2023

Infrastructure Services			
Financial Year	**2020/2021**	**2021/2022**	**2022/2023**
Planned Targets	6	6	6
Targets Met	6	5	3
Targets Not Met	0	1	3
% Achievement	100%	83,33%	50%

4.1.1.2 The bar chart below illustrates performance highlights of Infrastructure Department in comparison with 2020/2021- 2022/2023 Financial Year



This table presents the highlights from the key performance measures included in the 2022/2023 IDP financial year. The department planned to achieve 6 targets for the year. 3 were achieved and 3 were not achieved as of 30 June 2023. Annual Performance achievement is sitting at 50% which has regressed from the previous financial year as was sitting at 83.33%.

4.1.2 WATER SERVICES

The main objective of this department is to ensure efficient operation and maintenance of a water supply schemes in order to provide safe drinking water as per designed quality and quantity. The functions of this department include planning and design, Operation and maintenance of water schemes and Good Governance.

4.1.2.1 Planning and Design Unit

To ensure the availability of sufficient good quality water, it is tremendously imperative to plan and design suitable water supply schemes. These water schemes should be able to provide portable water to the various sections of communities residing within the Harry Gwala district municipality in accordance with the demands and requirement. The provision of such a scheme should ensure constants and reliable water supply to the people to which it has been designed and ensuring better living standard. The unit is also responsible for ensuring that the water consumed by the communities is of good quality by taking water samples for analysis and testing for the control of bacteriological quality and ensure that the water schemes have water use licences for compliance with the Department of water and sanitation requirements.

4.1.2.2 Operation and Maintenance

By Operation" we refer to timely and daily operation of the components of a Water Supply schemes such as treatment plant, machinery and equipment, conveying mains, service reservoirs and distribution of water effectively by various technical personnel, as a routine function.

Whereas "Maintenance" is defined as the act of keeping the structures, plants, machinery and equipment and other facilities in an optimum working condition. Maintenance also includes preventive /routine maintenance and also breakdown maintenance, replacements, correction of defects. The department has developed the operation and maintenance plan to ensure that the water schemes are fully functional and attended to when faults are reported by the community. Job cards are issued as when the fault is reported for repairs and maintenance. The budget was set aside for water schemes due for refurbishment. To ensure effective and efficient service delivery, a budget for the installation of smart water meters was set aside. This will assist the municipality to be able to make collections to the water users who are not indigent.

4.1.2.3 Good Governance

Efficient and effective operation depends upon sound water supply strategies made up of water safety plans to ensure good quality water supply. The focus of this unit is on ensuring that the water and sanitation related regulations are adhered to, developing water by-laws and policies. Conducting awareness campaigns for conservative use of water and Health and Hygiene education are amongst the functions of this unit. The customer care unit was established to ensure that the water and sanitation related issues are reported and attended to timeously by the relevant personnel.

Key challenges:

The percentage (99%) of compliant wastewater quality discharged to the natural environment as required by National Department of Water and Sanitation. Most of HGDM wastewater systems had recorded the "no flows during quarter 3" this was due to loadshedding that affected the functioning of wastewater systems.

Percentage (55%) of complaints resolved within 48 hours. The customer complaints received were all attended to within 48 hours; the user department has developed the template populated manually; however, it was not easy to prove if indeed these were resolved as the template could not indicate the time / date when the complaint was reported and resolved. The procurement of an automated system will resolve this issue as it will be generated by the system and will be able to record all details to prove the turnaround time. This system will ensure consistency in the template produced.

Corrective measures:

O&M to motivate for the procurement of standby generators for all wastewater treatment facilities across the district to ensure that even when there is loadshedding, the flow doesn't get

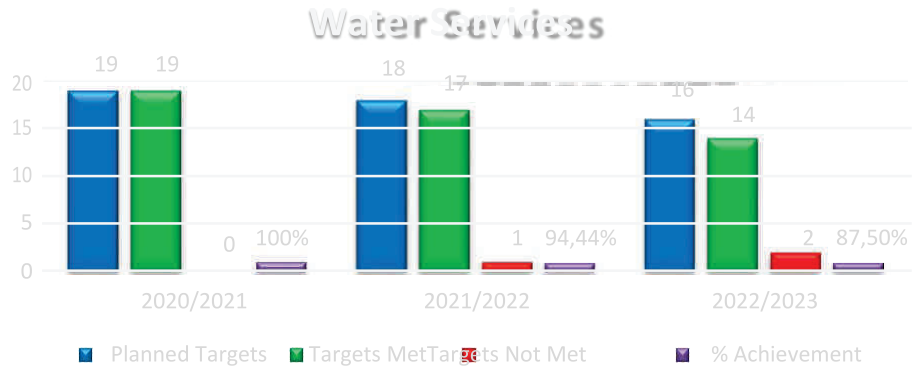
interrupted. This will be engaged on during the adjustments budget process which will then decide if the proposal is considered. There will be a follow up on this by the 28 February 2024.

Whilst awaiting the procurement process on the system, the user department will work on improving the manual reporting template to ensure consistency as well as accuracy of information. There have been engagements on the procurement of a new system through a full tender process. The specification has been prepared and submitted to the specification committee. ICT has been tasked to ensure that an advert is issued by no later than the 18 August 2023. This process will have to follow the tender processes that requires that an advert be issued, followed by the sitting of the Bid Evaluation Committee that has to sit within 14 days after the advert closing date, within 7 days after the evaluation for the sitting of the Bid Adjudication Committee then the 14-day notice for the intention to award. This whole process is anticipated to unfold no later than 31 December 2023.

4.1.2.6 WATER SERVICES DEPARTMENT Performance Highlights for 2020/2021 – 2022/2023

Water Services			
Financial Year	**2020/2021**	**2021/2022**	**2022/2023**
Planned Targets	19	18	16
Targets Met	19	17	14
Targets Not Met	0	1	2
% Achievement	100%	94,44%	87,50%

4.1.2.7 The bar chart below illustrates performance highlights of Water Services Department in comparison with 2020/2021 – 2022/2023 Financial Year



This table presents the highlights from the key performance measures included in the 2022/2023 IDP financial year. The department planned to achieve 16 targets for the year. 14 were achieved and 2 were not achieved as of 30 June 2023. Annual Performance achievement is sitting at 87.50% which has regressed from the previous financial year as was sitting at 94.44%.

4.2. MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT

4.2.1 CORPORATE SERVICES

The department is comprised of two directorates each dealing with an aspect of the internal functions of the administration. Firstly, the Human Resource Management and secondly the administrative support which will assist in increasing service delivery. To ensure the realisation of the vision of the Harry Gwala district municipality Corporate Services directorate ensures that there is enough human resource for effective and efficient service delivery. One of the focus areas of this department is agenda setting for the Council, Executive committee meetings and Portfolio committees where politicians have to take serious decisions on service delivery and compliance issues. Municipal Structures Act, No. 117 of 1998 states that the municipal council must meet at least quarterly.

The Employment Equity Plan (EEP) was developed to comply with section 10(e) of the regulations which states that target groups must be employed in the three highest levels of management in the municipality. To Provide training of Councillors and Employees, the Workplace Skill Plan was developed, and a budget was set aside to ensure that a certain percentage of the municipality`s budget is spent on skill development.

4.2.1.2 Human Resource Management

This unit is responsible for implementation of the Employee wellness programs: HIV and Aids in the implementation of Workplace Skills plan and amongst other things are the following programmes:

- Occupational Health and Safety and
- Recruitment and
- Skills development

4.2.1.3 Administrative Support

- IT Support and Systems Administration, and
- Networking, Software and hardware maintenance
- Procurement of Stationery
- Cleaning and security services

- Fleet management of the organization

Key challenges:

Percentage (60%) of budget spent on Workplace Skills plan. Requisition memos were prepared and submitted to SCM however, the service providers that were bidding could not meet the requirement as a result no appointments were made which led to the trainings not conducted as well as expenditure.

Number (20) of officials trained on SCM. There was an adjustment made during the adjustments process and the capacitation of SCM officials was adjusted to 0 budget.

Number (46) of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan. The department had anticipated that the ED for Water services as well as the Manager Strategic Support would have been appointed.

Date (30 June 2023) by when the fleet management system is installed. The fleet management system is dependent on the delivery of new municipal vehicles which will then lead to them being installed with the fleet management system. New municipal vehicles were only delivered exactly on the 30 June 2023.

Number (6) of software licenses renewed. The department achieved 6 however due to the dates on the invoices reflecting that the 5 licenses were renewed during the first quarter as are dated the 30 June 2022, 6th September and 1st September, this has led to an achievement of only 2 renewed during the second quarter.

Date (30 June 2023) in which a Plotter is procured. The plotter will be leased alongside the municipal printers to save costs in terms of maintenance. The reason for leasing as well is due to the changes in technology which then compromises the municipality. Leasing will assist in ensuring that these machines are always compatible with the technology as and when there are changes rather than buying and end up sitting with a machine that no longer serves its purpose.

Percentage (100%) on filling of S54A/56 management positions. This was due to the resignation of the Water Services Executive Director.

Percentage (50/50) gender representation on S54A/56 management positions. This was due to the resignation of the Water Services Executive Director.

Corrective measures:

There will be readvertisements and the process is anticipated to unfold within the second quarter of the 2023/2024 financial year to allow compliance with the SCM processes which is no later than 31 December 2023.

In the 2023/2024 this indicator has been totally removed until the municipality is able to secure funding for capacitating SCM officials. To ensure that SCM officials are always on par with the requirements of the SCM regulations, BTO did arrange a workshop on the PPPFA that took place on the 30 January 2023 and 23 February 2023.

Anticipating the appointment of the ED for Water services to unfold in the 2023/2024 financial year. The interviews have already been held for the ED Water Services on the 2nd of August 2023. Considering the recruitment processes for the S54A/56 Managers, the municipality anticipates the filling of the post by no later than 30 September 2023. As for the Manager Strategic Support, the municipality has an Acting incumbent in place to ensure the execution of duties.

As the vehicles have been delivered, Corporate Services department is anticipating the installation of a fleet management system on all new municipal vehicles by the end of September 2023.

This has since been achieved as they were already renewed prior the second quarter. in addition, the department has taken a resolution to have monthly departmental meetings and make the SDBIP a standard item so as to track progress and ensure that all officials are aware of what is due per quarter as well as ensuring that adequate evidence is available.

The department has engaged the HGDM SCM on a transversal contract process, to which SCM had to engage with Provincial Treasury for their approval so that process can continue on the issuing of the requests for quotations. That process has been undertaken and the requests for quotations have unfolded, awaiting the appointment process of the suitable service provider which is anticipated to be no later than 30 September 2023.

The interviews have already been held for the ED Water Services on the 2nd of August 2023. Considering the recruitment processes for the S54A/56 Managers, the municipality anticipates the filling of the post by no later than 30 September 2023. Moving forward, the indicator will no longer form part of the SDBIP as this process depends on the Council decision.

4.2.1.6 CORPORATE SERVICES Performance Highlights for 2020/2021 – 2022/2023

Corporate Services			
Financial Year	**2020/2021**	**2021/2022**	**2022/2023**
Planned Targets	10	13	15
Targets Met	7	11	7
Targets Not Met	3	2	8
% Achievement	70%	84,61%	46,67%

4.2.1.7 The bar chart below illustrates performance highlights of Corporate Services Department in comparison with 2020/2021 – 2022/2023 Financial Year

This table presents the highlights from the key performance measures included in the 2022/2023 IDP financial year. The department planned to achieve 15 targets for the year. 7 were achieved and 8 were not achieved as of 30 June 2023. Annual Performance achievement is sitting at 46.67% which has regressed from the previous financial year as was sitting at 84.61%.

4.3. LOCAL ECONOMIC AND SOCIAL DEVELOPMENT AND CROSS-CUTTING INTERVENTIONS

4.3.1. SOCIAL SERVICES AND DEVELOPMENT PLANNING

The Constitution assigns developmental duties to municipalities. Section 152 provides that a municipality must strive within its financial and administration to promote social and economic development of the communities. Social service as the second largest services within local government is mainly responsible for providing and managing social services. It is comprised of 4 directorates: Social Services, IDP/PMS, Planning and Development and Special programs unit.

4.3.1.1 Social Services Directorate

The Social Services Directorate is responsible for Disaster Management and the Municipal Health services. The unit mainly focus on social wellbeing aspect of our communities as per the South African Constitution section 24 and performs its function guided by the Disaster Management Act and the National Health Act. However, there are policies developed by the municipality to further define its function and services for the district. Some of these policies include the Disaster Management policy, Pauper burial Policy, Municipal Health Services Policy, the Health & Hygiene education strategy and the Draft Municipal Health Services By-laws.

During budgeting and planning priority is given to the basic needs of the people residing within Harry Gwala district municipality. Disaster management is one of the core functions for the municipality. Support is given to the families during disaster incidents, proving lightning conductors in areas prone to lightning, conducting disaster awareness campaigns to ensure that Harry Gwala communities as required by the Disaster Management Act. Harry Gwala is a rural municipality and it exposed to field fire; therefore, the disaster management unit ensures that there is budget provision for procurement and distribution of fire beaters to the communities to enable them to control field fires.

4.3.1.2 Municipal Health Services

Men have used water since the dawn of history; but the realization of its importance and, in some instances, of its danger, to health is a relatively a recent development. Even today this knowledge is not complete, particularly the incidence of certain communicable diseases. Early investigation conducted were principally concern with Cholera and Typhoid fever and later diarrhoeal diseases. More recently an increasing attention has been given to the role of water in transmitting certain virus diseases. Harry Gwala as water service authority has a functional Municipal Health service unit with 7 professional health practitioners. The main focus of this unit, guided by their polies

and the National Health act is to monitor water quality consumed by the community. This is conducted through taking the water samples for testing and analysis on a monthly basis. This process assists the municipality to detect early any water related diseases and conduct awareness of any outbreak to the community.

Inspection of business premises is conducted on monthly basis to ensure compliance with relevant legislation and By-laws. Conducting clean up campaigns to encourage the community to keep their tows clean at all times. A pauper burial policy is in place to ensure that destitute are buried in dignified manner. To comply with National Health Act exhumation application requests are processed in conjunction with the relevant department.

4.3.1.3 Special Programs Unit

This directorate is mainly responsible for sport & Recreation, Youth and Special programs for men, women, elderly people and people living with disability. It`s functions ranges from supporting the cultural events and Umkhosi womhlanga. Promoting healthy living style through women and men's` forums. Currently South Africa is highly dependent on social grants resulting in few people contributing to the GDP. These forums play an enormous role in encouraging men and women to get educated through adult learning facilities in order to be able to get decent jobs and enabling them to establish and manage their own businesses.

In order to achieve the constitutional objectives in section 153 of the constitution youth and elderly people participate in national and provincial development programmes. Youth participate in KZN-South African Association Local Games (SALGA) to sure case their talent and sometimes get an opportunity to be selected to participate in the National games and being selected to play in other teams where they get paid huge amounts of money for their talent. The elderly citizens are given a chance to participate in provincial and national golden games to keep their bodies healthy and fit.

Horse riding event which is conducted in conjunction with Sports and Recreation department is annually hosted in Dundee under the uMzinyathi District Municipality. Young people residing within the district are able to raise their concerns and ensure that the municipality plans and budget for their programmes through Youth Indaba. Programmes for People living with disabilities are implemented to ensure that they get all the support required. Social services deal with all ages and all members of the Harry Gwala population.

4.3.1.4 Planning and Development unit

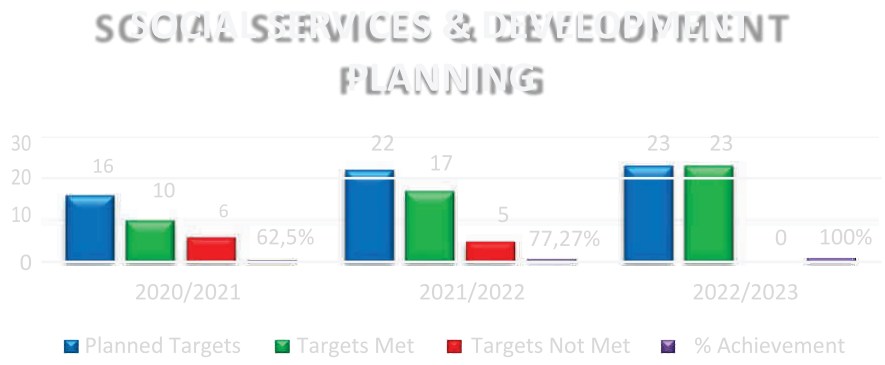
This unit is responsible for municipal planning and geographic information system. To improve planning administration, the HGDM, CoGTA and Local Municipalities (LMs) are working together to implement the Application Filing and Monitoring System (AFMS) to enable municipalities to process development applications within the specified timeframes as stated in the Planning and Development Act. To indicate the future development and significant economic opportunities the Spatial Development Framework (SDF) was developed and reviewed annual.

This unit is also responsible for the Geographic Information System (GIS) which is used as planning and strategic tool to acquire the base data in preparation of the SDF. GIS assist the Harry Gwala district municipality to identify the projects that falls in and outside the boundaries of this district.

4.3.1.5 SOCIAL SERVICES AND DEVELOPMENT PLANNING Performance Highlights for 2020/2021 – 2022/2023

Social Services & Development Planning			
Financial Year	**2020/2021**	**2021/2022**	**2022/2023**
Planned Targets	16	22	23
Targets Met	10	17	23
Targets Not Met	6	5	0
% Achievement	62,5%	77,27%	100%

4.3.1.6 The bar chart below illustrates performance highlights of Social Services and Development Planning Department in comparison with 2020/2021- 2022/2023 Financial Year



This table presents the highlights from the key performance measures included in the 2022/2023 IDP financial year. The department planned to achieve 23 targets for the year. 23

were achieved as of 30 June 2023. Annual Performance achievement is sitting at 100% which has improved from the previous financial year as was sitting at 77.27%.

4.4. MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT

4.4.1 BUDGET AND TREASURY OFFICE

This department is made up of 4 directorates: Budget and Reporting, Creditors, Income and Supply chain management unit. To comply with the Municipal Finance Management Act 56of 2003, the Budget and Salaries prepared budget for the municipality which was approved by council before the start of the current financial year. To manage the affairs of the municipality and assess its

4.4.1.1 Budget and Reporting Unit

To comply with section 21 of the MFMA, the accounting officer of a municipality ensured that the budget is prepared as stipulated in section 68 of the Act and took reasonable steps to ensure that funds are spent accordingly as per section 69 of the Act.

Prospective Investors need Financial Statements (FS) to assess the viability of investing in a company. Investors may predict future dividends based on the profits disclosed in the Financial Statements. Furthermore, risks associated with the investment may be gauged from the Financial Statements. Therefore, the municipality produced the Financial Statements to provide a basis for the investment decisions of potential investors. The decisions to lend are also supported by a sufficient asset base and liquidity. Governments require Financial Statements to determine the correctness of tax declared in the tax returns. Government also keeps track of economic progress through analysis of Financial Statements of businesses from different sectors of the economy.

4.4.1.2 Income Unit

Due to the level of unemployment and poverty within Harry Gwala municipal areas, there are both households and citizens who are unable to access or pay for basic services; this grouping is referred to as the “indigent”. A municipality has developed and adopted an indigent policy to ensure that the indigent can have access to the package of services included in the FBS programme.

The indigent are those people who have an income of less than the old age grant who are entitled to free basic services from government. The municipality has started developing the Indigent Register.

4.4.1.3 Supply Chain Management Unit

An Assets Register was developed for municipal assets like infrastructure assets and office assets. These assets were verified on quarterly basis for administrative purposes. Most of these assets are expected to be used for more than one accounting period. The supply chain Management Policy was developed to comply with section 217 of the Constitution of the Republic of South Africa which states that that, when government contracts for goods and services it must do so in a way which is fair, equitable, transparent, competitive and cost-effective and is currently implemented.

Key challenges:

Percentage (60%) of Collection from the billed consumers. Non-Payment by Rietvlei hospital has an impact on revenue collection rate as these accounts are also accumulating interest. Regarding poor collection rate, Rietvlei owes a huge amount to the municipality which has a major impact on the municipal collection, in addition non-functionality of almost 60% of water meters is the reason for the decline in the collection rate as the municipality cannot even fully implement credit control and debt management policy.

Number (2836) of existing households with access to free basic services in terms of the indigent register. The Revenue acknowledges that the manual capturing of information onto the excel spreadsheet has caused the duplication in the number of customers. A service provider appointed by CoGTA has verified the indigent consumer information and currently the Revenue section is removing duplicates, incorrect ID numbers, consumers earning above the threshold and appointed by the state.

The reason for the duplicates was caused by capturing the application manually on spreadsheets and now the Revenue section is using an indigent management module on Solar system ensuring that the duplicates are eliminated. This process shall be completed by 25 August 2023.

Corrective measures:

Revenue section has written a Letter requesting intervention to resolve this issue of nonpayment by Rietvlei hospital and was sent to the MEC, HOD provincial health and District Manager and the municipality is still waiting for payment as promised by the department.

The municipality is also in a process of replacing faulty meters with smart meters which are then converted to prepaid. Billing is also extended to other billable areas e.g., extension 6 & 8 at uMzimkhulu. This process should have been completed by 31 December 2023.

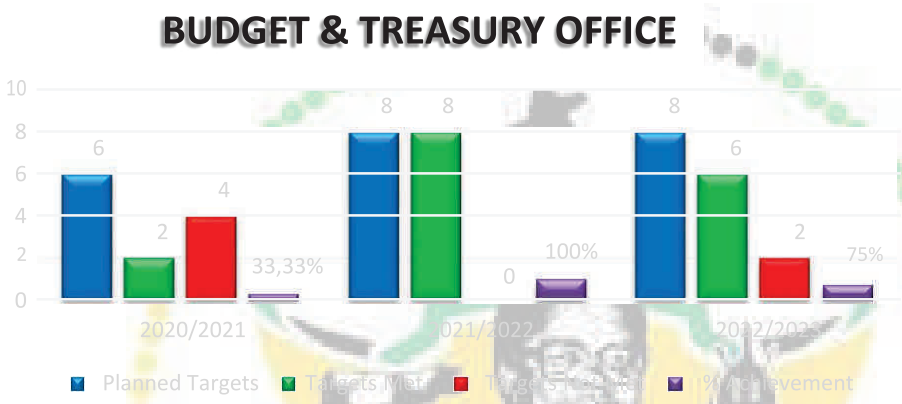
A service provider appointed by CoGTA has verified the indigent consumer information and currently the Revenue section is removing duplicates, incorrect ID numbers, consumers earning above the threshold and appointed by the state.

The reason for the duplicates was caused by capturing the application manually on spreadsheets and now the Revenue section is using an indigent management module on Solar system ensuring that the duplicates are eliminated. This process shall be completed by 25 August 2023.

4.4.1.4 BUDGET AND TREASURY OFFICE Performance Highlights for 2020/2021 – 2022/2023

Budget & Treasury Office			
Financial Year	**2020/2021**	**2021/2022**	**2022/2023**
Planned Targets	6	8	8
Targets Met	2	8	6
Targets Not Met	4	0	2
% Achievement	33,33%	100%	75%

4.4.1.5 ***The bar chart below illustrates performance highlights of Budget and Treasury Office in comparison with 2020/2021- 2022/2023 Financial Year***



This table presents the highlights from the key performance measures included in the 2022/2023 IDP financial year. The department planned to achieve 8 targets for the year. 6 were achieved and 2 was not achieved as of 30 June 2023. Annual Performance achievement is sitting at 75% which has regressed from the previous financial year as was sitting at 100%.

4.5. GOOD GOVERNANCE AND PUBLIC PARTICIPATION

4.5.1 MUNICIPAL MANAGER`S OFFICE

The Municipal Manager, as the Head of Administration and the Accounting Officer of the municipality has played a major role in ensuring that the administration of the affairs of the municipality are governed by the democratic values and principles enshrined in the Constitution, but not limited to the local Government Municipal Systems Act,32 of 2000 and chapter 8 of the MFMA, No.56 of 2003. As the head of administration, she ensured that the administration is attended to at all the time. With her extensive statutory and delegation of powers and duties, the necessary reports for the Executive Committee and Council were prepared by the corporate services and checked by the Municipal Manager before they were submitted to council structures. To ensure credible public participation process is followed, the “Izimbizo” were held before the adoption of the IDP and the budget.

4.5.1.2 Development of performance management system and Implementation of the IDP

As per section 55(1) (c) of the Local Government: Municipal Systems Act, No. 32 of 2000, the municipal manager is, subject to the policy directions of the council, responsible for and accountable for the implementation of the municipality's integrated development plan, and the monitoring of progress with implementation of the plan as well as the development of the municipality's performance management system. Hence the preparation of the IDP and Performance management system were delegated to the Social Services and Development Planning department. The service Delivery Budget and Implementation plan for 2015/2016 was prepared and submitted to the mayor as required by the section 69(3)(a) of the Local Government Municipal Finance Management Act.

4.5.1.3 Performance Reporting

In 2009 government re-affirmed its intention to shift its high-level management focus from being compliant to outcome focus. Therefore, accountability also shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes. Following the adoption of the NDP, the cabinet took a decision in 2013 that the 2014-2019

Performance indicators and targets should be set relating to the budget year and the Medium-Term Expenditure Framework (MTEF) period in respect of strategic objectives and activities in the Service Delivery Budget and Implementation plan. The accounting officer of the municipality established the procedures for quarterly reporting to the council in order to facilitate performance monitoring, reporting and evaluation as well as ensuring that corrective actions were taken to improve performance. The municipality report to the Executive committee and council on a quarterly basis as required by the legislation. A uniform quarterly reporting template was developed guided by the Department of Corporative Governance and Traditional Affairs (CoGTA) as part of their support to municipalities to be utilised for reporting purposes. This report took into consideration the priorities of the organisation, objectives, indicators, targets, measurements and analysis and presented them in a simple and accessible format, relevant and useful to the specified target group. The Mid-year budget and performance assessment were conducted, and the assessment report was submitted to National and Provincial Treasury on the 25th of January as required by section 72 of the MFMA.

4.5.1.4 Internal Audit and Risk Management unit

As per section 165 of the MFMA, the Internal Audit unit prepared the risk-based audit plan and the internal audit programme for each financial year. The IA reports on implementation of the internal audit plan were submitted to Audit Committee and council. The Internal audit unit is directly accountable to Municipal manager to maintain their independence and objectivity and functionally report to the audit committee as per the Internal Audit Charter.

The Risk and control self-assessment workshop was conducted, and the Risk register and profile was compiled in order to identify potential events that may affect the institution, evaluate and address risks on a continuous basis before such risks can impact negatively on the institution's service delivery capacity.

Key Challenges:

Number (4) of Newsletters developed and published. The service provider has a contract with the municipality which they did not adhere to in terms of delivery. On the 25th of July 2023 a meeting was arranged with the service provider so as to seek their reasons for non-delivery. The service provider did not attend and reported that they were not feeling well, however, delivered on the 26th of July 2023.

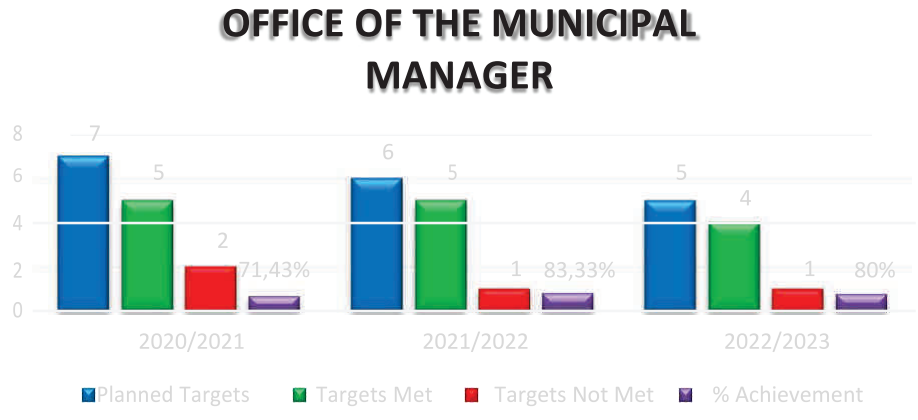
Corrective measures:

As a long term remedial plan, the user department has arranged a meeting with the service provider, BTO, and legal services to discuss importance of adherence to the SLA as well as the process for possible termination if this occurs in future. This meeting has set on the 16th of August 2023 and the service provider was made aware of the consequences should this repeat itself and he has committed to ensuring that this will never happen again.

4.5.1.5 OFFICE OF THE MUNICIPAL MANAGER Performance Highlights for 2020/2021 – 2022/2023

OMM			
Financial Year	**2020/2021**	**2021/2022**	**2022/2023**
Planned Targets	7	6	5
Targets Met	5	5	4
Targets Not Met	2	1	1
% Achievement	71,43%	83,33%	80%

4.5.1.6 The bar chart below illustrates performance highlights of the Office of the Municipal Manager in comparison with 2020/2021 – 2022/2023 Financial Year

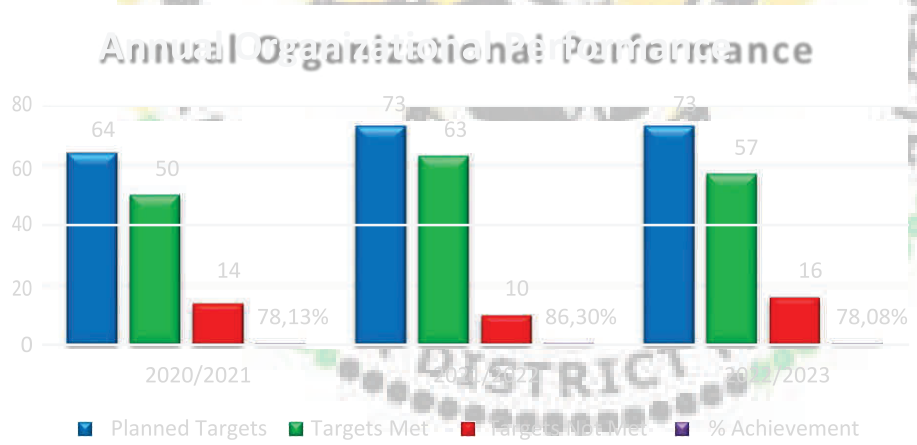


This table presents the highlights from the key performance measures included in the 2022/2023 IDP financial year. The department planned to achieve 5 targets for the year. 4 were achieved and 1 was not achieved as of 30 June 2023. Annual Performance achievement is sitting at 80%, which has regressed from the previous financial year as was sitting at 83.33%.

5. ORGANIZATIONAL PERFORMANCE HIGHLIGHTS (2020/2021 – 2022/2023)

Annual Organizational Performance			
Financial Year	**2020/2021**	**2021/2022**	**2022/2023**
Planned Targets	64	73	73
Targets Met	50	63	57
Targets Not Met	14	10	16
% Achievement	78,13%	86,30%	78,08%

5.1.1. The bar chart below illustrates performance highlights of the Organisational Scorecard in comparison with 2020/2021-2022/2023 Financial Year



This table presents the highlights from the key performance measures included in the 2022/2023 IDP financial year. The organization planned to achieve 73 targets for the year. 57 were achieved and 16 were not achieved as of 30 June 2023. Annual Performance achievement is sitting at 78.08% which has regressed from the previous financial year as it was sitting at 86.30%.

Chapter 29 6. ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

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

Rating of (1-5).

RATING	DEFINITION OF RATING
5	Outstanding performance
4	Performance significantly above expectation
3	Fully effective
2	Performance not fully satisfactory
1	Unacceptable performance

NO.	CONTRACT /BIDNO.	NAME OF SERVICE PROVIDER/JV/ CONSORTIUM (CONSTRUCTORS)	PROJECT NAME	CONTRACT VALUE	EXPENDITURE TO DATE (May 2023)	DATE OF APPOINTMENT	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ENGINEER SCOPE OF WORKS	COMMENTS ON THE STATUS OF THE PROJECT	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS (Either to continue Or terminate)	PERFORMANCE RATING	STARTING
WATER SERVICES DEPARTMENT YEAR 22/23															
2	HGDM 630/HGD M/2019	Shade SA of Spice	Supply and Delivery of Fuel and Oil	RATES ONLY CONTRACT	R5,573,084,00	26-Jun-19	26-Jun-19	Extended to September 2022	36	Supply and delivery of fuel and oil	Contract ended	No intervention required	Close monitoring of Work Instructions as well as expenditure patterns.	4	
	HGDM 779/HGD M/2022	Chisani Construstion & Trading	Supply of and delivery Fuel & oil	RATES ONLY CONTRACT	R0,00	15-Sep-22	30-Oct-22	Contract terminated in April 2023	12	Work instruction s issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	0	0	
1	HGDM 779/HGD M/2022	Shadesa of Spice rheaochem	Supply of and delivery Fuel & oil	RATES ONLY CONTRACT	R4,278,460,00	15-Sep-22	30-Oct-22	29-Oct-23	12	Supply and delivery of fuel and oil	Work instructions issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	4	
4	HGDM 778/HGD M/2022	Rheocgem Motagane chem	Supply and delivery of treatment works chemicals	RATES ONLY CONTRACT	R234,600,00	20-Sep-22	04-Oct-22	04-Oct-25	36	Supply of water chemicals	Work instructions issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	2	
5	HGDM 629/HGD M/2019	Motogan Chem	Supply and delivery of treatment works chemicals	RATES ONLY CONTRACT	R5,732,416,88	25-May-21	09-Jun-21	05-May-24	36	Supply of water chemicals	Work instructions issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	3	
6	HGDM 628/HGD M/2019	KRN INVESTMENTS T/A DUZI VAVLES	Supply and delivery of plumbing material	RATES ONLY CONTRACT	R39,403,684,21	26-Jun-19	26-Jun-19	Month to month extension	36	Supply of plumbing material	Work instructions issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	4	
7	HGDM 628/HGD M/2019	VK DISTRBUTORS	Supply and delivery of plumbing material	RATES ONLY CONTRACT	R10,510,938,86	26-Jun-19	26-Jun-19	Month to month extension	36	Supply of plumbing material	Work instructions issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	3	
8	HGDM 627/HGD M/2019	Zana Manzi Services	Mechanical & Electrical Services for water and sanitation schemes	RATES ONLY CONTRACT	R44,344,465,29	26-Jun-19	26-Jun-19	Extended to January 2023	36	Electrical mechanical and plant hire services	Contract ended	No intervention required	Close monitor of Work instruction as well as expenditure patterns	3	
9	HGDM 627/HGD M/2019	Yakhalungisa Engineering	Mechanical & Electrical Services for water and sanitation schemes	RATES ONLY CONTRACT	R64,513,489,59	26-Jun-19	26-Jun-19	Extended to January 2023	36	Electrical mechanical and plant hire services	Contract ended	No intervention required	Close monitor of Work instruction as well as expenditure patterns	4	
10	HGDM 627/HGD M/2019	CO VALVES and PIPING	Mechanical & Electrical Services for water and sanitation schemes	RATES ONLY CONTRACT	R52,735,028,43	26-Jun-19	26-Jun-19	Extended to January 2023	36	Electrical mechanical and plant hire services	Contract ended	No intervention required	Close monitor of Work instruction as well as expenditure patterns	3	
11	HGDM 777/HGD M/2022	Jus Loss CC	Supply and Maintenance of Mobile Toilets	RATES ONLY CONTRACT	R17,250,00	15-Sep-22	04-Oct-22	29-Oct-25	36	Supply and maintenan ce of mobile toilets	Work instructions issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	3	

12	HGDM 776/HGDM/2022	Vusaken	Mechanical & Electrical Services for water and sanitation schemes	RATES ONLY CONTRACT	R14,810,85	12-Jun-23	26-Jan-23	30-Jan-26	36	Electrical mechanical and plant hire services	Work instructions issued as and when required, and an official order is raised	Turn around is poor	Close monitor of Work instruction as well as expenditure patterns	3	
13	HGDM 776/HGDM/2022	Novubu construction	Mechanical & Electrical Services for water and sanitation schemes	RATES ONLY CONTRACT	R76,992,79	12-Jan-23	26-Jan-23	30-Jan-26	36	Electrical mechanical and plant hire services	Work instructions issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	3	
14	HGDM 776/HGDM/2022	Yakhalungisa Engineering	Mechanical & Electrical Services for water and sanitation schemes	RATES ONLY CONTRACT	R6,923,345,53	12-Jan-23	26-Jan-23	30-Jan-26	36	Electrical mechanical and plant hire services	Work instructions issued as and when required, and an official order is raised	No intervention required	Close monitor of Work instruction as well as expenditure patterns	4	
NO.	CONTRACT /BIDNO.	NAME OF SERVICE PROVIDER/JV/ CONSORTIUM (CONSTRUCTORS)	PROJECT NAME	CONTRACT VALUE	EXPENDITURE TO DATE (May 2023)	DATE OF APPOINTMENT	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ENGINEER SCOPE OF WORKS	COMMENTS ON THE STATUS OF THE PROJECT	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS (Either to continue Or terminate)	PERFORMANCE RATING	STARTING
1	HGDM 745/HGDM/2023	Indabenle Projects CC	Refurbishment/Augmentation of Mhlabashana Water Supply Contract 2	R21,821,626,00	R20,718,831,50	09/02/2022	25/03/2022	30/11/2022	8 Months	Refurbishment/Augmentation of Mhlabashana Water Supply Contract 2	Practical Completion	No intervention required	Contract to Continue	3	
2	HGDM 762/HGDM/2022	Masihloni phaneni Trading	Refurbishment/Augmentation of NDZ Water Supply Schemes, Goxhill, Mabedlane, Kwa bhobhi Contract 3	R2,104,297,20	R2,415,855,38	23/03/2022	08/04/2022	28/07/2022	3 Months	Refurbishment/Augmentation of NDZ Water Supply Schemes, Goxhill, Mabedlane, Kwa bhobhi Contract 3	Practical Completion	No intervention required	Contract to Continue	2	
3	HGDM 761/HGDM/2022	Mbova Contruction	Refurbishment/Augmentation of NDZ Water Supply Schemes Sananezwe – Contract 2	R9,935,183,52	R9,528,744,15	22/03/2022	01/04/2022	30/10/2022	6 Months	Refurbishment/Augmentation of NDZ Water Supply Schemes Sananezwe – Contract 2	Practical Completion	No intervention required	Contract to Continue	4	
4	HGDM 764/HGDM/2022	Leano 87 Solution JV Ngqika Trading	Refurbishment/Augmentation of Springvale Water Supply Schemes – Contract 2	R8,868,340,69	R8,424,523,65	22/03/2022	11/04/2022	11/11/2022	7 Months	Refurbishment/Augmentation of Springvale Water Supply Schemes – Contract 2	Practical Completion	No intervention required	Contract to Continue	3	
5	HGDM 768/HGDM/2022	Blackmoon Investments 76 JV Dukani Enterprise	Marriaskop Water Supply Schemes – Contract 2	R9,279,053,30	R567,923,07	20/09/2022	17/10/2022	17/02/2023	4 Months	Marriaskop Water Supply – Contract 2	Construction	No intervention required	Contract to Continue	4	
6	HGDM 770/HGDM/2022	Indabenhle Projects CC	Masamlni - Mbuzweni Water Supply – Contract 2	R18,422,239,27	R16,018,236,22	20/09/2022	17/10/2022	17/10/2022	8 Months	Masamlni Mbuzweni Water Supply – Contract 2	Construction	No intervention required	Contract to Continue	4	
7	HGDM 789/HGDM/2022	Mbova Construction	Hostela Mcweba Malenge Water Supply Supply Schemes – Contract 1	R15,023,192,42	R7,191,742,20	10/03/2023	17/03/2023	17/12/2023	9 Months	Hostela Mcweba Malenge water supply Scheme – Contract 1	Progressing well on site	No intervention required	Contract to Continue	4	
9	HGDM	Mabona Civils and Plant Hire	Hostela Mcweba	R14,700,000,00	R1,499,327,00	10/03/2023	17/03/2023	17/12/2023	7 Months	Gudlucingo /Ebhaya	Progressing well on site	No intervention required	Contract to Continue	3	

	790/HGDM/2022		Malenge Water Supply Supply Schemes – Contract 2							Water Supply Scheme – Contract 1					
10	HGDM 791/HGDM/2022	Kuhle and Lwandle Projects	Gudlucingo/Ebhayi Water Supply Scheme – Contract 1	R10,845,858,20	R3,316,657,50	10/03/2023	17/03/2023	17/10/2023	7 Months	Gudlucingo /Ebhayi Water Supply Scheme – Contract 1	Progressing well on site	No intervention required	Contract to Continue	3	
11	HGDM 792/HCOM/M/2022	Kuhle and Lwandle Projects	Gudlucingo/Ebhayi Water Supply Scheme – Contract 2	R8,038,069,33	R2,396,004,30	R10/03/2023	17/03/2023	17/10/2023	7 Months	Gudlucingo /Ebhayi Water Supply Scheme – Contract 2	Progressing well on site	No intervention required	Contract to Continue	3	
12	HGDM 795/HGDM/2022	Lethokuhle Investment CC	Mazizini Water Supply Scheme – Contract 1	R19,004,070,03	R7,061,785,68	10/03/2023	17/03/2023	17/10/2023	7 Months	Mazizini Water Supply Scheme – Contract 2	Progressing well on site	No intervention required	Contract to Continue	4	
13	HGDM 796/HGDM/2022	Zizamele Sizwe Trading Enterprise JV Melomsandi	Mazizini Water Supply Scheme – Contract 2	R12,893,727,85	R3,248,200,19	10/03/2023	17/03/2023	17/10/2023	7 Months	Mazizini Water Supply Scheme – Contract 1	Progressing well on site	No intervention required	Contract to Continue	4	
14	HGDM 796/HGDM/2022	Mabona Civils and Plant Hire	Nokweja Mashumi Water Project – Phase 4	R19,955,526,80	R19,345,728,32	10/03/2023	17/03/2023	17/02/2023	9 Months	Nokweja Mashumi Water Project – Phase 4	Progressing well on site	No intervention required	Contract to Continue	3	

WATER GOVERNANCE

No.	CONTRACT /BIDNO.	NAME OF SERVICE PROVIDER/JV/ CONSORTIUM (CONSTRUCTORS)	PROJECT NAME	CONTRACT VALUE	EXPENDITURE TO DATE (FROM COMMENCEMENT DATE TO END MARCH 2023)	DATE OF APPOINTMENT	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ENGINEER SCOPE OF WORKS	COMMENTS ON THE STATUS OF THE PROJECT	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS (Either to continue Or terminate)	PERFORMANCE RATING	STARTING
1	HGDM 686/HGDM/2020	Chaluke Trading PTY LTD	Water and Waste water Quality Sampling	R200,739,00 (Rate on the BOQ)	R10,267,398,00	22-Feb-2021	03-May-2021	22-Feb-2024	36	Water and Waste water Quality Sampling	Water and waste water quality sampling conduct every month as per the sampling program	No intervention required	Contract to Continue	4	
2	HGDM 658/ HGDM/2020	Msalela Transport	Sanitation Material Supply: Panel of three Service Providers to Supply and Deliver VIP Top and Bottom Structures as when required	R10,206,25 (Rates on the BOQ)	R26,694,490,00	02-Nov-20	26-Jan-21	02-Nov-23	36	Sanitation Material Supply: Panel of three Service Providers to Supply and Deliver VIP Top and Bottom Structures as when required	Work instructions issued as and when required	No intervention required	Contract to Continue	4	
3	HGDM 658/HGDM/2020	Mthuthukiswa Construction on PTY LTD	Sanitation Material Supply: Panel of three Service Providers to Supply and Deliver VIP Top and Bottom Structures as when required	R9,836,96 (Rates on the BOQ)	R27,556,398,60	02-Nov-20	26-Jan-21	02-Nov-23	36	Sanitation Material Supply: Panel of three Service Providers to Supply and Deliver VIP Top and Bottom Structures	Work instructions issued as and when required	No intervention required	Contract to Continue	4	

										as when required					
4	HGDM 658/HGDM/2020	Rocla PTY PTD	Sanitation Material Supply: Panel of three Service Providers to Supply and Deliver VIP Top and Bottom Structures as when required	R11,471,25 (Rates on the BOQ)	R3,991,995,00	02-Nov-20	26-Jan-21	02-Nov-23	36	Sanitation Material Supply: Panel of three Service Providers to Supply and Deliver VIP Top and Bottom Structures as when required	Work instructions issued as and when required	No intervention required	Contract to Continue	4	

INFRASTUCTURE SERVICE DEPARTMENT

Contract Management Report: Assessment of Contractors in Terms of Section 116 of the Municipal Finance – Management Act. Act No.56 of 2003: CONTRACTORS

DR NKOSAZANE DLAMINI ZUMA PROJECTS -

NO.	NAME OF SERVICE PROVIDER / JV/ CONSORTIUM(CONTRACTORS)	PROJECT NAME	CONTRACT NUMBER	CONTRACT VALUE	EXPENDITURE TO DATE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS	PERFORMANCE RATING	STARTING
1	Yakhalungisa Engineering	Grater Nomandlovu Water Supply Scheme: Kwasipheni Water Supply Scheme (Owambeni Mjila)	HGDM 627/HGDM/2019	R13,085,073,96	R11,684,914,77	Reticulation pipelines, Installation of water treatment works, backup Generators and construction of staff Compound for the greater Nomandlovu Water Scheme	98%	29-Aug-22	15-Dec-22	14 Weeks	15-May-23	1. Challenges we occurred was the delays of delivery for 2x Generators. 2. The speck of generators was wrong. The engineer stipulated a generator the is of small size. The contractor has submitted a quote indicating how much it would cost to change the generators. 3. The eskom connection to the grid is taking long and the municipality is engaging them,	The scope excluded crucial items that need to form part of the contract. Infrastructure Services and SCM are busy with the revision of the appointment letter	Approval of the extension of the scope to include all the items	5	
2	Mabona Civils	Greater bulwer Nkelabantwana to Nkumba water supply: constraction of Bulk Pipeline from Xosheyakhe 2ML Reservior KwaShaNkumba Emacabazini	HGDM 661/HGDM 2019	R39,661,280,62	R35,600,669,46	Greater bulwer Nkelabantwana to Nkumba water supply: constraction of Bulk Pipeline from Xosheyakhe 2ML Reservior KwaShaNkumba Emacabazini	100%	04-Mar-21	04-Mar-21	12 Month	28-Oct-22	1. The local community have closed the contractor site camp office complaining about the appointment of Subcontractors that are not from the community. The labour that were employed were for only one location they were not mixed equally amongst the 2 wards so that makes the community to have issues and started to cause destruction but, the two councilors has resolved that issue. 3. The contractor has completed his scope of	Projects have been completed and practical completion on certificate was issued.	None	4	

												works. The engineer has instructed the contractor to do additional work of connections including the source installation and air vavles to Ezakhisweni / Chibini Elevated Tank. This work has been done with the exception of air valves. The additional work is anticipated to be completed by the 28th of October 2022 due to material supplier (precast ring and valves) delays.				
7	SSR T/A Mahlubi Transport	Construction of Bulk line from SAPPI's Ngudwi Dam to J8 (Emnywaneni Offtake)	HGDM 522/HGDM 2017	R60,158,295,61	R52,712,724,14	Construstion of 32 500m Bulk from SAPPI's Ngudwini Dam to J8 (Emnywaneni Offtake)	89%	8-Oct-17	15-Dec-20	38 Months	TBC	1. Delays on purchasing material from overseas supplies. 2. The insufficient RBIG budget to complete this contract. 3. Variation Order of R8,297,691,81 was approved under MIG	The contract or has finished laying pipes and the line needs to be tested and completed valves installation. Project is under investigation.	None	1	
	Makize's Plumbing and Project (PTY) LTD	Khukhulela Water Supply Scheme	HGDM 744/HGDM/ 2021	R7,547,081,08	R6,980,059,70	The overall project entails the construction of rising mains and related fittings, equipping of borebole pumps	99%	08-Apr-22	30-Oct-22	6 Months	17-Mar-23	1. Delays in commencement due to changing of consultant. 2. Taxi strike blocking access (road) to site. 3. Delays in creating specification for pump house and generator	Obtain extension of time application.	None	2	
10	Mselela Transport	Khukhulela Water Supply Scheme	HGDM 744/HGDM/ 2021	R27,492,878,76	R24,696,923,57	Contruction of 500kl steel tank Reservior, Water Treatment Package Plant and reticulation at Mpumulwana Village	95%	26 October 2022	31 May 2023	7 Months	TBC	None	Close monitioring and supervision	None	3	

Contract Management Report: Assessment of Contractors In Terms of Section 116 of the Municipal Finance – Management Act. Act.56 of 2003: CONTRACTOR	GREATER KOKSTAD MUNICIPALITY

NO.	NAME OF SERVICE PROVIDER / JV/ CONSORTIUM(CONTRACTORS)	PROJECT NAME	CONTRACT NUMBER	CONTRACT VALUE	EXPENDITURE TO DATE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS	PERFORMANCE RATING	STARTING
1	Klomac Engineering	Horse shoe sanitation	HGDM 584/HGDM/ 2018	R3,730,797,38	R3,606,814,28	The contractor will first replace damaged components in pump 1 and 2 whilst awaiting completion of pumpstation , 3 which is on contact	100% Completed	22 October 2018	30 June 20	6 Months	30 June 21	Pump 1 ,2 and 3 have done. The challenge is commissioning due to inefficient water supply	Resolve water challenge	Resolve water challenge	5	
2	Fez Building	Horse shoe sanitation on	HGDM 584/HGDM /2018	R8,491,893,44	R7,827,032,81	Horseshoe Sanitation: construction of	92% complete	07 march	30 June 20	12 Months	25 Jun 21	Practical completion reached awaiting	Practical completion reached awaiting mechanical work on pumpstation three	Resume with commissioning as soon as constant	5	

	Construction					Horseshoe sewage pumpstation						mechanical work on pumpstation three		water supply is confirmed and mechanical equipping at pump station 3 is complete		
3	Fez building construction	Horseshoe sanitation on SE	HGDM 608/ HGDM 2019	R17,332,161,29	R13,517,015,50	Horseshoe Sanitation: construction 160mm diameter by 3.0km long UPVC sewer reticulation pipeline including conversion of 345 VIP toilets to waterborne sanitation st horseshoe	82%	29 May 19	30 June 12	12 Month	25 Jun 21	There are 42 toilets structures remaining and the contarctor has resumed work on the bases. Contractor to attend to the outstanding work. Letter of poor performance and intention to terminate issued	Intention to terminate has been issued. Finalization of consultant hinders finalization of termination	None	1	
4	Fountain square trading	Horseshoe sanitation	HGDM 609/HGDM /2019	R18,205,900,00	R18,205,900,00	Horseshoe Sanitation: construction 160mm diameter by 3.0km long UPVC sewer reticulation pipeline including conversion of 325 VIP toilets to waterborne sanitation st horseshoe	92%	31 May 19	30 June 20	12 Month	25 Jun 21	Practical completion reached. Awaiting mechanical work on pump	No action required	None	5	
5	Mahlubi Transport and Plant hire	Accelerated water intervention programme: kokstad rising main	HGDM 701/HGDM/ 2020	R45,503,536,38	R45,490,086,64	Construction of 500mm pipe rising main and pumpstation	100%	25 Sept 20	31 Aug 21	12 Months	31 Aug 21	Project is on practical complettion	No action required	None	5	

Contract Management Report: Assessment of Contractors In Terms of Section 116 of the Municipal Finance – Management Act. Act.56 of 2003: CONTRACTOR	UMZIMKHULU MUNICIPALITY

NO.	NAME OF SERVICE PROVIDER /JV/ CONSORTIUM(CONTRACTORS)	PROJECT NAME	CONTRACT NUMBER	CONTRACT VALUE	EXPENDITURE TO DATE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS	PERFORMANCE RATING	STARTING
1	Aqua Plan SA	Greater Mnqumeni water supply scheme phases: Upgrade of greater mnqumeni water treatment works	HGDM 769/HGDM/ 2021	R49.494.949.49	R23,920,722,34	The work under this contract shall be executed under a single, Civil, Mechancial and electrical contract. The main contractor shall be the civil contractor and/or mechanical contractor and shall appoint his/her own. Civil and/or mechanical and electrical subcontractors. The work under the contract shall										

include for the full design compilation of construction documents and supply of all materials machinery, electrical and control panels measuring and control equipment, cabling and all necessary units and equipment required at each location, labour, tools, plants, workmanship, supervision transport, water, compresse air , electric power and everything necessary for the due and proper construction and completion of the works and for upholding, operating and maintaining the work during the contract period, all as specified in the Employer's requirements as shown or described hereafter. Raw water will be abstracted from the Ibisi River and pumped to raw water storage reservoir on the site of the existing treatment plants. The proposed treatment plant shall be fed raw water from existing reservoir. The final treated water shall be supplied to the existing potable storage reservoir. The proposed water treatment plant shall be contained in a designated

						• Pumping of final water to existing storage reservoir • Water treatment plant residual handling and wash water recovery (sludge, backwashing and rinsing water). The final treated water shall be disinfected by means of chlorine gas and transferred from the filtered water. Storage tank to the existing treated water reservoirs for distribution to the community. The scope of works for the high lift pumping scheme comprises the following: • Restoration of the design capacity of the pumpstations, including refurbishments where required.										
2	Mabona Civils & Plant hire	Greater Mnqumeni water supply scheme phases 5: Construction of approx. 11m high reinforced concrete abstraction tower and access bridge, construction of brick Pumping station building in abstraction tower installion on of all pumping equipment, pipework and ancillary specials installation of approx.. 515m of 355mm PN 12.5 PE100 HDPE	HGDM 748/HGDM/ 2021	R28,000,0 00,00	R6,746,36 3,16	Establishment of the contractors camp and plant on site and the removal of all site establishment on completion of the contract.	51%	12 October 2022	19 July 2023	10 Months	19 Jul 23	Rain delays, machinery breakdown,	Intervention meeting, accereration plan submitted by the contract or.	Closel monitor Project	4	
3	Msalela Transport	Greater summer field water supply scheme – Supply, installation, Testing and commissioning of electrical and mechanical works	HGDM 724/HGDM/ 2021	R19,632,2 95,36	R19,569,1 86,04	Temporary works to enable construction of the abstraction tower	99%	29 October 2021	30 June 2022	8 Months	15 Dec 22	Delays in pump delivery	Fastrack delivery of pumps	Closely Monitor project	4	
4	Mahlubi Transport and Plant hire	Greater summer field water supply project (Construction of 13,1km 140 –	HGDM 727/HGDM/ 2022	R8,648,01 4,83	R6,774,65 7,05	Greater summer field water supply project	66%	30 November 2022	30 May 2023	5 Months	30 May 23	Delays in providing the contractor with drawings	The contract or still has to submit the application on for extension of time	Closely monitor project	3	

		20mm dia Gravity UPVC/Reticulation on Pipeline Infrastructure and installation on of 31 commual standpipes in Thornbush				(Construction of 13,1km 140 – 20mm dia Gravity UPVC/Reticulation on Pipeline Infrastructure and installation on of 31 commual standpipes in Thornbush										
5	Mbova Constuctio n	Greater summerfield water supply: construction of 7.5km – 90 20mm dia gravity UPVC/Reticulation pipeline infrastructure and installation of 15 of communal standpipes in Blemavillage: contract Number: HGDM774/HGDM/2022	HGDM774/HGDM/2022	R5,681,517,97	R4,516,122,36	Construction of 7.5km – 90-20mm dia gravity UPVC/reticulation pipeline infrastructure and installation on of 15 of communal standpipes in Blemavillage	71%	29 November 2022	15 June 2023	6 Months	15 June 23	Delays in providing the contractor with drawings	The contract or still has to submit the application on for extension of time	Closely monitor project	3	
6	Mbova Constructi on	Greater summerfield water supply: (construction of 2km – 110mm dia gravity UPVC/Reticulation pipeline infrastructure in Mathathane Village.	HGDM771/HGDM/2022	R2,740,876,19	R2,205,140,53	Construction of 2KM – 110M dia gravity UPVC/reticulation pipeline infrastructure and installation on of 15 of communal standpipes in Mathathane Village.	57%	29 Nomber 2022	15 June 2023	6 Months	23 June 23	Delays in providing the contractor with drawings	The contract or still has to submit the application on for extension of time, the proposed revised completion is 23 March 2023	Closely monitor project	4	
7	Sidlakahlel a Catering JV Black Bulls	Greater summerfield water supply: (construction of 12km – 110mm dia gravity UPVC/Reticulation pipeline infrastructure Madakeni Hopewell to Strangers Rest and Magqagqeni Villages.	HGWD 7731 HGDM/2022	R11,659,425,85	R8,089,999,89	Greater summerfield water supply: (construction of 12km – 110mm dia gravity UPVC/Reticulation pipeline infrastructure Madakeni Hopewell to Strangers Rest and Magqagqeni Villages.	63%	29 November 2022	30 June 2023	6 Months	30 June 23	Delays in providing the contractor with drawings	The contract or still has to submit the application on for extension of time	Closely monitor project	4	
8	Mbova Constructi on	Completion of construction of 3.2km 200 – 22mm dia gravity UPVC/HDPE reticulation pipeline, installation on of communal standpipes and ancillary	HGDM6811 HGDM/2020	R8,719,800,33	R1,408,268,50	Completion of construction of 3.2km 200 – 22mm dia gravity UPVC/HDPE reticulation pipeline, installation on of communal standpipes, testing of reservoirs sealing of 1ml and 1.5ml reservoirs connections, completion and installation of valve chambers	79%	03 Feb 2023	03 June 2023	4 Months	n/a	n/a	No action required	None	5	

9	SSR SECURITY MAHLUBI PLANT HIRE	CONSTRUCTION OF BULK SEWER PUMPSTATION AND RISING MAIN	HGDM760/HGDM/2022	R49,177,000,26	R23,627,663,10	CONSTRUCTION OF BULK SEWER PUMPSTATION AND RISING MAIN	35%	3 October 2022	4 April 2024	18 Months	26 May 24	The contractor cannot be reported on MIS. There are challenges in paying contractors as the project still awaits MBPAC approval.	Fastrack MBPAC seating	Monitor project	4	
10	SSR SECURITY MAHLUBI PLANT HIRE	UMZIMKHULU BULK SEWER CONSTRUCTION OF BULK SEWER OUTFALL, CONSTRUCTION OF MANHOLES & JUCTION BOXES UMZIMKHULU BULK SEWER	HGDM759/HGD,/2022	R24,126,108,91	R8,535,786,45	UMZIMKHULU BULK SEWER CONSTRUCTION OF BULK SEWER OUTFALL, CONSTRUCTION OF MANHOLES & JUCTION BOXES UMZIMKHULU BULK SEWER	32%	5 October	4 April 2024	18 Months	4 Jan 00	The contractor cannot be reported on MIS. There are challenges in paying contractors as the project still awaits MBPAC approval.	Fastrack MBPAC seating	Monitor project	5	
11	Imvusa Trading 595cc	Ibisi sewer reticulation	HGDM788/HGDM/2022	R35,877,265,88	R3,178,692,86	Construction of 24km sewer mains 229 toilets top structures, connection on of 334 top structures	9%	5 April 2023	3 April 2024	12 Months	3 Apr 24	The contractor is on site and progressing well	n/a	Monitor project	5	

Contract Management Report: Assessment of Contractors In Terms of Section 116 of the Municipal Finance – Management Act. Act.56 of 2003: CONTRACTOR		UBUHLEBEZWE LM PROJECTS														
NO.	NAME OF SERVICE PROVIDER /JV/ CONSORTIUM(CONTRACTORS)	PROJECT NAME	CONTRACT NUMBER	CONTRACT VALUE	EXPENDITURE TO DATE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS	PERFORMANCE RATING	STARTING
4	Tower City Trading	Ncakubana Water Supply Project – Phase 3	HGDM696/HGDM/2020	R8,972,162,00	R7,677,876,88	Construction of bilk water infrastructure so as to ensure that the communities are provided with an adequate, safe and reliable supply of potable water.	79%	28 July 21	29 Mar 22	9 Months	TBC	1. Change of consultant 2. Change of design 3. Rain Delays 4. Challenge in accessing water treatment works site with landowners	Monitor closely and address land ownership challenge	None	1	
5	Makize Plumbing	Highflats water scheme	HGDM696/HGDM/2020	R8,044,554,48	R7,707,855,06	2KM rising main and internal reticulation, 150 kl steel tank. Communal standpipes, pump house and fencing	100%	12 April 22	12 Dec 22	8 Months	3 Mar 23	Delays in providing the contactor with working drawing	The contractor submitted the application on for extension of time, the proposes date is 3 March 2023	None	3	

SOCIAL SERVICE & DEVELOPMENT PLANNING DEPARTMENT YEAR 22/23

NO.	CONTACT/BID NO.	NAME OF SERVICE PROVIDER/JV/ CONSORTIUM(CONTRACTORS)	PROJECT NAME	CONTRACT VALUE	EXPENDITURE TO DATE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS	PERFORMANCE RATING	STARTING
1	HGDM/742/HGDM/2021	Tsala environment & project consultants	Harry Gwala District municipality	R720,000,00	R216,000,00	15 Sep 22	3 Oct 22	3 Oct 22	18 Months	Development of the Harry Gwala District	The project is on point in terms of the	No intervention required	Close monitoring of work	3		

			Air Quailty management plan							Municipality air quality management plan	work plan, the service provider is currently busy with collection of samples		instruction as well as expenditure patterns.			
2	HGDM 801/HGDM/2022	Sigma info tech	Supply and install the Harry Gwala District Municipality Disaster management information & communication system	R599,680,00	R505,218,00	6 Feb 23	21 Feb 23	6 Feb 25	24 months	Supply, install and maintain the Harry Gwala Disaster management information & Communication System	The project is on point in terms of the work plan, submitted for the supply and installation of the communication system	No intervention required	Close monitoring of work instruction as well as expenditure patterns.	3		

CORPORATE SERVICES

NO.	PROFESSIONAL ENGINEERS	NAME OF SERVICE PROVIDER/JV/ CONSORTIUM(CONTRACTORS)	PROJECT NAME	CONTRACT VALUE	EXPENDITURE TO DATE	BALANCE	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS	PERFORMANCE RATING	STARTING
1	None	Afrirent	Leasing of municipal vehicles (19)	R323,719,88 per month	R28,194,887,29		2013/05/06	2015/08/21	10 Months	Contract expired on 20 June 2022, thereafter month to month until September 2020	None	None	Nil	2	
2	None	Afritrack	Fleet management system	R4,784,00 PER MONTH	R154,134,50		20/07/2021		60 MONTHS	Contract expired September 2026				4	
3	None	Dr LG Nemukongwe	Medical Surveillance	Rates	R600,868,75		06/04/2022	Feb 23	24 MONTHS	Contract ended	None	None	Nil	5	
4	None	Ubuhle Beningizimu Trading	Supply and delivery of covid-19 personal protective equipment	Rates	R63,763,46	R0.00	06/04/2022	Feb 23	12 MONTHS	Contract ended	None	None	None	4	
5	None	Emalangeni technologies	Provision of ICT professional services and suppling of ICT equipment	Rates	R3,129,750,46	n/a	16/08/2021	17 Aug 23	24 Months	17 Aug	None	None	Nil	4	
6	None	Ion Consulting	Provision of ICT professional services and suppling of ICT equipment	Rates	R7,158,047,49	n/a	16/08/2021	17 Aug 23	24 Months	31 Mar 22	None	None	Nil	5	
7	None	Silver Solutions	Website Hosting	Rates	R126,000,00	n/a		31 Aug 22	24 Months	Contract ended	Late payment Of invoices	None	None – Pace Online has been appointed for hosting of municipal website	5	
8	None	Lusikisiki commercial properties	Lease of offices	R5,216,518,26	R5,278,014,71		2012/01/29	2013/11/21	60 Months	Contract ended	None	None	Nil	3	
9	None	Uyabonwa Security	Provision of security services	Rates	R21,126,491,61		15/09/2020	14/08/2023	36 Months	Contract active since 1 October 2020	None	None	Nil	4	

10	None	Magma Security Sevices	Provision of security services	Rates	R32,756,775,08		15/09/2020	14/08/2023	36 Months	Contract active since 1 October 2020	None	None	Nil	4	
11	None	Wise Training Centre	Provision of security services	Rates	R26,556,381,02		15/09/2020	14/08/2023	36 Months	Contract active since 1 October 2020	None	None	Nil	4	
12	None	Pace Online	Website Hosting	R66,240,00	R33,120,00	R33,120,00	01/09/2022		12 Months		None	None	Nil	4	
13	None	Indabuko Creations Project	Supply & delivery, installation and maintenance of the HGDm's Audio visual equpiment	Rates	R380,246,60		22/02/2021		24 Months	Contract ended	None	None	Nil	3	
14	None	Ubuhle Beningizimu Trading	Supply & delivery OF PERSONAL PROTECTIVE EQUIPMENT	Rates	R2,345,432,00		8/12/2022	7/12/2024	24 Months		None	None	Nil	4	
15	None	NASHUA MARITZBURG	Supply & delivery OF STATIONERY	Rates	R479,392,46		06/04/2022	05/04/2025	36 Months	Contract active	None	None	Nil	4	
16	None	VK DISTRIBUTORS	Supply & delivery OF STATIONERY	Rates	R76,360,,00		06/04/2022	05/04/2025	36 Months	Contract active	None	None	Nil	3	
17	None	Harvey World Travel	Travel Agent	Rates	R1,049,372,46						None	None	Nil	2	
18	None	Clean Spot Solutions	Supply & delivery of cleaning and maintanence products	Rates	R371,674,56		03/10/2023	02/10/2026	36 Months	Contract active	None	None	Nil	4	

BUGET AND TREASURY OFFICE DEPARTMENT

NO.	CONTACT/BID NO.	NAME OF SERVICE PROVIDER/JV/ CONSORTIUM(CONTRACTORS)	PROJECT NAME	CONTRACT VALUE	EXPENDITURE TO DATE (JUNE2022)	DATE OF APPOINTMENT	DATE OF COMMENCEMENT	CONTRACT END DATE	DURATION	ENGINEER SCOPE OF WORKS	COMMENTS ON THE STATUS OF THE PROJECT	ACTION/ INTERVENTION REQUIRED	RECOMMENDATIONS	PERFORMANCE RATING	STARTING
1	HGDM737/HGDM/2021	SERENITY FINANCIAL SERVICES	Provision of medium term insurance	Rates only contract	R1,143,653,08	20/07/2021	19/07/2024	19/07/2024	36 Months	Provision of medium term insurance	Ongoing	No intervention required	No intervention required	4	
2	HGDM766/HGDM/2022	AYANDA MBANGA COMMUNICATIONS (PTY) (LTD)	Provision of advertising agent	Rates only contract	R480,603,58	06/04/2024	05/04/2024	05/044/2024	24 Months	Provision of advertising agent	Request for quoatations issued as and when required and an official order is raised	No intervention required	No intervention required	4	
3	HGDM677/HGDM/2019	TRAVEL WITH FLAIR (PTY)LTD	Travel agent	Rates only contract	R13,550,937,87	15/06/2020	14/06/2022	14/06/2022	24 Months	Travel agent	Contract ended	No intervention required	No intervention required	4	

IDP Ref No.	Outcome 9	National Key Performance Area	IDP Strategic Objective	Objective	Strategy	KPI	Revised KPI	Unit of Measure	Revised unit of measure	Budget	Revised Budget	Expenditure as at 30 June 2023	Comparison With the previous financial year		2022/2023 Financial year							POE File Ref No.	PMS Specialist Comments	Portfolio of evidence	Revised portfolio of evidence
													2021/ 2022 Annual Target	2021/ 2022 Annual Actual	Target No.	2022-2023 Annual Target	Revised 2022-2023 Annual Target	2022-2023 Annual Actual performance	Target met/ not met	Reasons for underperformance/ deviance/ comments	Remedial Action				
REF No. 01BSD 2022/ 2027: 1.1	Improved access to basic services	Basic Service Delivery	To improve the coverage, quality, efficiency and sustainability of water and sanitation services in all urban and rural communities	To improve the coverage, quality, efficiency and sustainability of water and sanitation services in all urban and rural communities	By ensuring that all water objects are implemented to eradicate water backlogs within the stipulated time frames, quality and approved budget.	1.1.1.1 percentage of households with access to basic water for the first time through new projects (403 HH)	Percentage of households with access to basic water for the first time through new projects (500HH)	Percentage	Not revised	1.1.1.1 R15,692,174.00 1.1.2.1 R9,347,826.00 2. R7,769,566.00 3. R12,608,697.00 1.1.3.1. R3,886,087.00 1. R8,260,865.00	1.1.1.1. R15,250,718.00 1.1.2.1. R3,647,920.00 2. R6,023,758.00 3. R5,783,694.00 4. R7,135,432.00 1.1.3.1. R4,509,767.00 1. R7,562,0812.00 1.1.4.1. R7,562,082.00	1.1.1.1. R15,927,250.44 1.1.2.1. R6,060,842.82 2. R6,023,758.00 3. R6,256,642.45 4. R9,082,017.41 1.1.3.1. R4,509,766.32 1.1.4.1. R8,140,580.85	50%	41.52%	1.1.1	100%	Not revised	100%	Target Met	Achieved number of HH that have received access to water for the first time/total number of HH as per the business plan (of the targeted project) X 100 (500/500) X 100	N/A	Q1=N AQ2=/A Q3=N/ AQ4=F (SOFT COPY)	POE verified hence target met	Signed consultant report	1. Signed consultant Report 2. Business Plan 3. SAC approval 4. Beneficiary list
					By ensuring that all sanitation projects are implemented to eradicate backlog within the stipulated time frames and approved budget	1.1.1.2. percentage of households with access to basic water for the first time through refurbishment work (241)	1.1.1.2. percentage of households with access to basic water for the first time through refurbishment work (212 HH)	Percentage	Not revised				100%	19.7%		100%	Not revised	100%	Target Met	Achieved number of HH that have received access to water for the first time/total number of HH as per the business plan (of the targeted project) X 100 (212/212) X 100	N/A	Q1=N/A Q2=N/A Q3=N/ AQ4=F (SOFT COPY)	POE verified hence target met	Signed consultant report	1. Signed consultant Report 2. Business Plan 3. SAC approval 4. Beneficiary list
						Percentage of expenditure spent on capital projects (WSIG)	Not revised	Percentage	Not revised				100%	100%	1.1.2.	100%	Not revised	100%	Target Met	(Total Expenditure/ Total Allocation) x100 R85 000 000/R85 000 000 x 100	N/A	Q1=1 Q2=1 Q3=A Q4=F (SOFT COPY)	POE verified hence target met	Expenditure Report	Not revised
REF No. 01BSD 2022/ 2027: 1.2			To improve coverage, quality, efficiency and sustainability of and sanitation in all urban and rural communities	By ensuring that all sanitation projects are implemented to eradicate backlog within the stipulated time frames and approved budget		Percentage of households with access to basic sanitation for the first time (217 HH)	Not revised	Percentage	Not revised	1.2.1.1 R5,995,653.00	R5,949,227.00	R5,949,226.80	100%	101.27%	1.2.1	100%	Not revised	102.3%	Target Met	(Achieved number of HH that has received access to sanitation for the first time/total number of HH as per the request x100 (222/217) * 100 Performance slightly exceeded by 5 more due to the rising need to ensure that the community's dignity is valued.	N/A	Q1=2 Q2=NA Q3N/AQ =NA	POE verified hence target met	1. Beneficiary List 2. Happy Letter with Identity Documents	Not revised
REF No. 01BSD 2022/ 2027: 2.1				To ensure that WSA is fully complying to its mandate as set by the Department of waste and sanitation.	By reviewing Water policies and By-laws	Date in which water services policies were adopted by council	Not revised	Date	Not revised	2.1 R300,000.00	2.1 R427,000.00	R0.00	30 June 2022	28 June 2022	2.1.1.	30 June 2023	Not revised	30 May 2023	Target Met	All HGDM policies were adopted by May together with the municipality's strategic planning documents so as to ensure alignment in the implementation of all plans.	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=G	POE verified hence target met	Council resolution for reviewed water policies	Not revised
						Date in which Afrikaans interpreted Water Services By-laws were adopted by council	Not revised	Date	Not revised			R400,000.00	New enabler	New enabler	2.1.2	30 June 2023	Not revised	30 May 2023	Target Met	All HGDM policies as well as by-laws were adopted by May together with the municipality's strategic planning documents so as to ensure alignment in the	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=G	POE verified hence target met	Council resolution for Afrikaans interpreted water services by-laws	Not revised

																				implementation of all plans.					
REF No. 01BSD 2022/2027: 2.2				To ensure that HGDM fulfills its WSA function as mandated by the legislation and regulated by the Department of Water and sanitation.	Provide HGDM communities with portable water that complies with SANS 241 and dispose effluent that is of good quality and not harmful to humans or the natural environment.	Number of water quality monitoring reports submitted to DWS.	Percentage of compliant water quality provided to communities as required by National Department of water and sanitation.	Number	Percentage	R2,500,000.00	R 5,109,942.00	R5,069,235.90	New enabler	New enabler	2.2.1	24	95%	99%	Target Met	N/A	N/A	Q1=3 Q2=2 Q3=B Q4=H	POE verified hence target met	Water quality monitoring reports.	DWS Institutional Compliance Reports for Drinking water.
REF No. 01BSD 2022/2027: 2.2						Number of water quality monitoring reports submitted to DWS.	Percentage of compliant water quality provided to communities as required by National Department of water and sanitation.	Number	Percentage				New enabler	New enabler	2.2.2	24	99%	7.5%	Target Not Met	Most of HFDM waste water systems had recorded the "no flows during quarter 3" this was due to load shedding that affected the functioning of waste water systems.	O & M to motivate for the procurement of standby generators for all waste water treatment facilities across the district to ensure that even when there is load shedding, the flow doesn't get interrupted. This will be engaged on during the adjustments budget process which will then decide if the proposal is considered. There will be a follow up on this by the 28 February 2024.	Q1=3 Q2=2 Q3=B Q4=H	POE verified hence target met	Waste water quality monitoring reports.	DWS Institutional Compliance Reports for Waste water/Effluent.
REF No. 01BSD 2022/2027: 2.2				To assess performance of each unit process against design capacity	By evaluating the performance of each unit by council against design capacity and further document possible remedial measures.	Number of Waste Treatment works process Audits completed and adopted	Not revised	Number	Not revised	R 4,000,000	R7,242,018	R7,202,018	9	9	2.2.3	9	Not revised	20	Target Met	Due to Blue Drop Assessment 2022/23, the municipality had to audit all 20 water treatments works and develop water safety plans for all 20 water supply systems within the district.	While budgeting, HGDM will have to find out from DWS what will be assessed for the financial year in question. For	Q1=N/A Q2=N/A Q3=N/A Q4=I(+ Soft copies of process audits)	POE verified hence target met	Process audits Council Resolution.	Not revised

																				2023/24, HGDM has managed to source this information and therefore will be no variance /deviations on the 2023/4 SDB IP Reporting				
REF No. 01BSD 2022/2027: 2.2				To ensure that HGDM strengthens its relations with communities and further develop communities socially on the water services functions	By facilitating and conducting stakeholders engagements, awareness campaigns and workshops. By encouraging public participation on municipal planning (IPD)	Number of awareness campaigns/ war rooms initiated.	Not revised	Number	Not revised	R0.00	R0.00	R0.00	16	52	2.2.4.	16	Not revised	34	Target Met	13 July 2022; 28 July 2022; 13 July 2022; 8 August 2022; 24 August 2022; 19 July 2022; 8 November 2022; 17 November 2022; 8 November 2022; 2 November 2022; 26 October 2022 (Blema); 26 October 2022 (Jolievet); 19 October 2022; 11 October 2022 (Dumisa); 11 October 2022 (Gwijendlini); 5 October 2022; 31 January 2023; 14 February 2023; 7 March 2023; 30 January 2023; 17 February 2023; 1 March 2023; 9 February 2023; 10 March 2023; 15 March 2023; 7 June 2023 (Mzwandile); 7 June 2023(Nonkwenkwana); 17 May 2023; 12 May 2023; 9 May 2023 (Xosheyakhe); 9 May 2023 (Sizizizwe); 25 April 2023; 18 April 2023. Water Services was invited to a number of war room by local municipalities and this led to over achievement on the set target.	N/A	Q1=4 Q2=3 Q3=C Q4=J	POE verified hence target met	1. War room reports 2. War room and awareness campaign attendance registers	Not revised
REF No. 01BSD 2022/2027: 2.2				To adhere to Batho Pele principles and comply with DWS KPI 7 of the Regulatory Performance Measurement System	By taking municipal services to people and ensuring that customer complaints are attended to.	Number of customer care awareness road shows conducted	Not revised	Number	Not revised	R200,000.00	R200,000.00	R0.00	11	22	2.5.		Not revised	19	Target Met	15 November 2022; 9 November 2022; 27 October 2022; 21 October 2022; 4 October 2022; 12 October 2022; 4 November 2022; 3 October 2022 (Washbank); 3 October 2022 (Mzwandile); 28 March 2023; 30 March 2023; 17 January 2023; 10 February 2023; 22 March 2023; 15 March 2023; 16 March 2023; 1 March 2023; 9 March 2023; 14 March 2023; There has been an increase in the need to make	N/A	Q1=N/A Q2=3 Q3=C Q4=N/A	POE verified hence target met	Road shows attendance register.	Not revised

																			awareness's on ensuring that the community understands the impact of infrastructure vandalism as it is meant to service them with quality basic services.					
REF No. 01BSD 2022/2027: 2.2						Number of customer satisfaction survey conducted	Not revised	Number	Not revised				400	465	2.2.7.	400	Not revised	405	Target Met	Performance slightly exceeded due to ensuring that the services rendered to the community are well received and to ascertain the level of satisfactory by the community in order for the municipality to know where to improve.	N/A	Q1=6 Q2=4 Q3=E Q4=K	POE verified hence target met	Customer satisfaction survey report.	Not revised.
REF No. 01BSD 2022/2027: 2.3				To ensure that all HGDM water services schemes are functional.	By repairing all water and sanitation schemes as per complaints received and adherence to Maintenance Plan	Percentage of complaints resolved within 48 hours	Not revised	Percentage	Not revised	2.3.1 R9,500,000.00 2.3.2 R13,000,000.00 2.3.3 R6,000,000.00 2.3.4 R5,500,000.00 2.3.5 R6,000,000.00 2.3.6 R0.00 2.3.7 R3,000,000.00 2.3.8 R0.00	2.3.1 R14,500,678.00 2.3.2 R19,370,514.00 2.3.3 R10,058,302.00 2.3.4 R8,516,064.00 2.3.5 R6,829,038.00 2.3.6 R0.00 2.3.7 R2,285,060.00 2.3.8 R0.00	2.3.1 R11790,092.46 2.3.2 R20,467,438.06 2.3.3 R9,774,505.64 2.3.4 R7,612,154.04 2.3.5 R5,196,260.83 2.3.6 R0.00 2.3.7 R1,890,198.30 2.3.8 R0.00	60%	49.9%	2.3.1	55%	Not revised	0%	Target Not Met	The customer complaints received were all attended to within 48hours; the user department has developed the template populated manually, however, it was not easy to prove if indeed these were resolved as the template could not indicate the time, date when the complaint was reported and resolved. The procurement of an automated system will resolve this issue as it will be generated by the system and will be able to record all details to prove the turnaround time. This system will ensure consistency in the template produced.	Whilst awaiting the procurement process on the system, the user department will work on improving the manual reporting template to ensure consistency as well as accuracy of information. There has been engagements on the procurement of a new system through a full tender process. The specific action has been prepared and submitted to the specification committee. ICT has been tasked to ensure the advert is issued by no late than the 18 August 2023. This process will have to follow the tender	Q1=7 Q2=5 Q3=7 Q4=L (Soft Copy)	POE verified hence target not met	Customer care report	Not revised.

																				process that requires that advert be issued, followed by the sitting of the Bid Evaluation Committee that has to sit within 14 days after the advert closing date, within 7 days after the evaluation for the sitting of the Bid Adjudication Committee then the 14 day notice for the intention to award. This whole process is anticipated to unfold no later than 31 December 2023.				
REF No. 01BSD 2022/2027: 2.3				To ensure that water and sanitation strategic plans are developed.	By developing water services strategic plans.	Date in which the: 1. WSDP was reviewed and adopted by council 3. Infrastructure Asset Management Plan was adopted by the Council. 4. 3. Sewerage Master Plan was adopted by the council.	Date in which the WSDP was reviewed and adopted by council.	Date	Not revised	R2,500,000.00	R1,206,490.00	R411,194.00	30 June 2022	27 May 2022	2.3.2	30 June	Not revised	27 June 2023	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=M	POE verified hence target met	Council Resolution	Not revised
REF No. 01BSD 2022/2027: 2.4				To research, planning and design water and waste water systems for the purpose of providing sustainable water and sanitation services	By conducting feasibility studies, Environmental Impact Assessment, land acquisition, business planning and designing water and waste water systems.	Number of Technical Feasibility Reports prepared	Not revised	Number	Not revised	1. Technical Feasibility Reports 1.1. R434,783.00	1. Technical Feasibility Reports 1.1. R0.00 1.2. R 954,540.00 1.3. R11, 596,256.00	R0.00	3	3	2.4.	4	3	3	Target Met	N/A	N/A	Q1=8 (Soft Copy) Q2=6 (Soft Copy) Q3=N/A Q4=N/A	POE verified hence target met	Technical Feasibility Reports	Not revised

REF No. 01BSD 2022/2027: 2.5				To research, plan and design water and waste water systems for the purpose of providing sustainable water and sanitation services	By conducting feasibility studies, Environmental Impact Assessments, land acquisition, business planning and designing water and waste water systems.	Number of projects with completed designs.	Not revised	Number	Not revised	2. Designs and Drawings 1.1. R4,347,832.00	2. Designs and Drawings 2.1 R0.00 2.2. R955,450.00 2.3 R 11,596,256.00	R0.00	3	3	2.5.	4	3	3	Target Met	N/A	N/A	Q1=N/A Q2=7 (Soft Copy) Q3=N/A Q4=(Soft Copy)	POE verified hence target met	Design Reports and Drawings	Not revised
REF No. 01BSD 2017/2022: 2.5	Improved access to basic services	Basic service delivery	To improve coverage, quality, efficiency and sustainability of water and sanitation services in all urban and rural areas	To improve coverage, quality, efficiency and sustainability of water in all urban and rural communities	By ensuring that all water projects are implemented to eradicate water backlog within the stipulated time frames, quality and approved budget.	Percentage of households with access to basic water for the first time (945 HH)	Percentage of households with access to basic water for the first time (1683HH)	Percentage	Not revised	1.1.1.1 R1,739,131.00 1.1.2.1 R1,739,130.00 1.1.3.1 R18,652,175.00 1.1.4.1 R3,391,305.00 1.1.5.1 R8,695,653.00 1.2.1.1 R1,739,131.00 1.2.1.2 R941,854.00 1.2.1.3 R57,130,435.00 1.2.1.4 R1,739,131.00 1.2.1.5 R0.00 1.3.1.1 R4,347.00 1.3.1.2 R70,087.00 1.3.1.3 R13,479.00 1.3.1.4 R2,608,696.00 1.3.1.5 R86.00 1.3.1.6 R1,131.00 1.3.1.7 R11,895,653.00 1.3.1.8 R26,086,957.00 1.3.1.9 R2,608,696.00 1.3.1.10 R17,395.00 1.4.1.1 R3,478,261.00 1.4.1.2 R13,480,517.00 1.4.1.3 R869,566.00 1.4.1.4 R2,608,696.00 1.4.1.5 R3,478,261.00	1.1.1.1 R7,000,000.00 1.1.2.1 R22,459,137.00 1.1.3.1 R33,721,359.00 1.1.4.1 R5,902,254.00 1.1.5.1 R7,165,847.00 1.2.1.1 R2,950,335.00 1.2.1.2 R7,689,593.00 1.2.1.3 R4,141,009.00 1.2.1.4 R0.00 1.2.1.5 R0.00 1.3.1.1 R3,378,600.00 1.3.1.2 R1,500,00.07 1.3.1.3 R32,097,002.00 1.3.1.4 R0.00 1.3.1.5 R0.00 1.3.1.6 R0.00 1.3.1.7 R71,278,791.00 1.3.1.8 R0.00 1.3.1.9 R0.00 1.3.1.10 R0.00 1.4.1.1 R0.00 1.4.1.2 R0.00 1.4.1.3 R0.00 1.4.1.4 R0.00 1.4.1.5 R0.00	1.1.1.1 R816,537.47 1.1.2.1 R10,049,520.76 1.1.3.1 R8,338,784.13 1.1.4.1 R22,170,000.90 1.1.5.1 R3,178,692.85 1.2.1.1 R13,829.56 1.2.1.2 R120,735.37 1.2.1.3 R625,843.83 1.2.1.4 R0.00 1.2.1.5 R0.00 1.3.1.1 R0.00 1.3.1.2 R0.00 1.3.1.3 R77,8670.56 1.3.1.4 R0.00 1.3.1.5 R0.00 1.3.1.6 R0.00 1.3.1.7 R153,262.50 1.3.1.8 R0.00 1.3.1.9 R.0.00 1.3.1.10 R0.00 1.4.1.1 R0.00 1.4.1.2 R0.00 1.4.1.3 R0.00 1.4.1.5 R0.00	13%	0	1.1.1.	2.06%	100%	0%	Target Met	(Achieved number of HH that has received access to water for the first time/ Total number of HHN as per the business plan (of the targeted projects) x100 for Khukhulela project there is slow progress on the implementation of projects due to late appointments of the consultants. The contract or that is doing the package plant fell behind program due to reasons beyond his control. This part of the project is the one that was going to clean the water before it gets reticulated to the communities. The contract or will now complete the projects during first quarter of 2023/24 financial year based on the approved revised program works and also approved before time. For High flat by projects the contract or that was appointed for the project has fully (100%) completed their scope of works. Their scope of works has not been included in the construction of the by treatment plant. When the project was completed, we were able to fill up the 150kl tank for the purpose of testing the lines and also the functionality of the stand pipes. It was at this time that we discovered that the water quality was not up to standard, and the water needed to be treated. This matter was communicated to the Project Steering Committee and the CLO.	For Khukhulela project the department is working tirelessly to ensure that the projects gets completed by the 30 June 2023 to ensure that the mandate of the municipality is achieved through water access by the communities. On another projects, consultants appointments have since been done and progress reported on the fourth quarter extension of time for the contract or did approve the municipality and the project will now be completed by the First quarter of 2023/24 financial year. The contractor has completed the construction of all the	Q1=N/A Q2=N/A Q3=1 Q4=1	POE verified hence target not met	Signed consultant report	1. Signed consultant report 2. Business plan 3. SAC approval 4. MIG/NOR approval 5. Beneficiary list

																				bulk lines, Package plant, 500kl reservoir , reticulation lines, equipping of x2 boreholes, pump house and stand pipes. The municipality is currently in the process of appointing a contractor for the construction of the 1ML concrete reservoir in the 2023/24 financial year. For highflats project we have since applied and got an approval for a Variation on order to the treatment plant to the value of R1 190 707.01. This VO will also cover the Eskom connection line.				
						1.1.3 1. Percentage of expenditure spent on capital projects (MIG)	Percentage of expenditure spent on capital projects (MIG)	Percentage	Not revised				100%	100%	1.2.1.	100%	Not revised	90.65%	Target not Met	(Total expenditure/Total allocation) x100 R209 405 207.87/R231 011 000.00 X100 1. Mnqumeni Water scheme was stopped by the Department of environment due to some non-compliance issues and that affected our expenditure as there was not work. We could not register the Raising of Kempsdale Dam wall through the municipal. The business plan appraisal committee (MBPAC) due to delays in getting the land agreement signed between the	1. Early registration of projects for the 23/24 financial year. 2. Ensure that all our projects are in compliance with all the governing laws to of the environmental issues. The municipality has advertised fourth projects to the estimate	Q1=2 Q2=2 Q3=2 Q4=2	POE verified hence target not met	Signed certificate of expenditure by the municipality	Not revised

																			Municipality and the Landowners. This affected one of our big projects. Our projects namely Mbizwe Sewers, greater Summerfield, Ibisi Sewers and Khukhulela Water supply were approved very late(May 2023) by the MBPAC. 2. We spent a lot of time not paying the contract or as the projects were not registered and this affected onsite progress as well as their expenditure. 3. Reticulation of Maggagqeni was stopped by court Order as one of the farm owners indicate that we were working their land.	d value of 110 Million and expected expenditure as the value of R114 479 825.24 a total of R224 479 825.24. The other two contracts are being finalized for advertisment and the total of R146 364 997.14. The value of contracts that are marked for 2023/24 on expenditure amounts R370 844 822 3. 38 which suffice to				
REF No. 01BSD 2017/2022: 1.3.				To improve coverage, quality, efficiency and sustainability of sanitation in all urban and rural communities	By ensuring that all sanitation projects are implemented to eradicate backlog within the stipulated timeframes and approved budget	Total number of households connected to sewer water borne for the first time	Not revised	Number	Not revised	R80,695,653.00	R7,165,847.00	R3,465,588.15	334	0	1.3.	334	Not revised	0	Target not met	The project took too long to get registered by the MBPAC and also delays on the contract appointment was only done during the month of April 2023 and that affected planned target.	Contractor has been appointed and they are currently onsite and the project will be completed after 8 months. The project is currently 27% complete. E: The plan is to have bulk earthworks complete by end of September, pipe laying by end October and have manholes completed by mid-December 2023.	Q1=N/A Q2=N/A Q3=N/A Q4=3	POE verified hence target not met	Signed consultant Report/ Completion certificate, register indicating the beneficiaries (Street name and house numbers)	Not revised
REF No. 01BSD				To increase work opportunities and	By creating employment within the District	Number of jobs created through	Not revised	Number	Not revised	1.4.1. R5,221,000.00	1.4.1. R5,221,000.00	1.4.1. R5,221,000.00	250	370	1.4	170	Not revised	413	Target Met	The rate of unemployment remains a challenge hence	N/A	Q1=4 Q2=N/A Q3=N/	POE verified hence target met	Employment contract(s)	Not revised

2017/2022: 1.4.				income support to poor and unemployed people through labour intensive delivery of public, community asset and services.	throughout the capital projects and programmes.	EPWP Grant									.1					the municipality strives to ensure that more jobs are created to decrease the rate of unemployment through the DPW grant which is slightly above R5 millions Rands.		AQ4=N/A			
REF No. 01BSD 2017/2022: 1.4.						Number of Jobs created through capital projects	Not revised	Number	Not revised	R0.00	R0.00	R0.00	55	56	1.4.2	45	295	394	Target Met	Water services has new schemes that needed more water monitors so as to ensure that the community is well serviced.	N/A	Q1=5 Q2=5 Q3=5 Q4=4	POE verified hence target met	Employment Contraction (s)	Not Revised
REF No. 01BSD 2017/2022: 1.5.				To ensure that municipal buildings are maintained effectively	By measuring the no of complains or requests vs the response pertaining reported to cases	Percentage of requests resolved	Not revised	Percentage	Not revised	1.4.2. R3,500,000	R5,022,821.00	R4,139,506.02	70%	93.18%	1.5.2.	70%	Not revised	92.31	Target Met	(Number of requests resolved/ Number of requests received) X100 60/65 X 100 This was due to the nature of the incidents reported that did not require lengthy processes to attend to hence the target could be met.	N/A	Q1=6 Q2=6 Q3=6 Q4=5(+ SOFT COPY FOR ANNUAL)	POE verified hence target met	Summary with the total number of requests received vs total number of requests resolved	Not revised
REF No. 03GGP 2022/2027: 3.1	Deepen democracy through a refined ward committee system	Good governance and public participation	To have improved systems and procedures that enhance administrative function and improvement	To showcase and market the district	By continuously updating communities on existing and new service delivery programmes and projects	Date by which the order for marketing material is issued	Not revised	Date	Not revised	R300,000	R298,984	R298,984	21-Dec-21	16 & 30 September 2021; 17 November 2021	3.1.	31-Dec-22	Not revised	15-Nov-2022	Target Met	Target met before expected time due to the user department being proactive in ensuring that the municipal marketing material gets delivered on time so as to allow workers to be able to plan for the following year as these were through diaries and calendars	N/A	Q1=N/A Q2=1 Q3=/ AQ4=N/A	POE verified hence target met	Order	Delivery note
REF No. 03GGP 2022/2027: 3.3			Interaction between the municipality and members of the public	To provide reasonable assurance that the municipality adheres to applicable laws and regulations.	By convening audit committee held meetings and reporting to the council	Number of audit committee meetings	Not revised	Number	Not revised	R450,000.00	R450,430.00	R260,631.39	4	5	3.1.	4	Not revised	5	Target Met	Over achievement has been caused by a need to convene a special audit committee meeting to deal with Auditors General's action plan.	N/A	Q1=1 Q2=1 Q3=1 Q4=21	POE verified hence target met	Attendance register	Not revised
REF No. 03GGP 2022/2027: 3.3				To ensure effective fraud and corruption risk management within the municipality	By providing a framework for fraud and corruption risk management and ensuring effective implementation	Number of risk Ethics and Anti-fraud committee meetings held	Number of risk management committee meetings held	Number	Not revised			R153,000.00	4	4	3.3	4	Not revised	4	Target met	N/A	N/A	Q1=2 Q2=2 Q3=2 Q4=6	POE verified hence target met	Attendance register	Not revised
Ref No. 03GGP 2022/2027: 3.3				To ensure effective fraud and corruption risk management within the municipality	By providing a framework for fraud and corruption risk management and ensuring effective implementation	Date in which risk assessment workshop is conducted	Not revised	Date	Not revised	R300,000.00	R248,000.00	R168,000.00	31-Mar-22	21, 22, 25, 26, 28 April 2022; 3 May 2022; 1 June 2022	3.3.4	30-Jun-23	Not revised	7-14 March 2023	Target Met	Risk Assessments were conducted in Quarter 3 as per Risk implementation plan	N/A	Q1=N/A AQ2=N/A Q3=N/A AQ4=22	POE verified hence target met	Attendance register	Not revised
REF No. 02MTRANS 2022/	A skilled and capable workforce to support	Municipal transformation and institutio	To ensure a smooth functioning of council is able to	To ensure effective communication internally	By developing a newsletter on a	Number of newsletters developed and published	Not revised	Number	Not revised	R700,000.00	R930,000.00	R697,500.00	3	2	4	4	Not revised	3	Target not met	The service provider has a contract with the municipality which they did not adhere to in terms	As a long-term remedial plan, the user	Q1=3 Q2=3 Q3=3 Q4=23	POE verified hence target not met	Copy of newsletters	Not revised

2027: 4.6.	inclusive growth	nal develop ment	deliver as per the IDP	and externally	quarterly basis															of delivery. On the 25th July 2023 a meeting was arranged with the service provider so as to seek their reasons for non-delivery. The service provider did not attend and reported that they were not feeling well, however delivered on the 26th July 2023	departm ent has arranged a meeting with the service provider, BOT, and legal services to discuss importan ce of adheren ce to the SLA as well as the process for possible terminati on if this occurs in the future. This meeting has set on the 16th August 2023 and the service provider was made aware of the consequ ences should this repeat itself if and he has committ ed to ensuring that this will never happen again.				
REF No. 2MTR ANS 2022/ 2027: 4.1.	A skilled and capable workforce to support inclusive growth	Municipa l transfor mation and institutio nal develop ment	To ensure a smooth functioning of council and that staff complemen t is able to deliver as per the IDP	To ensure that the municipalit y actually spend the percentage of a municipaliti es budget on implementi ng its work place skills plan	By developing a work place skills plan	Number of trainings conducted	Not revised	Number	Not revised	4.1. R1,600,000 .00	4.1 R1,130,004.0 0	R272,539.84	15	41	4 . 1 . 1	25	21	24	Target Met	This was exceeded due to some training planned by external stakeholders like SALGA, CIGFARO, etc.	N/A	Q1=1 Q2=1 Q3=5 Q4=1	POE verified hence target met	Attendance Register(s)	Not Revised
						Percentage of budget spent on work place skills plan	Not revised	Percenta ge	Not revised				35%	59.4%	4 . 1 . 2	100%	60%	24.12%	Target Not Met	(Total Budget spent on trainings/ Total allocation for trainings) X 100 R272,539.84/ R1,130,004.00 X	There will be re-advertise ments and the process is anticipat ed to unfold within the second quarter of the 2023/20 24 financial requirem ent year.	Q1=2 Q2=2 Q3=6Q4 =3	POE verified hence target not met	Expenditur e report with a detailed calculation (G040)	Not revised

																					Requisition memos were prepared and submitted to SCM however, the service providers that were bidding could not meet the requirement as a result to allow compliance with the SCM as well as expenditure. No appointments were made which led to the training not conducted processes which is no later than 31 December 2023				
						Date in which WSP was submitted to LGSETA	Not revised	Date	Not revised				30-Jun-22	29-Apr-22	4.1.3.	30-April-23	Not revised	26-April-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=4	POE verified hence target met	Proof of submission / acknowledgement letter	Not revised
REF No. 02MTRANS 2022/2027: 4.2				To capacitate supply chain management officials and Bid committee members	By developing a workplace skills plan	Number of officials trained on SCM	Not revised	Number	Not revised	4.2. R600,001.00 4. R300,000.00 2. R200,000.00 3. R100,001.00	R0.00	R0.00	25	26	4.2.	20	Not revised	0	Target not met	There was an adjustment made during the adjustments process and the capacitation of SCM officials was adjusted to budget.	In the 2023/2024 this indicator has been totally removed until the municipality is able to secure funding for capacitating SCM officials. To ensure that the SCM officials are always par with the requirements of the SCM regulations, BTO did arrange a workshop on the PPPFA that took place on	Q1=N/A Q2=N/A Q3=N/A Q4=N/A	POE verified hence target not met	Attendance register	Not revised

																				the 30 January 2023 and 23 February 2023.				
REF No. 02MT RANS 2022/ 2027: 4.3.				To implement the integrated health and wellness strategy to ensure a healthy, motivated and dedicated workforce	By implementing the integrated health and wellness strategy	Number of health and wellness activities implemented	Not revised	Number	Not revised	4.3.1. R200,000,000			7	7	4.3.	7	8	16	Target Met	Reason for overachievement is as a result of a rising need to capacitate employees on safety matters so as to ensure that there is adherence to the occupational health and safety within the municipal environment	N/A	Q1=3 Q2=4 Q3=7 Q4=5	POE verified hence target met	1. Attendance Register 2. Invoices only for fire extinguishers and signages	1. Attendance register. 2. Delivery notes only for fire extinguishers and signages
REF No. 02MT RANS 2022/ 2027: 4.4				To implement the employment equity plan by ensuring that the number of people from employment equity target groups are employed in the three highest levels of management	By implementing the employment equity plan	Date by when the employment equity plan is submitted to the department of Labor	Date by when the employment equity report is submitted to the department of Labor	Date	Not revised	R0.00	R0.00	R0.00	15-Jan-22	12-Jan-22	4.4.1	15-Jan-23	Not revised	12-Jan-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=15 Q=N/A	POE verified hence target met	Acknowledgement letter and EEA2, EEA4 reports	Not revised
REF No. 02MT RANS 2022/ 2027: 4.4				To implement the employment equity plan by ensuring that the number of people from employment equity target groups are employed in the highest levels of management.	By implementing the employment equity plan	Number of previously disadvantaged individuals employed	Number of people from employment equity target groups employed in the three highest levels of management in compliance with a municipality's approved employment equity plan	Number	Not revised	R0.00	R0.00	R0.00	New Enabler	New Enabler	4.4.2.	5	46	44	Target not met	The department had anticipated that the ED for water services as well as the Manager strategic support would have been appointed.	Anticipating the appointment of the ED for water services to unfold in the 2023/2024 financial year. The interviews have already been held for the ED water Service on the 2nd August 2023. Considering the recruitment processes for the S54A/56 Managers, the municipality anticipates the filling of the post by no later than 30 September 2023. As for the manager strategic support,	Q1=N/A Q2=N/A Q3=N/A Q4=2	POE verified hence target not met	Appointment letter	Municipality's Employment Equity Plan

																				the municipality has an acting incumbent in place to ensure the execution of duties				
REF No. 02MTRANS 2022/2027: 4.4				To ensure proper management of municipal fleet	By installing fleet management system	Date by when the fleet management system is installed	Not revised	Date	Not revised	R153,005	R260,554	R251, 943.37	30-Sep-21	28 & 29 August 2021	4.4.3.	31-Mar-23	30-Jun-23	0	Target not achieved	The fleet management system is dependent on the delivery of new municipal vehicles which will then lead to them being installed with the fleet management system. New municipal vehicles were only delivered exactly on the 30 June 2023.	As the vehicles have been delivered, corporate services department is anticipating the installation of a fleet management system on all new municipal vehicles by the end of September 2023	Q1=N/A Q2=N/A Q3=N/A Q4=N/A	POE verified hence target not met	Installation Certificate	Not revised
REF No. 02MTRANS 2022/2027: 4.5				To provide secure ICT infrastructure which delivers appropriate levels of data confidentiality and integrity	By ensuring that all annual subscriptions are paid for.	Number of software licenses renewed.	Not revised	Number	Not revised	4.5. R3,500,000.00	R3,498,310.00	R3,482,983.61	6	7	4.5.	6	Not revised	2	Target Not met	The department achieved 6 however due to the dates on the invoices reflecting that the 5 licenses were renewed during the first quarter as are dated the 30 June 2022, 6th September and 1st September, this has led to an achievement of only 2 renewed during the second quarter	This has since been achieved as they were already renewed prior the second quarter. In addition, the department has taken a resolution to have monthly departmental meetings and make the SDBIP a standard item so as to track progress and ensure that all officials are aware of what is due per quarter as well as ensuring that adequate evidence is available.	Q1=N/A Q2=6/A Q3=N/A Q4=N/A	POE verified hence target not met	Proof of renewal and invoice	Not revised

REF No. 02MTRANS 2022/2027: 4.7.				To provide adequate back up storage for municipal data and information	By procuring server	Date in which the procuring and clustering of server was completed.	Date in which the data (e-mails, payroll and human resources) will be migrated to the cloud.	Date	Not revised	4.7. R1,500,000	R617,000.00	R410,050.00	New Enabler	New Enabler	4.7.1.	31-Mar-23	30-Jun-23	05-08 June 2023	Target met	The target was met in the 3rd quarter due to the efficiency of the ICT unit in ensuring that all processes were initiated earlier.	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=6	POE verified hence target met	Invoice and server pictures	Invoice
REF No. 02MTRANS 2022/2027: 4.7.				To provide secure ICT environment with the municipality	By conducting ICT awareness's	Number of ICT awareness's conducted	Not revised	Number	Not revised	R350,000.00	R300,000.00	R300,000.00	4	13	4.7.2.	4	Not revised	20	Target met	Reason for overachievement is as a result of conducting awareness's per department as well as the need to make employees aware of the safety of information due to rising incidents whereby systems are getting hacked.	N/A	Q1=7 Q2=7 Q3=16 Q4=7	POE verified hence target met	Attendance Register	Not revised
Ref No. 04LESOC2022/2027: 6.1	A long and healthy life for all South Africans	Cross cutting interventions	To create functional urban, regional and human settlements whilst protecting the environment	To provide for an integrated and coordinated disaster management that focuses on preventing/reducing the risk of disasters	By developing a fully equipped disaster management Centre	Date in which the installation of and training on the disaster management communication system takes place	Not revised	Date	Not revised	R695,653.00	R695,653.00	R439,320.00	New Enabler	New Enabler	6.1.3.	30-Jun-23	Not revised	2-3 March 2023	Target Met	Target was met earlier due to the users as well as ICT seeking to ensure that all understands how the system works and so that it will operate as soon as possible.	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=8	POE verified hence target met	Attendance Register	Not revised
REF No. 04LESCO2022/2027: 7.8				To update spatial information and improve the quality of GIS in the municipality	Spatial Data collection and hardware procurement	Date in which a plotter is procured	Not revised	Date	Not revised	R434,783.00	R434,783.00	R0.00	New Enabler	New Enabler	7.8.2.	31-Mar-23	30-Jun-23	0	Target not met	The plotter will be leased alongside the municipal printers to save costs in terms of maintenance. The reason for leasing as well is due to the changes in technology which then compromises the municipality. Leasing will assist in ensuring that these machines are always compatible with the technology as and when there are changes rather than buying and end up sitting with a machine that no longer serves its purpose.	The department has engaged the HGDMSCM on a transversal contract process, to which SCM had to engage with Provincial Treasury for their approval so that process can continue on the issuing of the requests for quotations. That process has been undertaken and the requests for quotations has unfolded, awaiting the appointment process of the suitable service provider which is anticipated to be no later than 30	Q1=N/A Q2=N/A Q3=N/A Q4=N/A	POE verified hence target not met	Invoice	Not revised

																				September 2023.				
REF No. 02MT RANS 2022/ 2027: 4.8	A skilled and capable workforce to support and inclusive growth	Municipal transformation and institutional development	To ensure smooth functioning of council and that staff complement is able to delivery as per the IDP	To implement the employment equity plan by ensuring that the number of people from employment equity target groups are employed in the three highest levels of management.	By filling all S54A/56 management positions	Percentage on filling of S54A/56 management positions	Not revised	Percentage	Not revised	R0.00	R0.00	R0.00	100%	83.3%	4.8.1	100%	Not revised	83.33%	Target not met	Number of S54A/56 management positions filled/ Number of S54A/56 management positions x 100 5/6 X 100 This was due to the resignation of the water services executive director.	The interviews have already been held for the ED water services on the 2nd August 2023. Considering the recruitment processes for the S54A/56 managers, the municipality anticipates the filling of the positions by no later than 30 September 2023. Moving forward, the indicator will no longer form part of the SDBIP as this process depends on the council decision.	Q1=9 Q2=9 Q3=14 Q4=9	POE verified hence target not met	A gender report and a gender/race report	Not revised
REF No. 02MT RANS 2022/ 2027: 4.8				To implement the employment equity plan by ensuring that the number of people from employment equity target groups are employed in the three highest levels of management.	By having equal representation on S54A/56 management positions based on gender	Percentage gender representation on S54A/56 management positions	Not revised	Percentage	Not revised	R0.00	R0.00	R0.00	50% 50%	50% 33.3%	4.8.2	50% 50%	66.7% 33.3%	50% 33.3%	Target not met	1. (Number of male positions filled in the S454A/56 positions/ number of S54A/56 management positions) X 100 3/6 X 100 2. (Number of female positions filled in the S454A/56 positions/ number of S54A/56 management positions) x 100 2/6 X 100 This was due to the resignation of the water services executive director who is male and resulted in the 50% actual.	The interviews have already been held for the ED water services on the 2nd August 2023. Considering the recruitment processes for the S54A/56 managers, the municipality anticipates the filling of the post by no later than the 30 September 2023. Moving forward, the indicator will no longer	Q1=9 Q2=9 Q3=14 Q4=9	POE verified hence target not met	A gender report and a gender/race report	Not revised

																				form part of the SDBIP as this process depends on the council decision				
Ref No. 05FIN 2022/ 2027: 5.1	Improved municipal, financial and administrative capability	Municipal Financial Capability	To improve the financial viability and management of the municipality in order to fund more quality projects	To ensure improved revenue collection	Enforce credit control and debt management policy	Percentage of collection from the billed consumers	Not revised	Percentage	Not revised	5.1. R1,300,000.00 1. R150,000.00 2. R664,459.00	R814,459.00	R33,986.94 R421,465.97	60%	73.4%	51	60%	Not revised	54.41%	Target not met	(Receipts/Total Billing) X 100 R49,935,355.73/ R91,768,478.42) X 100 Nonpayment by Rietvlei hospital has an impact on revenue collection rate as this account is also accumulating interest. Regarding poor collection rate, Rietvlei owes a huge amount to the municipality which has a major impact on the municipal collection, in addition non-functionality of almost 60% of water meters is the reason for the decline in the collection rate as the municipality cannot even fully implement credit control and debt management policy	Revenue section has written a letter requesting intervention to resolve this issue of nonpayment by Rietvlei hospital and was sent to the MEC, HOD provincial health and district manager and the municipality is still waiting for payment as promised by the department. The municipality is also in a process of replacing faulty meters with smart meters which are then converted to prepaid. Billing is also extended to other billable areas e.g. extension & at uMzimkhulu. This process should have been completed by December 2023	Q1=6 Q2=6 Q3=1 Q4=1(SOFT COPY + ANNUAL SOFT COPY)	POE verified hence target not met	Debt Collection	Not revised
REF No. 05FIN 2022/ 2027: 5.2.				To ensure updated and reliable indigent debtor information the indigent register	Enforce the indigent management policy	Number of existing households with access to free basic services in terms of the	Not revised	Number	Not revised	5.2. R500,000.00	R752,333	R686,364.46	3000	3892	5.2.1.	3000	2836	2222	Target not met	The revenue acknowledges that the manual capturing of information onto the excel spreadsheet has caused the duplication in the number of	A service provider appointed by COGTA has verified the indigent consume	Q1=7 Q2=7 Q3=2 Q4=2 (SOFT COPY)	POE verified hence target not met	Indigent Register	Not revised

						indigent register														customers. A service provider appointed by COGTA has verified the indigent consumer information and currently Revenue section is removing duplicates, incorrect ID numbers, consumers earning above the threshold and appointed by the state. The reason for the duplicates was caused by capturing the application manually on spreadsheets for now. Revenue section is using an indigent management module on solar systems ensuring that the duplicates are eliminated. This process shall be completed by 25 August 2023.	r informati on and currently Revenue section is removin g duplicate s, incorrect ID numbers , consume rs earning above the threshol d and appointe d by the state. The reason for the duplicate s was caused by capturin g the applicati on manually on spreadsh eets for now. Revenue section is using an indigent manage ment module on solar systems ensuring that the duplicate s are eliminate d. This process shall be complete d by 25 August 2023.				
REF No. 05FIN 2022/ 2027: 5.2				To ensure updated and reliable indigent debtor information	Enforce the indigent manageme nt policy	Date in which indigent register is approved by council	Not revised	Date	Not revised	R0.00	R0.00	R0.00	30-Jun-22	06-Oct-21	5 . 2 . 2 .	30-Jun-23	Not revised	30-Aug-22	Target Met	Target met earlier. It must be noted hat this target is regulated hence should form part of the SDBIP, however, due to the number changes as a result of the deceased it always varies.	The Budget and Treasury Office shall ensure continuo us updating and reflectin g the changes through the reports that will be produce d	Q1=N/ AQ2=N/ AQ3=N/ AQ4=3	POE verified hence target met	Council Resolution	Not revised
REF No. 05FIN 2022/ 2027: 5.3				To ensure updated and reliable debtor information	Update the consumer database	Number of consumers added to the database	Not revised	Number	Not revised	R0.00	R0.00	R0.00	12000	12599	5 . 3	12000	Not revised	12649	Target Met	The number has increased due to the updates received	N/A	Q1=18 Q2=18 Q3=3 Q4=4 (SOFT COPY)	POE verified hence target met	Age Analysis	Not revised
REF No.				To ensure compliance	Coordinate d the	Date in which the	Not revised	Date	Not revised	R0.00	R0.00	R0.00	31-May-22	27-May-2022	5 .	31-May-23	Not revised	30-May-23	Target Met	N/A	N/A	Q1=N/ AQ2= N/	POE verified	Council Resolution	Not revised

05FIN 2022/ 2027: 5.4				with the MFMA and improve budgeting reporting process	budget preparation process in line with approved schedule of key deadlines	2023/2024 final budget was approved by council									4.							AQ3=N/ AQ4=5	hence target met		
REF No. 05FIN 2022/ 2027: 5.5				To ensure the municipality prepares GRAP compliant annual financial statements for the year ending June 2020 and submit to the Auditor General on time	Prepare monthly control account reconciliations to ensure reliable financial information is reported throughout the year	Date in which the interim financial statements are submitted to Internal Audit	Not revised	Date	Not revised	R0.00	R0.00	R0.00	31-Mar-22	22-Mar-22	5.5.1.	32-Mar-23	Not revised	13-Feb-23	Target Met	Reason for early submission is due to the BTO personnel being efficient so as to ensure that there is enough time to address any gaps that might have been identified by the internal auditors prior to the preparation of the AFS.	N/A	Q1=N/ AQ2=N/ AQ3=4/ Q4=N/ A	POE verified hence target met	Proof of submission	Not revised
REF No. 05FIN 2022/ 2027: 5.5				To ensure the municipality prepares GRAP compliant annual financial statements for the year ending June 2020 and submit to the Auditor General on time	Prepare monthly control account reconciliations to ensure reliable financial information is reported throughout the year	Date in which the interim financial statements are submitted to Internal Audit	Not revised	Date	Not revised	R5,000,000 .00	R5,000,000.0 0	R4,654,959.6 6	31-Aug-21	31-Aug-21	5.5.2.	31-Aug-22	Not revised	31-Aug-22	Target met	N/A	N/A	Q1=19 Q2=N/ AQ3= N/ AQ4=N/ A	POE verified hence target met	Proof of submission	Not revised
REF No. 05FIN 2022/ 2027: 5.6				To ensure updated fixed assets register	Update fixed assets register	Date in which fixed asset register was updated	Not revised	Date	Not revised	R10,000,00 0.00	R10,472,588. 00	R9,412,772.3 7	31-Aug-21	31-Aug-21	5.6.	31-Aug-22	Not revised	31-Aug-22	Target Met	N/A	N/A	Q1=20 (SOFT COPY) Q2=N/ AQ3 =N/A Q4=N/A	POE verified hence target met	Soft copy of an updated fixed asset register	Not revised
REF No. 04LES CO20 22/ 2027: 6.1.	A long and healthy life for all South Africans	Cross cutting intervent ions	To create functional urban, regional and human settlements whilst protecting the environme nt	To provide for an integrated and coordinated disaster manageme nt that focuses on preventing/ reducing the risk of disasters	By developing a fully equipped disaster manageme nt Centre	Percentage of reported incidents responded to within 6 hours	Not revised	Percentage	Not revised	R1,000,000 (Materials & Supplies) 6.1.2 R300,000.0 0 (Consumables)	R890,500.00 (Materials & Supplies) 6.1.2 R269,000.00 (Consumables)	R289,500.00 R76,445.64	100%	100%	6.1.1.	100%	Not revised	100%	Target Met	Number of incidents responded to within 6hrs/ Number of incidents reported X 100 26/26 X 100	N/A	Q1=18 Q2=1 Q3=1 Q4=1	POE verified hence target met	Assessment form	Not revised
REF No. 04LES CO20 22/ 2027: 6.1				To provide for an integrated and coordinated disaster manageme nt that focuses on preventing/ reducing the risk of disasters	By developing a fully equipped disaster manageme nt Centre	Date in which the Disaster manageme nt communication system us procured	Not revised	Date	Not revised	R695,653.0 0	R695,653.00	R439,320.00	30-Sep-21	0	6.1.2.	30-Jun-23	Not revised	07-Feb-23	Target met	To provide for an integrated and coordinated disaster management that focuses on preventing/ reducing the risk of a disaster.	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=2	POE verified hence target met	Appointme nt letter	Not revised
REF No. 04LES CO20 22/ 2027: 6.3				To ensure the implementation of the municipal health programme based on the National norms and standards	By implementing municipal health programme based on the National norms and standards	Number of Health and Hygiene education awareness' s conducted	Not revised	Number	Not revised	6.3.1. R130,000.0 0 6.3.2. R2,000,006 6.3.3. R70,000 6.3.4. R130,000	6.3.1. R52,248.00 6.3.2. R79,323.00 6.3.3. R70,000.00 6.3.4. R154,000.00	R52,247.4 R65,964.55 R0.00 R123,207.99	16	34	6.3.1	16	Not revised	18	Target met	This was exceeded due to the health norms and standards awareness conducted on the 20 June 2023.	N/A	Q1=1 Q2=2 Q3=2 Q4=3	POE verified hence target met	Attendance register	Not revised
						Number of water samples submitted to	Not revised	Number	Not revised				16	224	6.3.	200	Not revised	279	Target Met	Reason for overachievement is due to the weather conditions that keeps changing	N/A	Q1=20 Q2=3 Q3=3 Q4=4	POE verified hence target met	Water samples results	Not revised

						laboratory for analysis									2.					and causing health hazards within the community hence the need to continuously conduct the tests on water to be consumed.					
REF No. 04LESCO2022/2027: 6.3						Number of notifications received for investigation of communicable diseases.	Turn around time on the investigation of communicable diseases	Number	Turn around time				New Enabler	New Enabler	6.3.3.	1	24hrs	24hrs	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=5	POE verified hence target met	Investigator Report	Not revised
REF No. 04LESCO2022/2027: 6.3						Number of applications received for pauper burial/destitute/exhumation	Turn around time to process received pauper, destitute, and/or exhumation assistance applications	Number	Turn around time				New Enabler	New enabler	6.3.4.	1	48hrs	48hrs	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=6	POE verified hence target met	Application Documents	1. Approved requisition Memo 2. Register
REF No. 04LESCO2022/2027: 6.4				To ensure the implementation of the municipal health programme based on the National norms and standards	By implementing municipal health programme based on the National norms and standards	Date by which the air quality management plan was developed	Date by which the legislative framework and the situational analysis on air quality management plan was produced	Date	Not revised	R535,000	R220,000	R216,000.00	New Enabler	New Enabler	6.4.	30-Jun-23	Not revised	15-Sep-22	Target Met	The target was achieved earlier due to the social services unit being proactive in working together with the service provider in ensuring that the document gets developed.		Q1=N/A Q2=N/A Q3=N/A Q4=7	POE verified hence target met	Appointment letter	Chapter one of the air quality management plan.
REF No. 04LESCO2022/2027: 6.7				To ensure the implementation of the municipal health programme based on the National norms and standards	By implementing municipal health programme based on the National norms and standards	Date by which the Fire Beaters and Nap sack tanks were procured	Not revised	Date	Not revised	R300,000	R300,00	R86,000.00	31-Mar-22	20 Nov 2021 & 30 Nov 2021	6.7.1	31-Mar-23	Not revised	31-Mar-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=4 Q4=N/A	POE verified hence target met	Invoice	Delivery Note
REF No. 04LESCO2022/2027: 6.7				To ensure the implementation of the municipal health programme based on the National norms and standards	By implementing municipal health programme based on the National norms and standards	Number of trainings conducted on the use of fire beaters	Not revised	Number	Not revised				4	8	6.7.2	12	4	5	Target Met	Target slightly exceeded due to the areas that had received fire beaters	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=8	POE verified hence target met	Attendance register and proof of delivery	Not revised
REF No. 04LESCO2022/2027: 6.7				To ensure the implementation of the municipal health programme based on the National norms and standards	By implementing municipal health programme based on the National norms and standards	Date by which the disaster management stakeholder engagements take place	Not revised	Date	Not revised	R80,000.00	R80,000.00	R0.00	New Enabler	New Enabler	6.7.3.	31-Dec-22	Not revised	27-Mar-23	Target Met	When the indicator was developed, it was intending to have a two-day session whereby Amakhosi, and key stakeholders would have been part of the two-day session. However, due to the municipality experiencing budget constraints, a new suggestion came up where by a hall was going to be used and for one day session. All logistics were started during the first quarter but unfortunately by the time of finalization most participants were not available as the dates were changed. However, a session was therefore held	N/A	Q1=N/A Q2=SOFT COPY Q3=N/A Q4=N/A	POE verified hence target met	Attendance register	Not revised

																				on the 27th March 2023					
REF No. 04LESCO2022/2027: 7.1	A long and healthy life for all South Africans	Local economical and social development	The gross domestic product of the district and ensure full participation in the economy to benefit the Harry Gwala Community and especially the youth	To implement the youth development plan	By engaging all youth structures to partake in the implementation of the youth development plan.	Date by which the district youth council will be relaunched	Not revised	Date	Not revised	R600,000.00	R480,000.000	R442,673.37	31-Mar-2022	30-Sep-21	7.1.1.	31-Mar-23	Not revised	30-Mar-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=6 Q4=N/A	POE verified hence target met	Attendance register/photos	Not revised
REF No. 04LESCO2022/2027: 7.1						Date by which Harry Gwala District youth summit will be held	Not revised	Date	Not revised				31-Mar-22	20-21 Dec 2021	7.1.2	31-Mar-2023	Not revised	29-Mar-23	Target Met			Q1=N/A Q2=N/A Q3=7 Q4=N/A	POE verified hence target met	Attendance register/photo/resolutions	Not revised
REF No. 04LESCO2022/2027: 7.1						Date by which students will be assisted with tertiary registration and fees	Not revised	Date	Not revised				31-Mar-22	18-Feb-22	7.1.3.	31-Mar-23	28-Feb-23	28-Feb-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=8 Q4=N/A	POE verified hence target met	Invoice	1. Advert 2. Proof of payment
REF No. 04LESCO2022/2027: 7.1						Date by which the youth day commemoration will be held	Note revised	Date	Not revised				0	0	7.1.4.	30-Jun-23	Not revised	21-Jun-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=9	POE verified hence target met	Attendance register/photos	Not revised
REF No. 04LESCO2022/2027: 7.2				To promote healthy lifestyle within the district	By inviting the athletes to participate in the Harry Gwala marathon	Date by which the Harry Gwala marathon was hosted	Not revised	Date	Not revised	R500,000.00	R997,000.00	R469,623.46	31-May-23	15-May-22	7.2.	31-May-23	Not revised	14-May-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=10	POE verified hence target met	Winning certificates	1. Photos 2. List of participants
REF No. 04LESCO2022/2027: 7.3				To promote horse riding within the district	By hosting rural sporting activities and participating in provincial tournaments	Date in which HGDM participated in Dundee July	Not revised	Date	Not revised	7.3.1. R120,000.00	R90,500.00	R30,000.00	New Enabler	New Enabler	7.3.1.	30-Jul-22	Not revised	16-Jul-23	Target Met	N/A	N/A	Q1=21 Q2=N/A Q3=N/A Q4=N/A	POE verified hence target met	Photos	Not revised
REF No. 03GGP 2022/2027: 3.2	Deepen democracy through a refined ward committee system	Good governance and public participation	To have improved systems and procedures that enhance administrative function and improvement	To promote human values by fighting poverty, crime, diseases, depravation and social ills, ensuring moral regeneration by working together through effective partnerships	By engaging all relevant stakeholders in the planning of the municipal event	Number of municipal events held	Not revised	Number	Not revised	R100,000.00	R217,739.00	R203,777.02	8	11	3.2.	4	Not revised	11	Target met	Reasons for overachievement is due to the high rate of poverty as a result of the households heads loosing their lives through various kinds of diseases as well as poverty	N/A	Q1=22 Q2=4 Q3=9 Q4=11	POE verified hence target met	Attendance register/photos	Not revised
REF No. 04LESCO2022/2027: 7.8	A long and healthy life for all South Africans	Cross cutting interventions	To create a functional urban, regional and human settlements whilst protecting the environment	To update spatial information and improve the quality of GIS in the municipality	Spatial Data collection and hardware procurement	Date by when the GIS equipment is procured	Date by when the GIS equipment is procured (GPS Devices)	Date	Not revised	R191,305.00	R191,305.00	R153,085.00	31-Dec-21	0	7.8.3	31-Mar-23	Not revised	15-Mar-23	Target met	There has been slow progress due to the back and forth requisitions to finance. The first requisition was prepared on the 28th October 2022, second one on the 9th February 2023 and the 3rd on the 22nd March	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=N/A	POE verified hence target met	Invoice	Not revised

																			2023. They were delivered during the fourth quarter on the 15 May 2023.					
REF No. 04LESCO2022/2027: 7.9				To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders	By engaging all relevant stakeholders in the development and reporting of documents	Number of IDP roadshows conducted	Not revised	Number	Not revised	7.9.1 R800,000.00 7.9.2. R0.00 7.9.3. R0.00 7.9.4/5. R1000.00	7.9.1 R828,875.00 7.9.2. R0.00 7.9.3. R0.00 7.9.4/5. R1000.00	7.9.1 R821,402.85 7.9.2. R0.00 7.9.3. R0.00 7.9.4/5. R0.00	8	12	7.9.1	8	Not revised	33	Target met	When the target was set, it was informed by the number of municipalities within the district wherein the district would have had its own IDP roadshow per local municipality, however this changed to allow both the district as well as the local municipality to conduct the roadshows concurrently so as to ensure that issues raised do align with the plans of both the LMs and the district. Also acknowledging that these meetings are now held per cluster/zone.	N/A	Q1=N/A Q2=6 Q3=N/A Q4=12 (Soft copies)	POE verified hence target met	Attendance Register	Not revised
						Date in which the IDP document is approved by council	Not revised	Date	Not revised				31-May-22	27-May-22	7.9.2	31-May-23	Not revised	30-May-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=13	POE verified hence target met	Council resolution	Not revised
						Date in which the SDF document is approved by council	Not revised	Date	Not revised				31-May-22	27-May-22	7.9.3	31-May-23	Not revised	30-May-23	Target Met	N/A	N/A	Q1=N/A Q2=N/A Q3=N/A Q4=14	POE verified hence target met	Council resolution	Not revised
						Date in which the Annual Report is submitted to council for noting.	Not revised	Date	Not revised				31-Jan-22	26-Jan-22	7.9.4	31-Jan-23	Not revised	25-Jan-23	Target met	N/A	N/A	Q1=N/A Q2=N/A Q3=11 Q4=N/A	POE verified hence target met	Council resolution	Not revised
						Date in which the oversight report is submitted to council for adoption	Not revised	Date	Not revised				31-Mar-22	29-Mar-22	7.9.5	31-Mar-23	Not revised	29-Mar-23	Target met	N/A	N/A	Q1=N/A Q2=N/A Q3=12 Q4=N/A	POE verified hence target met	Council resolution	Not revised

HARRY GWALA DISTRICT MUNICIPALITY AND IT'S MUNCIPAL ENTITY

(Registration Number D34)
Annual financial statements

for the year ended 30 June 2023

Traditional leader	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996)
Traditional leader	
Traditional leader	The provision of services (water and sanitation) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Grading of local authority	
Chief Financial Officer (CFO)	ZD Nxumalo
Accounting Officer	TN Jojozi
Registered office	MSD Mdunge
	Mh atu KS Dlamini Z Tshangase SD Bekwa ZP Dlamini TSH Gamede BL Marnce NR Mtshali TG Soni
Business address	PN Damoyi B Sibeni B Keswa HA Lukhozi X Memela HV Msomi NH Zaca

NHMalimelaZMNgidi	mbu ZR Tshazi N Mda R Ramatlapeng MSI Zulu VV Zimema PDH Chiliza 4 Mr KMB Mzimela
PMemelaNDlamini VMthe	Mr GM Sineke Harry Gwala District Municipality Main office 40 Main street Ixopo 3276 40 Main street Ixopo

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Harry Gwala District Municipality and Municipal Entity
(Registration Number D43)
Annual Financial Statements for the year end 30 June 2023

General information: Harry Gwala District Municipaltity

Postal Address	Private Bag X501 Ixopo 3276
Controlling entity	Harry Gwala District Municipality
Bankers	First National Bank
Auditors	Auditors General
Attorneys	Zuma and Partners Incorporated Seanego Incorporated Mdledle Incorporated Hughes-Madondo Incorporated Ka-Mbonane Cooper
Level of assurance compiled by:	These annual financial statements have been audited in with the applicable requirements of the Companies Act 71 of 2008.
Preparer compiled by:	These annual financial statements were internally Mr K.M.B Mzimela ,chief financial officer
Postal Address	Ms S Dlungwane: Acting Chairperson Mr N Khanyile (Resigned) Mr B Mhlongo Mr S Mbhele
HGDA Chief Executive Officer (CEO)	Ms ACR Whyte
Chief Financial Officer (CFO)	Mr LL Makhaye

Harry Gwala District Municipality and Municipal Entity
(Registration Number D43)
Annual Financial Statements for the year end 30 June 2023

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

	Pages
Accounting Officer Responsibilites And Approval	4
Statements Of Financial Position	5
Statement Of Financial Performance	6
Statements Of Changes In Net Assets	7
Cash Flow Statements	8
Statements Of Comparison Of Budget And Actual Amounts	9-12
Accounting Policies	13-37
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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts
ME's	Municipal Entities
MEC	Members of the Executive Council
HGDA	Harry Gwala Development Agency

Accounting Officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 officers 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 ended 30 June 2023. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognized 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 economic entity and place considerable importance on maintaining a strong control environment. To enable the accounting officer to meet these responsibilities, the sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the economic entity and all employees are required to maintain the highest ethical standards in ensuring the economic entity’s business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the economic entity is on identifying, assessing, managing and monitoring all known forms of risk across the economic entity. While operating risk cannot be fully eliminated, the economic entity endeavors to minimize it by ensuring that appropriate infrastructure, controls, systems and ethical behavior 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 economic entity'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 economic entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is wholly dependent on the municipality for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

In accordance with the provisions outlined in Section 124 (1)(a) of the Municipal Finance Management Act (MFMA), I hereby confirm the inclusion of comprehensive particulars regarding the salaries, allowances, and benefits of political office-bearers and councillors of Harry Gwala District Municipality in the notes to the annual financial statements. These particulars encompass both financial and in-kind components of remuneration, providing a transparent overview of the compensation structure for political office-bearers and councillors. Furthermore, as the accounting officer, I affirmatively declare that the salaries, allowances, and benefits outlined in the annual financial statements are thoroughly examined against the upper limits specified in Section 219 of the Constitution. This evaluation ensures strict adherence to the constitutional framework governing remuneration for political office-bearers and councillors. I can confirm that, to the best of my knowledge, the salaries, allowances, and benefits provided to political office-bearers and councillors fall within the prescribed upper limits established by Section 219 of the Constitution.

The annual financial statements set out from pages 5 to 88, which have been prepared on the going concern basis, were approved by the on 30 September 2023 and were signed on its behalf by:

Mr GM Sineke
Municipal Manager

Friday, 29 September 2023

Figures in Rand	**Note(s)**				
Assets					
Current Assets					
Inventories 3	3	715 785	513 295	715 785	715 785
Receivables from exchange transactions	4&7	32 135 757	27 670 896	32 135 757	27 667 759
Receivables from non-exchange transactions	5&7	3 773 720	3 509 346	3 773 720	3 509 346
VAT receivable	6	28 347 894	25 853 438	27 153 154	25 557 301
Cash and cash equivalents	8	142 126 742	64 591 689	124 640 559	50 226 251
		207 099 898	**122 138 664**	**188 418 975**	**107 473 952**
Non-Current Assets		715 785	513 295	715 785	715 785
Property, plants and equipment	8	32 135 757	27 670 896	32 135 757	27 667 759
Intangible assets	9	3 773 720	3 509 346	3 773 720	3 509 346
Investments in controlled entities	10	28 347 894	25 853 438	27 153 154	25 557 301
		142 126 742	64 591 689	124 640 559	50 226 251
		207 099 898	**122 138 664**	**188 418 975**	**107 473 952**
Liabilities					
Current Liabilities	12	5603	1 314 734	-	1 298 953
Finance lease obligation	13	115 177 432	92 600 122	112 617 368	91 696 092
Payables from exchange transactions	14	2 415 286	2 175 007	2 415 086	2 175 007
Consumer deposits	15	1 616 000	1 583 000	1 616 000	1 583 000
Employee benefit obligation	16	22 809 837	2 787 455	21 176 580	-
Unspent conditional grants and receipts		**142 023 960**	**100 460 318**	**137 825 034**	**96 753 052**

Accounting Officer's Responsibilities and Approval

The accounting officers are required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and are 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 officers 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 ended 30 June 2023. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data..

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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.

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_____

Mr GM Sineke

(Registration number D43)

Annual Financial Statements for the year ended 30 June 2023

Statement of Financial Position as at 30 June 2023

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022 Restated*	2023	2022 Restated*
Assets					
Current Assets					
Inventories	3				
Receivables from exchange transactions	4&7				
Receivables from non-exchange transactions	5&7	715 785	513 295	715 785	513 295
VAT receivable	6	32 135 757	27 670 896	32 135 757	27 667 759
Cash and cash equivalents	8	3 773 720	3 509 346	3 773 720	3 509 346
		28 347 894	25 853 438	27 153 154	25 557 301
		142 126 742	64 591 689	124 640 559	50 226 251
		207 099 898	**122 138 664**	**188 418 975**	**107 473 952**
Non-Current Assets					

Non-Current Assets		2 947 0492	774 806	2 926 772	2 753 724
Property, plant and equipment	9	845	682	594	628
Intangible assets	10	1 813 182	1648 838	515 455	384 235
Investments in controlled entities	11	-	-	100	100
		2 947 0492	774 806	2 926 772	2 753 724
Total Assets		4 754 519	2 424 326	3 442 921	3 138 687

Liabilities		Long term payables from exchange transactions			
Current Liabilities	12	5 605	1 314 734	-	1 298 953
Finance lease obligation	13	115 177 432	92 600 122	112 617 368	91 696 092
Payables from exchange transactions	14	2 415 086	2 175 007	2 415 086	2 175 007
Consumer deposits	15	1 616 000	1 583 000	1 616 000	1 583 000
Employee benefit obligation	16	22 809 837	2 787 455	21 176 580	-
Unspent conditional grants and receipts					
		142 023 960	**100 460 318**	**137 825 034**	**96 753 052**
Non-Current Liabilities	17	2 770 602	2 770 602	-	-
Other financial liabilities	18	-	7 056	-	-
Finance lease		26 118 999	25 663 000	26 118 999	25 663 000
obligation employee		10 405 815	10 393 504	10 405 815	10 393 504

HARRY GWALA DISTRICT MUNICIPALITY

	39 295 416	38 834 162	36 524 814	36 056 504
Total Liabilities	**181 319 376**	**139 294 480**	**174 349 848**	**132 809 556**
Net Assets	**2 974 6432**	**759 2992 704**	**941 3572 276**	**728 773 359**

			2 759	2992 941		3572 728		773
Accumulated surplus	2 974 643 549		704	276		359		
	2 974		**6432 759**	**2992 941**		**3572 728**		**773**
Total Net Assets	**549**		**704**	**276**		**359**		

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2023	2022 Restated*	2023	2022 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	19				
Other income	20				
Interest revenue	21	77 673 823	61 549 668	77 673 823	61 549 668
		1 178 353	2 912 708	1 178 353	2 912 708
Total revenue from exchange transactions		25 802 075	16 423 707	24 975 028	16 324 742
Revenue from non-exchange transactions		**104 654 251**	**80 886 083**	**103 827 204**	**80 787 118**
Transfer revenue					
Government grants & subsidies	22				
Public contributions and donations	23				
		737 820	323 766 853 879	736 169 623	766 157 873
		3 887 850	12 780 957	3 887 850	12 780 957

(34 789 639)	(7 613 554)	(34 789 639)	(7 613 554)
(135 485 473)	(173 945 634)	(134 273 520)	(172 985 075)
(93 663 953)	(81 719 174)	(92 207 409)	(80 341 417)
(250 745 374)	(246 594 751)	(245 707 457)	(238 616 339)
(217 626)	(309 578)	(112 875)	(306 520)
(33 985 638)	(44 660 966)	(33 985 638)	(44 660 966)
(32 263)	(25 658)	-	-
(75 516 773)	(66 462 841)	(69 171 834)	(64 573 828)
(6 987 878)	(7 238 605)	(6 987 878)	(7 238 605)
-	-	(15 290 000)	(15 100 000)
(631 617)	**424(628 761)**	**570(632 250)**	**526(631 304)** **436**
214 441 304	**231 950 158**	**211 358 427**	**228 289 644**
(3 024 420)	(1 940 404)	(2 875 378)	(1 940 404)
3 755 000	688 000	3 755 000	688 000
186 658	(10 371 055)	345 866	(10 371 055)

	917 238	(11 623 459)	1 225 488	(11 623 459)
Surplus for the year	**215 358 542**	**220 326 699**	**212 583 915**	**216 666 185**

See Note 40

	917 238	(11 623 459)	1 225 488	(11 623 459)
Surplus for the year	**215 358 542**	**220 326 699**	**212 583 915**	**216 666 185**

Balance at 01 July 2021	**2 512 107 174**	**2 512 107 174**
Changes in net assets		
Surplus for the year	216 666 185	216 666 185
Total changes	216 666 185	216 666 185
Restated* Balance at 01 July 2022	**2 728 773 361**	**2 728 773 361**
Changes in net assets		
Surplus for the year	212 583 915	212 583 915
Total changes	212 583 915	212 583 915
Balance at 30 June 2023	**2 941 357 276**	**2 941 357 276**

Note(s)

Cash Flow Statement

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022 Restated*	2023	2022 Restated*
Cash flows from operating activities					
Receipts					
Suppliers					
Sale of goods and services					
inance costs					
Grants					
Net cash flows from operating activities	36				
Interest income					
Cash flows from investing activities					
Purchase of property, plant and equipment	9				
Proceeds from sale of property, plant and equipment	9				
Purchase of other intangible assets	10				
Payments					
Net cash flows from investing activities					
Cash flows from financing activities					
Employee costs					

Movement in long term payables from exchange					
transactions					
Finance lease payments		54 648 484	60 165 336	54 648 484	60 068 720
		757 346 203	768 023 113	757 346 203	766 023 113
Net cash flows from financing activities		11 685 300	5 202 817	10 858 253	5 103 852
Net increase/(decrease) in cash and cash equivalents		823 679 987	833 391 266	822 852 940	831 195 685
Cash and cash equivalents at the beginning of the year		(253 928)	302(248 102)	285(248 064)	322(240 472) 400
Cash and cash equivalents at the end of the year	8	(232 500)	295(298 010)	342(240 162)	685(311 102) 087
		(167 628)	(18 934)	(62 877)	(18 934)
		(485 056)	766(546 046)	646(489 103)	070(551 508) 506
		337 913 931	**286 745 220**	**333 782 837**	**279 689 177**
		(258 519)	287(277 548)	032(257 789)	490(277 548) 032
		1	(364)	-	-
		(737 488)	(182 125)	(541 100)	-
		(259 006)	**025(277 037)**	**215(258 889)**	**031(277 548) 032**
		12 311	(400 000)	12 311	(400 000)
		(1 366 183)	(3 958 897)	(1 348 951)	(3 892 664)
		(1 353 872)	**(4 358 897)**	**(1 336 640)**	**(4 292 664)**
		77 535 053	**5 171 286**	**74 414 308**	**(1 636 035)**

64 591 689	59 420 403	50 226 251	51 862 286	**142 126 742 64 591 689**	**124 640 559 50 226 251**

The accounting policies on pages 13 to 37 and the notes on pages 38 to 88 form an integral part of the annual financial statements.

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Variance Explanation Note Reference
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	64 989 705	11 596 655	**76 586 360**	77 673 823	**1 087 463**	50
Other income	582 342	336 300	**918 642**	1 178 353	**259 711**	50
Interest revenue	16 217 619	5 461 162	**21 678 781**	25 802 075	**4 123 294**	50

Total revenue from exchange transactions	**81 789 666**	**17 394 117**	**99 183 783**	**104 654 251**	**5 470 468**	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	766 974 000	(8 436 033)	**758 537 967**	737 323 820	**(21 214 147)**	50
Public contributions and donations	-	-	**-**	3 887 850	**3 887 850**	50
Total revenue from non-exchange transactions	**766 974 000**	**(8 436 033)**	**758 537 967**	**741 211 670**	**(17 326 297)**	
Total revenue	**848 763 666**	**8 958 084**	**857 721 750**	**845 865 921**	**(11 855 829)**	
Expenditure						
Bad debts written off	(28 750 431)	-	**(28 750 431)**	(34 789 639)	**(6 039 208)**	50
Contracted Services	(117 270 987)	(32 542 867)	**(149 813 854)**	(135 485 473)	**14 328 381**	50
Depreciation and amortisation	(91 951 263)	(168 682)	**(92 119 945)**	(93 663 953)	**(1 544 008)**	50
Employee related costs	(249 740 089)	5 210 593	**(244 529 496)**	(250 745 374)	**(6 215 878)**	50
Finance costs	(515 600)	40 600	**(475 000)**	(217 626)	**257 374**	50
Impairment loss/ Reversal of impairments	-	-	**-**	186 658	**186 658**	50
Inventory consumed	(29 206 886)	(6 990 156)	**(36 197 042)**	(33 985 638)	**2 211 404**	50
Lease rentals on operating lease	-	-	**-**	(32 263)	**(32 263)**	50

Operational costs	(64 547 928)	(13 365)	**(78 152 293)**	(75 516 773)	**2 635 520**	50
Remuneration of councillors	(8 879 355)	1 169 165	**(7 710 190)**	(6 987 878)	**722 312**	50
Transfer payments	-	(6 303 993)	**(6 303 993)**	-	**6 303 993**	50
Total expenditure	**(590 539)**	**862 (53 705)**	**189(644 244)**	**052(631 959)**	**237 12 814 285**	
Operating surplus	**257 901 127**	**(44 621)**	**231 213 669 506**	**214 627 962**	**958 456**	
Loss on disposal of assets and liabilities	-	-	**-**	(3 024 420)	**(3 024 420)**	50
Actuarial gains/losses	-	-	**-**	3 755 000	**3 755 000**	50
	-	**-**	**-**	**730 580**	**730 580**	
Surplus before taxation	**257 901 127**	**(44 621)**	**231 213 669 506**	**215 358 542**	**1 689 036**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**257 901 127**	**(44 621)**	**231 213 669 506**	**215 358 542**	**1 689 036**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments amounts	Final Budget	Actual on comparable basis	Difference between final budget and actual	Variance Explanation Note Reference
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	64 989 705	11 596 655	**76 586 360**	77 673 823	**1 087 463**	50
Other income	582 342	351 542	**933 884**	1 178 353	**244 469**	50
Interest revenue	16 037 619	5 241 162	**21 278 781**	24 975 028	**3 696 247**	50
Total revenue from exchange	**81 609 666**	**17 189 359**	**98 799 025**	**103 827 204**	**5 028 179**	

transactions						
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	766 974 000	(9 755 268)	**757 218 732**	736 169 623	**(21 049 109)**	50
Public contributions and donations	-	-	**-**	3 887 850	**3 887 850**	50
Total revenue from non-exchange transactions	**766 974 000**	**(9 755 268)**	**757 218 732**	**740 057 473**	**(17 161 259)**	
Total revenue	**848 583 666**	**7 434 091**	**856 017 757**	**843 884 677**	**(12 133 080)**	
Expenditure						
Bad debts written off	(28 750 431)	-	**(28 750 431)**	(34 789 639)	**(6 039 208)**	50
Contracted Services	(116 976 263)	(29 999 261)	**(146 975 524)**	(134 273 520)	**12 702 004**	50
Depreciation and amortisation	(91 405 263)	(39 682)	**(91 444 945)**	(92 207 409)	**(762 464)**	50
Employee related costs	(237 544 668)	(2 111 233)	**(239 655 901)**	(245 707 457)	**(6 051 556)**	50
Finance costs	(500 000)	25 000	**(475 000)**	(112 875)	**362 125**	50
Impairment loss/ Reversal of impairments	-	-	**-**	345 866	**345 866**	50
Inventory consumed	(27 757 209)	(8 439 833)	**(36 197 042)**	(33 985 638)	**2 211 404**	50
Operational costs	(62 480 754)	(12 230 367)	**(74 711 121)**	(69 171 834)	**5 539 287**	50

Remuneration of councillors	(8 879 355)	1 169 165	**(7 710 190)**	(6 987 878)	**722 312**	50
Transfer payments	(16 175 478)	885 227	**(15 290 251)**	(15 290 000)	**251**	50
Total expenditure	**(590 421)**	**469 984)**	**(50 740 405)**	**(641 210 384)**	**(632 180 9 030 021**	
Operating surplus	**258 114 245**	**(43 893)**	**306 214 807 352**	**211 704 293**	**(3 103 059)**	
Loss on disposal of assets and liabilities	-	-	**-**	(2 875 378)	**(2 875 378)**	50
Actuarial gains/losses	-	-	**-**	3 755 000	**3 755 000**	50
	-	**-**	**-**	**879 622**	**879 622**	
Surplus before taxation	**258 114 245**	**(43 893)**	**306 214 807 352**	**212 583 915**	**(2 223 437)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**258 114 245**	**(43 893)**	**306 214 807 352**	**212 583 915**	**(2 223 437)**	

Non-Current Assets						
Property, plant and equipment	2 675 441 924	268 817 070	**2 944 258 994**	2 926 772 594	**(17 486 400)**	50
Intangible assets	1 298 482	587 976	**1 886 458**	515 455	**(1 371 003)**	50
Investments in controlled entities	100	-	**100**	100	**-**	50
	2 676 740 506	**269 405 046**	**2 946 552**	**1452 927 288 149**	**(18 857 403)**	
Total Assets	**2 768 922 465**	**281 658 359**	**3 050 824**	**5803 115 707 124**	**65 126 300**	
Liabilities						
Current Liabilities						
Payables from exchange transactions	88 213 893	(1 800 620)	**86 413 273**	112 617 360	**26 204 087**	50
Consumer deposits	2 331 367	(7 437)	**2 323 930**	2 415 086	**91 156**	50
Employee benefit obligation	-	-	**-**	1 616 000	**1 616 000**	50
Unspent conditional grants and receipts	-	(1)	**(1)**	21 176 580	**21 176 581**	50
	90 545 260	**(1 808 058)**	**88 737 202**	**137 825 026**	**49 087 824**	
Non-Current Liabilities						
Other financial liabilities	-	(1)	**(1)**	-	**1**	
Employee benefit obligation	28 583 317	285 682	**28 868 999**	26 118 999	**(2 750 000)**	50
Long term payables from exchange transactions	8 393 504	2 000 000	**10 393 504**	10 405 815	**12 311**	

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance Explanation Note Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	407 547	105 749	**513 296**	715 785	**202 489**	50
Receivables from exchange transactions	30 264 498	3 884 334	**34 148 832**	32 135 757	**(2 013 075)**	50
Receivables from non-exchange transactions	3 336 954	(260 628)	**3 076 326**	3 773 720	**697 394**	50
VAT receivable	7 025 992	17 229 571	**24 255 563**	27 153 154	**2 897 591**	50
Cash and cash equivalents	51 146 968	(8 705 713)	**42 441 255**	124 640 559	**82 199 304**	50
	92 181 959	**12 253 313**	**104 435 272**	**188 418 975**	**83 983 703**	

	36 976 821	**2 285 681**	**39 262 502**	**36 524 814**	**(2 737 688)**
Total Liabilities	**127 522 081**	**477 623**	**127 999 704**	**174 349 840**	**46 350 136**
Net Assets	**2 641 400 384**	**281 180**	**2 922 736 120**	**5812 941 284**	**357 18 776 164**
Net Assets					
Net Assets Attributable to					
Owners of Controlling Entity					
Reserves					
Accumulated surplus	2 641 400 384	281 180	2 922 736 120	5812 941 276	357 18 776 156
Cash Flow Statement					
Cash flows from operating activities					

HARRY GWALA DISTRICT MUNICIPALITY

Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

Figures in Rand	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Variance Explanation Note Reference
Receipts						
Water, sanitation and other receipts	116 377 288	5 241 330	**121 618 618**	54 648 484	**(66 970 134)**	
Grants	766 974 000	-	**766 974 000**	757 346 203	**(9 627 797)**	
Interest income	4 859 330	5 461 164	**10 320 494**	10 858 253	**537 759**	
	888 210 618	**10 702 494**	**898 913 112**	**822 852 940**	**(76 060 172)**	
Payments						
Suppliers and employees	(566 738)	452 (62 195 199)	**(628 937)**	**647**(489 226)	007 **139 640 711**	
Finance costs	-	-	**-**	(62 877)	**(62 877)**	

	(566 738)	**452 (62 195 199)**	**(628 937)**	**647(489 103)**	**070 139 577 834**
Net cash flows from operating activities	**321 757 880**	**(51 492 705)**	**270 265 175**	**333 782 837**	**63 517 662**
Cash flows from investing activities					
Purchase of property, plant and equipment	(298 219)	180 18 951 132	**(279 087)**	**229**(257 789)	490 **21 738 298**
Purchase of other intangible assets	-	-	**-**	(541 100)	**(541 100)**
Net cash flows from investing activities	**(298 219)**	**180 18 951 132**	**(279 087)**	**229(258 889)**	**031 21 197 198**
Cash flows from financing activities					
Repayment of other financial liabilities	(2 400 000)	-	**(2 400 000)**	-	**2 400 000**
Movement in long term payables from exchange transactions	-	-	**-**	12 311	**12 311**
Finance lease payments	-	-	**-**	(1 348 951)	**(1 348 951)**
Net cash flows from financing activities	**(2 400 000)**	**-**	**(2 400 000)**	**(1 336 640)**	**1 063 360**
Net increase/(decrease) in cash and cash equivalents	21 177 661	(32 541 573)	**(11 363 912) 50 226 259**	74 414 308	**85 778 220 (8)**

Cash and cash equivalents at the beginning of the year	27 569 307	22 656 952		50 226 251
Cash and cash equivalents at the end of the year	**48 746 968**	**(9 884 621)**	**38 862 347**	**124 640 559 85 778 212**

Accounting Policies

		Economic entity		Controlling entity	
Figures in Rand	Note(s)	2023	2022	2023	2022

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

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.

Accounting Policies

5. Sigificant account policies

The principal accouting applied in the prepapration 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 Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the Republic of South Africa (Act 108 of 1996).

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 economic entity.

1.3 Going concern assumption

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

1.4 Materiality

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

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

Accounting Policies

5. Sigificant account policies

Consolidated financial statements

Consolidated annual financial statements are the annual financial statements of an economic entity in which the assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity and its controlled entities are presented as those of a single economic entity.

An entity controls another entity when the entity is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature or amount of those benefits through its power over the other entity.

A controlled entity is an entity that is controlled by another entity. A controlling entity is an entity that controls one or more entities.

A decision maker is an entity with decision making rights that is either a principal or an agent for other parties.

An economic entity is a controlling entity and its controlled entities.

An investment entity is an entity that obtains funds from one or more investors for the purpose of providing those investor(s) with investment management services, has the purpose of investing funds solely for returns from capital appreciation, investment revenue, or both, and measures and evaluates the performance of substantially all of its investments on a fair value basis.

A non-controlling interest is the net assets in a controlled entity not attributable, directly or indirectly, to a controlling entity.

Power consists of existing rights that give the current ability to direct the relevant activities of another entity.

Protective rights are rights designed to protect the interest of the party holding those rights without giving that party power over the entity to which those rights relate.

Relevant activities are activities of the potentially controlled entity that significantly affect the nature or amount of the benefits that an entity receives from its involvement with that other entity.

Removal rights are rights to deprive the decision maker of its decision making authority.

Presentation of consolidated financial statements

The entity as controlling entity presents consolidated annual financial statements.

Control

The entity determines whether it is a controlling entity by assessing whether it controls the other entity. The entity controls another entity when it is exposed, or has rights, to variable benefits from its involvement with the other entity and has the ability to affect the nature and amount of those benefits through its power over the other entity.

The entity controls another entity if the entity has all three of the following elements of control:

- power over the other entity;
- exposure, or rights, to variable benefits from its involvement with the other entity; and
- the ability to use its power over the other entity to affect the nature or amount of the benefits from its involvement with the other entity.

The entity considers all facts and circumstances when assessing whether it controls another entity. The entity reassess whether it controls another entity if facts and circumstances indicate that there are changes to one or more of the three elements of control.

As an entity with decision making rights, the entity determines whether it is a principal or an agent in undertaking transactions with third parties. The entity also determines whether another entity with decision making rights is acting as an agent for the entity. An agent is a party primarily engaged to undertake transactions with third parties on behalf of and for the benefit of another party or parties (the principal(s)) and therefore does not control the other entity when it exercises its decision making authority. Thus, sometimes a principal's power may be held and exercisable by an agent, but on behalf of the principal.

Accounting Policies

1.5 Interests in other entities (continued)

The entity as controlling entity prepares consolidated annual financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Consolidation of a controlled entity begins from the date the entity obtains control of the other entity and cease when the entity loses control of the other entity.

Consolidation procedures

Consolidated financial statements

Combine like items of assets, liabilities, net assets, revenue, expenses and cash flows of the controlling entity with those of its controlled entities.

Offset (eliminate) the carrying amount of the controlling entity's investment in each controlled entity and the controlling entity's portion of net assets of each controlled entity.

Eliminate in full intra-economic entity assets, liabilities, net assets, revenue, expenses and cash flows relating to transactions between entities of the economic entity. Intra-economic entity losses may indicate an impairment that requires recognition in the consolidated financial statements.

Uniform accounting policies

If a member of the economic entity uses accounting policies other than those adopted in the consolidated annual financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that member's annual financial statements in preparing the consolidated annual financial statements to ensure conformity with the economic entity's accounting policies.

Measurement

The entity includes the revenue and expenses of a controlled entity in the consolidated annual financial statements from the date it gains control until the date when the entity ceases to control the controlled entity. Revenue and expenses of the controlled entity are based on the amounts of the assets and liabilities recognised in the consolidated annual financial statements at the acquisition date

Reporting dates

The financial statements of the entity as controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as at the same reporting date.

obtains, for consolidation purposes, additional financial information as of the same date as the annual financial statements of the controlling entity; or

uses the most recent annual financial statements of the controlled entity at the time of preparing the consolidation, adjusted for the effects of significant transactions or events that occur between the date of those annual financial statements and the date of the consolidated annual financial statements.

Accounting Policies

1.6 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 economic entity assesses its trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the 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 is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

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

The economic entity reviews and tests the carrying value of assets when events or changes in circumstances suggest that the carrying amount may not be recoverable.

Useful lives of waste and water network and other assets

The municipality's management 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.

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 economic entity 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 heath care retirement benefits obligations.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 15.

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

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.

1.7 Property, plant and equipment (continued)

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 economic entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

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

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

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

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

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

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

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

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

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

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

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

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

Item	Depreciation Method	Average useful life
Buildings	Straight-line	
•Office		30 years
Furniture and office equipment	Straight-line	
•Office equipment		7 years
•Office furniture		10 years
•Paintings, sculptures, ornaments		10 years
Transport Assets	Straight-line	
•Motor vehicles		7 years
•Trailers and accessories		10 years
•Trucks		10 years

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Accounting Policies

1.7 Property, plant and equipment (continued)

Computer equipment	Straight-line	
Computer hardware including operation		
•System		5 years
•Networks		10 years
•Computer software		5 years
Dam/structure	Straight-line	
•Concrete		100 years
•Earth		50 years
River	Straight-line	
•Structure-Weir		50 years
•Borehole Establishment		30 years
Pump Stations	Straight-line	
•Structure - buildings		55 years
•Structure - Clarifiers		55 years
•Structure - Filters		55 years
Perimeter protection	Straight-line	
•Palisade - Concrete		25 years
•Palisade - Steel / Razor wire / Weld mesh		15 years
Reservoirs	Straight-line	
•Structure - Concrete		50 years
•Structure - Galaxy		30 years
•Structure - Steel Tank		30 years
Underground	Straight-line	
•Chambers		30 years
•Manholes		30 years
Water purification works	Straight-line	
•Structure		55 years
•Ponds		55 years
•Electrical		20 years

Dam/structure	Straight-line	
•Concrete		100 years
•Earth		50 years
Dam/structure	Straight-line	
•Concrete		100 years
•Earth		50 years
Dam/structure	Straight-line	
•Concrete		100 years
•Earth		50 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 economic entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

The economic entity assesses at each reporting date whether there is any indication that the economic entity 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 economic entity revises the expected useful life and/or residual value accordingly. The change is accounted for as a change in an accounting estimate.

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

Accounting Policies

1.7 Property, plant and equipment (continued)

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

The gain or loss arising from the derecognition of an item of property, plant and equipment is included in surplus or deficit when the item is derecognised. The gain or loss arising from the

derecognition of an item of property, plant and equipment is determined as the difference between the net disposal proceeds, if any, and the carrying amount of the item.

Assets which the economic entity 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 economic entity separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 9).

The economic entity discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 9).

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 economic entity 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 economic entity; and the cost or fair value of the

- asset can be measured reliably.

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

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

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

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

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

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

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

Accounting Policies

1.8 Intangible assets (continued)

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 years

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

Intangible assets are derecognised:

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

1.9 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 uncollectability.

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:

1.9 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:

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1.9 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
Short-term Investment Deposits	Financial asset measured at amortised cost
Bank Balances and Cash	Financial asset measured at amortised cost
Consumer Debtors	Financial asset measured at amortised cost
Other Debtors	Financial asset measured at amortised cost
Investment in Controlled entities	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Consumer Deposit	Financial liability measured at amortised cost
Bank overdraft	Financial liability measured at amortised cost
Finance leases	Financial liability measured at amortised cost

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

1.10 Tax

Value Added Tax

The annual financial statements are prepared on an accrual basis, which means that revenues and expenses are recognized when they are incurred, regardless of when the associated cash inflows or outflows occur. However, in compliance with the tax regulations of South Africa, we declare our VAT liability or receivable the South African Revenue Service (SARS) on a payment basis.

1.11 Leases

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

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

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

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

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

Operating leases - 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.

1.12 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.

- 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 economic entity 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 weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the economic entity.

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Accounting Policies

1.12 Inventories (continued)

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.

1.13 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

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.

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

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Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Designation

At initial recognition, the economic entity designates an asset as non-cash-generating, or an asset or cash-generating unit as cash-generating. The designation is made on the basis of an economic entity's objective of using the asset.

The economic entity designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash-generating asset or non-cash- generating asset based on whether the economic entity expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate commercial return, the economic entity designates the asset as a non-cash-generating asset and applies the accounting policy on Impairment of Non-cash-generating assets, rather than this accounting policy.

Identification

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

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

Irrespective of whether there is any indication of impairment, the economic entity 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.

Discount rate

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money, represented by the current risk-free rate of interest and the risks specific to the asset for which the future cash flow estimates have not been adjusted.

Accounting Policies

1.14 Impairment of cash-generating assets (continued)

Reversal of impairment loss

The economic entity 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.

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.

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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.

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Accounting Policies

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

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

Useful life is either:

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

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:
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- 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.

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

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.

HARRY GWALA DISTRICT MUNICIPALITY

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.

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.

- 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..

1.16 Employee benefits (continued)

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-measure the obligation (and the related plan assets, if any) using current actuarial assumptions (including current market interest rates and other current market prices).

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is [OR is not] presented as the net of the amount recognised for a reimbursement.

The entity offsets an asset relating to one plan against a liability relating to another plan when the entity has a legally enforceable right to use a surplus in one plan to settle obligations under the other plan and intends either to settle the obligations on a net basis, or to realise the surplus in one plan and settle its obligation under the other plan simultaneously.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects:

- estimated future salary increases;
- the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; an
- estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either:
- those changes were enacted before the reporting date; or
- past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

1.16 Employee benefits (continued)

Termination benefits

The entity recognises termination benefits as a liability and an expense when the entity is demonstrably committed to either:

- terminate the employment of an employee or group of employees before the normal retirement date; or
- provide termination benefits as a result of an offer made in order to encourage voluntary redundancy.

The entity is demonstrably committed to a termination when the entity has a detailed formal plan for the termination and is without realistic possibility of withdrawal. The detailed plan includes [as a minimum]:

- the location, function, and approximate number of employees whose services are to be terminated;
- the termination benefits for each job classification or function; and the time at which the plan will be implemented.

Implementation begins as soon as possible and the period of time to complete implementation is such that material changes to the plan are not likely.

Where termination benefits fall due more than 12 months after the reporting date, they are discounted using an appropriate discount rate. The rate used to discount the benefit reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the benefit.

In the case of an offer made to encourage voluntary redundancy, the measurement of termination benefits shall be based on the number of employees expected to accept the offer.

1.17 Provisions and contingencies

Provisions are recognised when:

- the economic entity 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 economic entity 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.

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:

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 economic entity

No obligation arises as a consequence of the sale or transfer of an operation until the economic entity is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 38.

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

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

The economic entity 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 economic entity 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 economic entity considers that an outflow of economic resources is probable, an economic entity 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.

1.18 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash. Disclosures are required in respect of unrecognised contractual commitments.

1.18 Commitments (continued)

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and

Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.19 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the economic entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the economic entity 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 economic entity; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Tarrif charges

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant authorised tariff.

Service charges

Service charges relating to water are based on consumption. Meters are read on a monthly basis and recognised as revenue when invoiced. Provisional estimates of consumption, based on the consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced, except at year-end when estimates of consumption are made in the invoicing period in which meters have been read. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

In circumstances where services cannot readily be measured and qualified, a flat rate service charge is levied monthly on such properties.

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Expenses paid through the tax system are amounts that are available to beneficiaries regardless of whether or not they pay taxes.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non- exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non -exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

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.

Transfers

Accounting Policies

1.20 Revenue from non-exchange transactions (continued)

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.

1.21 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

1.22 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.

1.23 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.

Unauthorised expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

Fruitless and wasteful expenditure is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

Accounting Policies

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 is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

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.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.28 Research and development expenditure

Expenditure on research is recognised as an expense when it is incurred.
An asset arising from development 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.

1.29 Budget information

Economic Entity 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 economic entity shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by functional classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

Accounting Policies

1.29 Budget information (continued)

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.

1.30 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 economic entity, including those charged with the governance of the economic entity 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 economic entity.

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

1.31 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 economic entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The economic entity 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.

Notes to the Annual Financial Statement

2.New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The economic entity has not applied the following standards and interpretations, which have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2023 or later periods:

GRAP 103 (as revised): Heritage Assets

Background

The Accounting Standards Board (the Board) completed its post-implementation review of the Standard of GRAP on Heritage Assets (GRAP 103) (hereafter referred to as "the review") in 2020. Based on the feedback received as part of the review, the Board agreed to reconsider certain principles in GRAP 103.s

The objective of the project was to revise and clarify principles in GRAP 103 following feedback received from the review and actions agreed by the Board.

Key amendments to GRAP 103

The Board agreed that the definition of a heritage asset in GRAP 103 should be reconsidered to better align it with the legislative explanation of a heritage resource in the National Heritage Resources Act, 1999, and the classification by the South African Heritage Resources Agency.

The proposed definition focuses on assets that have "cultural significance" and defines a heritage asset as "an asset that has cultural significance, and is held indefinitely for the benefit of present and future generations". "Cultural significance" has also been defined and described in GRAP 103 based on legislation.

The characteristics displayed by heritage assets, and the range of assets that could be heritage assets, have also been aligned with legislation.

The amendments further relate to the Classification of dual purpose heritage assets, Determining a reliable value for a heritage asset, Protective rights imposed on heritage assets, Re-assessing if a reliable value becomes available subsequently, Aggregation of individually insignificant heritage assets, Impairment of heritage assets, Mandatory disclosures of heritage assets borrowed or on loan.

The effective date of these revisions have not yet been set.

It is unlikely that the standard will have a material impact on the economic entity's annual financial statements.

GRAP 25 (as revised): Employee Benefits

Background

The Board issued the Standard of GRAP on Employee Benefits (GRAP 25) in November 2009. GRAP 25 was based on the International Public Sector Accounting Standard on Employee Benefits (IPSAS 25) effective at that time. However, GRAP 25 was modified in some respects where the Board decided the requirements of the International Accounting Standard on Employee Benefits (IAS® 19) were more appropriate. Specifically, the Board:

Eliminated the corridor method and required recognition of actuarial gains and losses in full in the year that they arise.

Required the recognition of past service costs in the year that a plan is amended, rather than on the basis of whether they are vested or unvested.

Since 2009, the International Accounting Standards Board® has made several changes to IAS 19, including changes to the recognition of certain benefits, and where these changes are recognised. The IPSASB made similar changes to its standard and as a result of the extent of changes, issued IPSAS 39 on Employee Benefits to replace IPSAS 25 in 2016.

When the Board consulted locally on the proposed amendments to IPSAS 25 in 2016, stakeholders welcomed the amendments to align IPSAS 25 to IAS 19 and supported the changes that resulted in IPSAS 39.

HARRY GWALA DISTRICT MUNICIPALITY

Notes to the Annual Financial Statements

2.New standards and interpretations (continued)

In developing GRAP 25, the Board agreed to include the guidance from the IFRS Interpretation on IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IFRIC 14®) partly in GRAP 25 and partly in the Interpretation of the Standards of GRAP on The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction (IGRAP 7).

Key amendments to GRAP 25

The Board agreed to align GRAP 25 with IPSAS 39, but that local issues and the local environment need to be considered. As a result of this decision, there are areas where GRAP 25 departs from the requirements of IPSAS 39. The Board's decisions to depart are explained in the basis for conclusions.

The amendments to GRAP 25 are extensive and mostly affect the accounting for defined benefit plans. A new renumbered Standard of GRAP (e.g. GRAP 39) will not be issued, but rather a new version of the current GRAP 25.

The effective date of these revisions is 01 April 2023.

The economic entity expects to adopt the revisions for the first time in the 2022/2023 annual financial statements.

The impact of this revisions is currently being assessed.

GRAP 104 (as revised): Financial Instruments

Following the global financial crisis, a number of concerns were raised about the accounting for financial instruments. This included that (a) information on credit losses and defaults on financial assets was received too late to enable proper decision-making, (b) using fair value in certain instances was inappropriate, and (c) some of the existing accounting requirements were seen as too rules based. As a result, the International Accounting Standards Board® amended its existing Standards to deal with these issues. The IASB issued IFRS® Standard on Financial Instruments (IFRS 9) in 2009 to address many of the concerns raised. Revisions were also made to IAS® on Financial Instruments: Presentation and the IFRS Standard® on Financial Instruments: Disclosures. The IPSASB issued revised International Public Sector Accounting Standards in June 2018 so as to align them with the equivalent IFRS Standards.

The revisions better align the Standards of GRAP with recent international developments. The amendments result in better information available to make decisions about financial assets and their recoverability, and more transparent information on financial liabilities.

The most significant changes to the Standard affect:

- Financial guarantee contracts issued
- Loan commitments issued

- Classification of financial assets
- Amortised cost of financial assets
- Impairment of financial assets
- Disclosures

The effective date of the revisions is not yet set by the Minister of Finance.

The economic entity expects to adopt the revisions for the first time when the Minister sets the effective date for the revisions.

The adoption of this standard is not expected to impact on the results of the economic entity, but may result in more disclosure than is currently provided in the annual financial statements.

GRAP 1 (amended): Presentation of Financial Statements

Amendments to this Standard of GRAP, are primarily drawn from the IASB's Amendments to IAS 1.

Summary of amendments are:

Notes to the Annual Financial Statements

2.New standards and interpretations (continued)

The amendments clarify that:

information should not be obscured by aggregating or by providing immaterial information; materiality considerations apply to all parts of the financial statements; and

even when a Standard of GRAP requires a specific disclosure, materiality considerations apply.

Statement of financial position and statement of financial performance

The amendments clarify that the list of line items to be presented in these statements can be disaggregated and aggregated as relevant and additional guidance on subtotals in these statements.

Notes structure

The amendments add examples of possible ways of ordering the notes to clarify that understandability and comparability should be considered when determining the order of the notes and to demonstrate that the notes need not be presented in the order listed in GRAP 1.

Disclosure of accounting policies

Remove guidance and examples with regards to the identification of significant accounting policies that were perceived as being potentially unhelpful.

An economic entity applies judgement based on past experience and current facts and circumstances.

The effective date of this amendment is for years beginning on or after 01 April 2025.

The economic entity expects to adopt the amendment for the first time in the 2024/2025 annual financial statements.

The adoption of this amendment is not expected to impact on the results of the economic entity, but may result in more disclosure than is currently provided in the annual financial statements

3. Inventories Water for distribution

715 785	513 295	715 785	513 295

Key judgements made and assumptions applied

Inventory water includes water purchased or purified and not yet sold at reporting date insofar as it is stored (controlled) in reservoirs at year end.

Inventory water also includes any water purification costs incurred for non-purchased water.

The municipality furthermore assesses whether there is material water purification chemicals and other consumables in hand at year end and discloses them separately on the notes to the annual financial statements. At the end of the financial year ended 30 June 2023 there was no material inventory in hand.

4.Receivables from exchange transactions

Prepayments				
Consumer debtors	2 278 687	5 031 123	2 278 687	5 031 123
Water	3 926 772	2 965 671	3 926 772	2 965 671
Sewerage	-	3 137	-	-
Value added taxation	25 930 298	19 670 965	25 930 298	19 670 965
	32 135 757	**27 670 896**	**32 135 757**	**27 667 759**

HARRY GWALA DISTRICT MUNICIPALITY

9. Property, plant and equipment (continued)

Controlling entity

	2023			2022		
	Cost / Valuation	**Accumulated depreciation and accumulated impairment**	**Carrying value**	**Cost / Valuation**	**Accumulated depreciation and accumulated impairment**	**Carrying value**
Land	13 672 272	-	13 672 272	13 672 272	-	13 672 272
Buildings	37 529 025	(14 829 763)	22 699 262	37 529 024	(13 636 514)	23 892 510
Machinery and equipment	4 730 873	(2 959 229)	1 771 644	4 649 389	(2 411 485)	2 237 904
Furniture and office equipment	6 639 218	(4 900 657)	1 738 561	5 930 579	(4 327 806)	1 602 773
Transport assets	36 429 636	(18 599 134)	17 830 502	30 170 583	(13 364 365)	16 806 218
Computer equipment	11 995 047	(7 603 240)	4 391 807	11 499 836	(5 573 379)	5 926 457
Infrastructure: information and communication	718 520	(422 250)	296 270	483 520	(382 947)	100 573
Infrastructure	3 604 021 640	(741 313)	4082 862 327	6133 350 305	762(665 045)	7192 685 043 260
Community	2 789 609	(1 030 660)	1 758 949	2 789 609	(917 340)	1 872 269
Leased assets	-	-	-	11 498 677	(8 928 285)	2 570 392
Total	**3 718 525 840**	**(791 753 246) 794**	**2 926 772 594**	**3 468 985**	**(715 261 166) 628**	**2 753 724**

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 30 June 2023

	Opening balance	Additions	Disposals	Donation received	Depreciation	Impairment loss	Total
Land	13 672 272	-	-	-	-	-	13 672 272
Buildings	44 227 292	3 000	-	-	(2 325 094)	-	41 905 198
Machinery and equipment	2 438 698	81 485	-	-	(565 646)	(120 120)	1 834 417
Furniture and office equipment	1 918 381	790 336	(531)	-	(696 659)	(2 001)	2 009 526
Transport assets	16 806 218	6 259 054	-	-	(5 234 770)	-	17 830 502
Computer equipment	6 157 327	872 993	(148 512)	-	(2 136 837)	(39 087)	4 705 884
Infrastructure: information and communication	100 573	235 000	-	-	(39 303)	-	296 270
Infrastructure	2 685 043 260	257 243 559	(2 875 378)	3 887 850	(79 685 104)	(577 360)	2 863 036 827
Community	1 872 269	-	-	-	(113 320)	-	1 758 949
Leased assets	2 570 392	-	-	-	(2 570 392)	-	-
	2 774 806 682	**265 485 427**	**(3 024 421)**	**3 887 850**	**(93 367 125)**	**(738 568)**	**2 947 049 845**

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 30 June 2022

	Opening balance	Additions	Disposals	Donation received	Change in estimate	Depreciation	Impairment loss	Impairment reversal	Total
Land	13 672 272	-	-	-	-	-	-	-	13 672 272
Buildings	45 083 250	1 138 144	-	-	-	(1 994 102)	-	-	44 227 292
Machinery and equipment	2 451 906	424 743	-	-	122 340	(560 291)	-	-	2 438 698
Furniture and office equipment	1 977 421	372 556	-	-	133 059	(564 655)	-	-	1 918 381
Transport assets	17 479 924	4 396 473	(29 738)	-	-	(5 040 441)	-	-	16 806 218
Computer equipment	5 725 590	2 447 141	(21 357)	-	42 457	(2 045 916)	-	9 412	6 157 327
Infrastructure: information and communication	135 959	-	-	-	-	(35 386)	-	-	100 573
Infrastructure	2 476 646 835	268 103 168	(143 320)	12 780 957	18 949	(69 516 177)	(5 262 744)	2 415 592	2 685 043 260
Community	2 616 817	1 241 530	(1 745 625)	-	(1)	(240 452)	-	-	1 872 269
Leased assets	3 902 122	-	-	-	-	(1 331 730)	-	-	2 570 392
	2 569 692 096	**278 123 755**	**(1 940 040)**	**12 780 957**	**316 804**	**(81 329 150)**	**(5 262 744)**	**2 425 004**	**682 2 774 806**

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 30 June 2023

	Opening balance	Additions	Disposals	Donation received	Depreciation	Impairment loss	Total
Land	13 672 272	-	-	-	-	-	13 672 272
Buildings	23 892 510	-	-	-	(1 193 248)	-	22 699 262
Machinery and equipment	2 237 904	81 485	-	-	(547 745)	-	1 771 644
Furniture and office equipment	1 602 773	732 296	-	-	(594 507)	(2 001)	1 738 561
Transport assets	16 806 218	6 259 054	-	-	(5 234 770)	-	17 830 502
Computer equipment	5 926 457	560 805	-	-	(2 095 455)	-	4 391 807
Infrastructure: information and communication	100 573	235 000	-	-	(39 303)	-	296 270
Infrastructure	2 685 043 260	256 820 060	(2 875 378)	3 887 850	(79 685 105)	(577 360)	2 862 613 327
Community	1 872 269	-	-	-	(113 320)	-	1 758 949
Leased assets	2 570 392	-	-	-	(2 570 392)	-	-
	2 753 724 628	**264 688 700**	**(2 875 378)**	**3 887 850**	**(92 073 845)**	**(579 361)**	**2 926 772 594**

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 30 June 2022

	Opening balance	Additions	Disposals	Donation received	Change in Estimate	Depreciation	Impairment loss	Impairment reversal	Total
Land	13 672 272	-	-	-	-	-	-	-	13 672 272
Buildings	23 922 149	1 138 144	-	-	-	(1 167 783)	-	-	23 892 510
Machinery and equipment	2 219 981	424 743	-	-	122 340	(529 160)	-	-	2 237 904
Furniture and office equipment	1 604 367	372 556	-	-	133 059	(507 209)	-	-	1 602 773
Transport assets	17 479 924	4 396 473	(29 738)	-	-	(5 040 441)	-	-	16 806 218
Computer equipment	5 228 455	2 447 141	(21 357)	-	42 457	(1 779 651)	-	9 412	5 926 457
Infrastructure: information and communication	135 959	-	-	-	-	(35 386)	-	-	100 573
Infrastructure	2 476 646 835	268 103 168	(143 320)	12 780 957	18 949	(69 516 177)	(5 262 744)	2 415 592	2 685 043 260
Community	2 616 817	1 241 530	(1 745 625)	-	(1)	(240 452)	-	-	1 872 269
Leased assets	3 902 122	-	-	-	-	(1 331 730)	-	-	2 570 392
	2 547 428 881	**278 123 755**	**(1 940 040)**	**12 780 957**	**316 804**	**(80 147 989)**	**(5 262 744)**	**2 425 004**	**2 753 724 628**

Figures in Rand

10. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 30 June 2023

	Opening balance	Additions	Amortisation	Impairment loss	Total	
Computer software, other	384 235	541 100	(133 564)	(276 316)	515	455

Reconciliation of intangible assets - Controlling entity - 30 June 2022

Computer software, other			577 662	(193 427)	384	235

Interests in other entities

Investments in controlled entities

Harry Gwala Development Agency	-	-	100		100

The Harry Gwala District Municipality maintains full ownership and control over the Harry Gwala Development Agency ("the Agency"). As of 30 June 2023, the Municipality possesses 100% ownership of the Agency's equity.

Controlling entity	2023			2022		
	Cost / Valuation	Accumulated value amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated value amortisation and accumulated impairment	Carrying value
Computer software, other	1 607 126	(1 091 671)	515 455	1 066 026	(681 791)	384 235

Reconciliation of intangible assets - Economic entity - 30 June 2023

	Opening balance	Additions	Amortisation	Impairment loss	Total
Computer software, other	1 648 838	737 488	(296 828)	(276 316)	1 813 182

Reconciliation of intangible assets - Economic entity - 30 June 2022

	Opening balance	Additions	Amortisation	Total
Computer software, other	1 856 736	182 125	(390 023)	1 648 838

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

12. Finance lease obligation

Minimum lease payments due

- within one year	-	1 364 570	-	1 348 789
- in second to fifth year inclusive	5 605	7 056	-	-
	5 605	1 371 626	-	1 348 789
less: future finance charges	-	(49 836)	-	(49 836)
Present value of minimum lease payments	**5 605**	**1 321 790**	**-**	**1 298 953**

Present value of minimum lease payments due	-	1 314 734	-	1 298 953
within one year	5 605	7 056	-	-
in second to fifth year inclusive	**5 605**	**1 321 790**	**-**	**1 298 953**
Non-current liabilities	-	7 056	-	-
Current liabilities	5 605	1 314 734	-	1 298 953
	5 605	**1 321 790**	**-**	**1 298 953**

It is municipality policy to lease certain motor vehicles and office equipment under finance leases. Finance lease contracts for motor vehicles and office equipment, previously entered into, reached their contractual expiration during the financial year. While these contracts have concluded, the municipality ensured a smooth transition by extending them on a month-tomonth basis to maintain operational continuity while new contracts are being finalized.

The average lease term was 3-4 years and the average effective borrowing rate was 12% (2022: 12%).

Interest rates are linked to prime at the contract date. All leases escalate at CPI% p.a and no arrangements have been entered into for contingent rent.

The economic entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 9.

13. Payables from exchange transactions

Trade payables	36 756 219	25 268 939	34 627 869	24 658 783
Retentions	45 851 013	41 470 606	45 690 126	41 470 606
Accrued leave pay	16 442 229	15 488 077	16 171 402	15 194 203
Accrued bonus	4 406 580	4 312 782	4 406 580	4 312 782
Debtors with credit balances	6 582 349	6 059 718	6 582 349	6 059 718
Salary third party payments accruals	5 139 042	-	5 139 042	-
	115 177 432	92 600 122	112 617 368	91 696 092

HARRY GWALA DISTRICT MUNICIPALITY

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022

15. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value

Post- retirement health care benefit liability Long service awards				
Non-current liabilities	(14 922 999)	(14 612 000)	(14 922 999)	(14 612 000)
Current liabilities	(12 812 000)	(12 634 000)	(12 812 000)	(12 634 000)
	(27 734 999)	**(27 246 000)**	**(27 734 999)**	**(27 246 000)**
Post retirement medical aid plan				
	(26 118 999)	(25 663 000)	(26 118 999)	(25 663 000)
	(1 616 000)	(1 583 000)	(1 616 000)	(1 583 000)
	(27 734 999)	**(27 246 000)**	**(27 734 999)**	**(27 246 000)**

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr C Weiss Fellow of the Actuarial Society of South Africa. The presentcvalue of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

Bonitas

Keyhealth

LA Health

Samwumed

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	14 612 000	12 701 000	14 612 000	12 701 000
Net expense recognised in the statement of financial performance	311 000	1 911 000	211 000	1 911 000
	14 923 000	**14 612 000**	**14 823 000**	**14 612 000**

Net expense recognised in the statement of financial performance

Current service cost	1 365 000	1 236 000	1 265 000	1 236 000
Interest cost	1 729 000	1 362 000	1 729 000	1 362 000
Actuarial (gains) losses	(2 783 000)	(687 000)	(2 783 000)	(687 000)
	311 000	**1 911 000**	**211 000**	**1 911 000**

Key assumptions used

Assumptions used at the reporting date:	12.59 %	11.83 %	12.59 %	11.83 %
Discount rates used	8.19 %	8.44 %	8.19 %	8.44 %
Expected increase in healthcare costs Net-of-health-care-cost-inflation discount rate	4.07 %	3.13 %	4.07 %	3.13 %

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
	2023	2022	2023	2022

15. Employee benefit obligations (continued)

Sensitivity Analysis on Current-Service and Interest Costs for year ending 30/06/2023

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. The table below summarises the results of this analysis on the Current-Service and Interest Costs for the year ending 30 June 2023.

	One percentage point increase	One percentage point decrease	One percentage point increase	One percentage point decrease
Health care inflation rate	3 385 000	2 703 000	3 385 000	2 703 000
Discount rate	2 694 000	3 588 000	2 694 000	3 588 000
Post-employment mortality	3 011 000	3 176 000	3 011 000	3 176 000

Long service awards

The municipality operate an unfunded defined benefit plan for all its employees. The Municipality offers employees long service awards for every five years of service completed, from five years of service to 45 years of service, inclusive. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by Mr C Weiss, Fellow of the Actuarial Society of South Africa.

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	12 634 000	11 847 000	12 634 000	11 847 000
Expected benefits vesting	(1 583 000)	(1 566 000)	(1 583 000)	(1 566 000)
Net expense recognised in the statement of financial performance	1 761 000	2 353 000	1 761 000	2 353 000
	12 812 000	**12 634 000**	**12 812 000**	**12 634 000**

Net expense recognised in the statement of financial performance				
Current service cost	1 404 000	1 298 000	1 404 000	1 298 000
Interest cost	1 329 000	1 056 000	1 329 000	1 056 000
Actuarial (gains)/ losses	(972 000)	(1 000)	(972 000)	1 000
	1 761 000	**2 353 000**	**1 761 000**	**2 355 000**

Key assumptions used				
Discount rate				
General earnings inflation rate (long-term)	11,53%	11.21%	11,53%	11.21%
Net effective discount rate	6,75%	7.38%	6,75%	7.38%
Average retirement age	4,48%	3,56%	4,48%	3,56%

Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts Municipal infrastructure grant				
Department of Economic Development, Tourism and	21 176 580	-	21 176 580	-
Environmental Affairs	149 796	1 303 994	-	-
NSF/DHET - Skills Development	314 113	314 113	-	-
DBSA - Jobs Fund	1 169 348	1 169 348	-	-
	22 809 837	**2 787 455**	**21 176 580**	**-**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
	2023	2022	2023	2022

16. Unspent conditional grants and receipts (continued)

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 economic entity has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 22 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

17. Borrowings

At amortised cost

Ithala Development Finance Corporation (IDFC)	2 770 602	2 770 602	-	-

Non-current liabilities

At amortised cost	2 770 602	2 770 602	-	-

18. Long term payables from exchange transactions

The Special Investigating Unit (SIU) performed an investigation per the President's proclamation on allegations of financial misconduct. The investigations resulted in SIU billing the municipality an amount of R14.2 million for the services rendered. However due to financial difficulties that was facing the municipality at the time, the municipality could not afford to pay for these services.

During the 2018/2019 financial year the municipality entered into an arrangement with the Special Investigating Unit (SIU)to repay the amount owed by the municipality in monthly installment of R200 000. There is no interest charged on the outstanding balance.

The amount payable within the next 12 months is reclassified to current liabilities as follows:

	Economic entity		Controlling entity	
Figures in Rand	2023	2022	2023	2022
Opening balance	12 793 504	13 193 504	12 793 504	13 193 504
Payments made	-	(400 000)	-	(400 000)
Invoices	12 312	-	12 312	-
Subtotal	12 805 816	12 793 504	12 805 816	12 793 504
Reclassifcation to Current liabilities	(2 400 000)	(2 400 000)	(2 400 000)	(2 400 000)
	10 405 816	**10 393 504**	**10 405 816**	**10 393 504**

19. Service charges

Sale of water	64 524 972	49 353 314	64 524 972	49 353 314
Sewerage and sanitation charges	13 148 851	12 196 354	13 148 851	12 196 354
	77 673 823	**61 549 668**	**77 673 823**	**61 549 668**

Notes to the Annual Financial Statements

20. Other income

Insurance refund	332 831	10 000	332 831	10 000
Recoveries	72 500	-	72 500	-
Inspection fees	31 998	32 581	31 998	32 581
Clearance certificate	4 172	26 657	4 172	26 657
Forfeits: unclaimed monies	-	2 452 780	-	2 452 780
Tender documents	630 931	366 100	630 931	366 100
Endowment/ Subdivision fees	105 921	24 590	105 921	24 590
	1 178 353	**2 912 708**	**1 178 353**	**2 912 708**

21. Investment revenue

Interest revenue

Bank	12 805 816	12 793 504	12 805 816	12 793 504
Interest charged on trade and other receivables	(2 400 000)	(2 400 000)	(2 400 000)	(2 400 000)
	10 405 816	**10 393 504**	**10 405 816**	**10 393 504**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
	2023	**2022**	**2023**	**2022**
Government grants & subsidies				
Operating grants				
Equitable share	432 161 000	387 013 000	432 161 000	387 013 000
Expanded public works programme	5 221 000	4 596 000	5 221 000	4 596 000
Department of economic development, tourism and environmental affairs	1 154 197	696 006	-	-
Financial management grant	1 200 000	1 200 000	1 200 000	1 200 000
Local Govt. sector education training authority	372 203	359 113	372 203	359 113
Municipal infrastructure grant	9 479 013	28 957 920	9 479 013	28 957 920
Water services infrastructure grant	2 017 730	29 762 264	2 017 730	29 762 264
Rural roads asset management system grant	2 381 000	2 275 000	2 381 000	2 275 000
Development planning shared services grant	-	134 760	-	134 760
	453 986 143	**454 994 063**	**452 831 946**	**454 298 057**
Capital grants				
Municipal Infrastructure grant	200 355 407	191 922	080200 355 407	191 922 080
Water services infrastructure grant	82 982 270	85 937 736	82 982 270	8 5 937 736
Cogta accelerated water intervention grant	-	34 000 000	-	34 000 000
	283 337 677	**311 859 81**	**6283 337 677**	**311 859 816**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

Current-year receipts	231 011 000	220 880 000	231 011 000	220 880 000
Conditions met - transferred to revenue(Current year allocation - capital)	(200 355 406)	(191 922080)	(200 355406)	(191 922 080)
Conditions met - transferred to revenue(Current year allocation - operational)	(9 479 014)	(28 957 920)	(9 479 014)	(28 957 920)
	21 176 580	**-**	**21 176 580**	**-**

The municipal infrasctructure grant is used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas.

The operational expenditure relates to the construction of VIP toilets that are donated to commnunitites and the payment of salaries for the project management unit staff.

Financial management grant

Current-year receipts	1 200 000	1 200 000	1 200 000	1 200 000
	(1 200 000)	(1 200 000)	(1 200 000)	(1 200 000)
Conditions met - transferred to revenue				
	-	-	-	-

Financial management grant is used to implement financial management reforms required by the MFMA.

Department of economic development, tourism and environmental affairs

Balance unspent at beginning of year	1 303 994	-
Current-year receipts	-	2 000 000
Conditions met - transferred to revenue	(1 154 198)	(696 006)

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
	2023	**2022**	**2023**	**2022**

22. Government grants & subsidies (continued)

The purpose of the grant is to revamp the agro processing facility and cold rooms. The project is fully complete and there were savings as the award was less than the allocation grant funding.

Department of higher education training grant

Balance unspent at beginning of year	314 113	288 612	-	-
Interest received	-	25 501	-	-
	314 113	**314 113**	-	-

Conditions still to be met - remain liabilities (see note 16).

The purpose of this grant is provide funding through National Skills Fund for the capacitation of the youth with skills. The grant could not be spent during the year under review and there are engagements with the under to reprioritize funds so that they are used in other related activities by the Agency.

Development bank of South Africa

Balance unspent at beginning of year	1 169 348	1 065 859	-	-
Interest received	-	103 489	-	-
		1 169 348	-	-

Conditions still to be met - remain liabilities (see note 16).

The purpose of the grant is to capacitate co-operatives through Jobs Fund Projects. There was no movement during the year, The Agency has engaged National Treasury(Jobs Fund Division) to use the remaining funds to other related activities in 2023/2024 financial year.

Expanded public works programme

Current-year receipts	5 221 000	4 596 000	5 221 000	4 596 000
Conditions met - transferred to revenue	(5 221 000)	(4 596 000)	(5 221 000)	(4 596 000)
	-	-	-	-

Expanded public works programme grant is used to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas.

Water services infrastructure grant

Current-year receipts	(2 017 730)	(29 762 264)	(2 017 730)	(29 762 264)
Conditions met - transferred to revenue (current year allocation - capital)	85 000 000	115 700 000	85 000 000	115 700 000
Conditions met - transferred to revenue (current year allocation - operational)	(82 982 270)	(85 937 736)	(82 982 270)	(29 762 264)

During the reporting period, an amount of 10 million, which was previously allocated to the municipality as part of the Water Services Infrastructure Conditional Grant, was withheld by the Treasury. This decision stems from the identified lack of performance in meeting the conditions and expenditure requirements associated with the grant.

The water services infrastructure grants is used to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services.

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
	2023	**2022**	**2023**	**2022**

22. Government grants & subsidies (continued)

The operational expenditure relates to the construction of VIP toilets that are donated to commnunitites.

Rural roads asset management system grant				
Current-year receipts	2 381 000	2 275 000	2 381 000	2 275 000
Conditions met - transferred to revenue	(2 381 000)	(2 275 000)	(2 381 000)	(2 275 000)
	-	-	-	-

Rural roads asset management system grants is utilised to assess traffic management initiatives.

Development planning shared services grant				
Balance unspent at beginning of year	-	134 760	-	134 760
Conditions met - transferred to revenue	-	(134 760)	-	(134 760)
	-	-	-	-

The grant received from COGTA was utilized in developing shared municipal services.

Cogta accelerated water intervention grant				
Current-year receipts	-	34 000 000	-	34 000 000
Conditions met - transferred to revenue	-	(34 000 000)	-	(34 000 000)

23. Public contributions and donations				
Assets received from other organs of state	3 887 850	12 780 957	3 887 850	12 780 957
24. Revenue				
Service charges	77 673 823	61 549 668	77 673 823	61 549 668
Other income	1 178 353	2 912 708	1 178 353	2 912 708
Interest received	25 802 075	16 423 707	24 975 028	16 324 742
Government grants & subsidies	737 323 820	766 853 879	736 169 623	766 157 873
Public contributions and donations	3 887 850	12 780 957	3 887 850	12 780 957
	845 865 921	**860 520 919**	**843 884 677**	**859 725 948**

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	77 673 823	61 549 668	77 673 823	61 549 668
Other income	1 178 353	2 912 708	1 178 353	2 912 708
Interest received	25 802 075	16 423 707	24 975 028	16 324 742
	104 654 251	**80 886 083**	**103 827 204**	**80 787 118**

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue	**2023**	**2022**	**2023**	**2022**
Government grants & subsidies	737 323 820	766 853 879	736 169 623	766 157 873
Public contributions and donations	3 887 850	12 780 957	3 887 850	12 780 957
	741 221 670	**779 634 836**	**740 057 473**	**778 938 830**

HARRY GWALA DISTRICT MUNICIPALITY

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
	2023	**2022**	**2023**	**2022**
25. Bad debts written off				
Consumer debtors	34 789 639	7 613 554	34 789 639	7 613 554
26. Contracted services				
Outsourced Services				
Administrative and Support Staff	8 433 734	8 775 043	8 433 734	7 613 554
Burial Services	123 208	87 221	123 208	87 221
Business and Advisory	16 271 616	35 147 869	16 271 616	35 147 869
Catering Services	186 479	106 950	186 479	106 950
Cleaning Services	519 189	321 087	519 189	321 087
Process audits	7 242 018	4 194 131	7 242 018	4 194 131
Security Services	31 385 999	27 716 103	30 600 456	26 980 320
Sewerage Services	1 860 412	3 085 520	1 860 412	3 085 520
Water Takers	-	45 256	-	45 256
Consultants and Professional Services				
Business and Advisory Legal Cost	6 736 167	5 452 007	6 736 167	5 452 007
Contractors				
Catering Services	2 772 800	9 464 482	2 641 822	9 245 812
Employee Wellness	109 797	120 527	109 797	120 527
Maintenance of Buildings and Facilities	9 450	81 900	9 450	81 900
Maintenance of Equipment	4 313 723	1 562 618	4 025 091	1 556 512
Maintenance of Unspecified Assets	33 919 828	19 211 209	33 913 028	19 211 209
Rural roads site supervision and consulting	11 474 344	9 191 917	11 474 344	9 191 917
Sewerage Services	2 422 935	2 526 410	2 422 935	2 526 410
	135 485 473	**173 945 634**	**134 273 520**	**172 985 075**
27. Depreciation and amortisation				
Property, plant and equipment	93 367 125	81 329 150	92 073 845	80 147 989
Intangible assets	296 828	390 024	133 564	193 428
	93 663 953	**81 719 174**	**92 207 409**	**80 341 417**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
28. Employee related costs	**2023**	**2022**	**2023**	**2022**
Basic	144 909 917	7 140 459 158	144 909 917	136 625 178
Bonus	10 259 397	11 646 713	10 259 397	11 435 953
Medical aid - company contributions	10 412 397	10 211 021	10 412 397	9 953 354
Unemployment insurance fund	1 010 686	973 817	994 037	932 656
Leave pay provision charge	1 689 035	1 670 435	1 418 209	1 581
Health care retirement benefit	3 094 000	2 598 000	3 094 000	2 598 000
Social contributions - pension fund and provident fund	20 725 089	22 492 762	20 659 938	21 104 245
Social contribution - SALGABC	52 056	48 710	52 056	48 710
Travel, motor car, accommodation, subsistence and other allowances	27 733 065	27 630 856	27 655 339	27 733 065
Overtime payments	19 197 132	18 500 330	19 197 132	27 410 824
Long-service awards	2 696 507	1 810 902	2 696 507	1 810 902
Housing benefits and allowances	635 533	585 178	635 533	585 178
	42 414 814	**238 627 882**	**239 757 105**	**232 586 359**
Annual Remuneration	716 190	841 208	716 190	841 208
Car Allowance	154 709	165 999	154 709	165 999
Cellphone Allowance	16 208	17 828	16 208	17 828
Housing Allowance	45 000	49 584	45 000	49 584
Rural Allowance	35 960	51 143	35 960	51 143
Contribution to UIF	1 417	1 948	1 417	1 948
Contribution to medical aid	5 007	52 504	5 007	52 504
Contribution to SALGABC	-	111	-	111
Contribution to pension	5 204	-	5 204	-
	979 695	**1 180 325**	**979 695**	**1 180 325**

Mrs TT Magaqa started acting as MM from 01 July to 31 August 2022 and Mr GM Sineke was appointed on 1 September 2022

Remuneration of chief finance officer

	Economic entity		Controlling entity	
	2023	**2022**	**2023**	**2022**
Annual Remuneration	862 820	626 584	862 820	626 584
Contribution to medical aid	74 082	174 720	74 082	174 720
Contributions to SALGABC	95 803	54 241	95 803	54 241
Car Allowance	37 880	42 933	37 880	42 933
Housing Allowance	19 449	19 449	19 449	19 449
Rural Allowance	1 771	2 125	1 771	2 125
Cellphone Allowance	10 078	39 607	10 078	39 607
Contribution to UIF	43	121	43	121
	1 101 926	**959 780**	**1 101 926**	**959 780**

Mr M Mkatu's contract ended on 30 September 2022.

Mr K.M.B Mzimela was appointed on 1 October 2022.

The CFO's remuneration includes Mr Mkatu's 3 months basic salary, leave pay out and backpay amounting to R344 645.95

Remuneration of social services executive director

Annual Remuneration	766 006	666 769	766 006	666 769
Car Allowance	134 936	187 724	13 936	187 724
Rural Allowance	39 796	45 037	39 796	45 037
Acting Allowance	52 730	41 674	52 730	41 674

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
	2023	**2022**	**2023**	**2022**
28. Employee related costs (continued)				
Cellphone Allowance	19 044	19 449	19 044	19 449
Contribution to UIF	1 771	2125	1 771	2 125
Contribution to medical aid Housing	12 000	48 000	12 000	48 000
Allowance	29 556	-	29 556	-
Contributions to SALGBC	43	121	43	121
	1 055 882	**1 010 899**	**1 055 882**	**1 010 899**

Mrs TT Magaqa's contract ended on 30 September 2022

Miss N Buthelezi was appointed on 1 October 2022.

Remuneration of corporate services executive director

Annual Remuneration	546 181	692 000	546 181	692 000
Car Allowance Cellphone	173 931	174 720	173 931	174 720
Allowance Contributions to	16 208	19 449	16 208	19 449
medical aid Rural Allowance	37 066	29 477	38 498	29 477
Contribution to UIF	1 417	2 125	1 417	2 125
Contributions to SALGABC	86	121	86	121
	813 387	**960 825**	**813 387**	**960 825**

Mr D Gqiba resigned on 30 April 2023.
Mr N Biyase was appointed as acting executive director water services from 1 May 2023.

Remuneration of infrastructure executive director

Annual Remuneration	776 568	744 687	776 568	744 687
Car Allowance	147 507	149 760	147 507	149 760
Performance Bonuses	55 364	-	55 364	-
Rural Allowance	34 898	42 933	34 898	42 933
Cellphone Allowance	17 828	19 449	17 828	19 449
Contribution to UIF	1 594	2 125	1 594	2 125
Contribution to SALGABC	419	121	419	121
	1 034 178	**959 075**	**1 034 178**	**959 075**

Notes to the Annual Financial Statements

	Economic entity		Controlling entity	
	2023	**2022**	**2023**	**2022**

28. Employee related costs (continued)

Mr Makwakwa's contract ended on 30 September 2022. The remuneration above includes an amount of R366 598.85 for his salary for 3 months and leave payout.

Remuneration of Board Members				
Board Fees	219 820	480 435	-	-
Board Members Travel	63 311	47 533	-	-
	283 131	**527 968**	-	-
Remuneration of Chief Executive Officer - Harry Gwala Development Agency				
Annual Remuneration	919 740	220 550	-	-
Travel Allowance	180 000	30 000	-	-
Cellphone Allowance	30 000	-	-	-
Contributions to UIF, Medical and Pension Funds	13 473	52 578	-	-
Remote Allowance	40 990	-	-	-
	1 184 203	**303 128**	-	-

Cheif Executive Officer Ms Whyte was appointed on 1 July 2022

Remuneration of Chief Executive Officer - Harry Gwala Development Agency				
Annual Remuneration	689 257	591 412	-	-
Travel Allowance	113 075	120 000	-	-
Cellphone Allowance	11 345	-	-	-
Contributions to UIF, Medical and Pension Funds	10 679	176 292	-	-
Acting Allowance	-	218 089	-	-
Remote Allowance	23 036	-	-	-
Leave Pay	65 482	-	-	-
	912 874	**1 105 793**	-	-

The Former Chief Financial Officer's (Mrs Shabalala) contract ended on 30 September 2022.

The current Chief Financial Officer (Mr LL Makhaye) was appointed on 5 December 2022.

29. Finance costs				
Trade and other payables	62 877	18 934	62 877	18 934
Finance leases	49 998	290 644	49 998	287 586
Late payment of tax	104 751	-	-	-
	217 626	**309 578**	**112 875**	**306 520**

30. Inventory consumed

Consumables: Water treatment works chemicals	2 221 264	4 791 545	5 048 849	4 791 545
Consumables: Other	76 446	334 797	76 446	334 797
Materials and supplies	3 464 485	15 524 742	3 464 485	15 524 742
Bulk purchases - water	25 395 858	24 009 882	25 395 858	24 009 882
	33 985 638	**44 660 966**	**33 985 638**	**44 660 966**

HARRY GWALA DISTRICT MUNICIPALITY

Notes to the Annual Financial Statements

Figures in Rand

Lease rentals on operating lease
Equipment

Printing and photocopying machine

	Economic entity		Controlling entity	
	2023	**2022**	**2023**	**2022**
32. Operational costs				
Advertising	2 221 264	1 723 817	1 955 405	1 631 340
Auditors remuneration	5 056 140	4 551 628	4 659 814	4 396 657
Bank charges	229 421	277 844	212 178	265 711
Cleaning	62 551	12 719	-	-
Commission paid	417 983	417 983	417 983	411 005
ICT support	48 986	411 005	-	-
Programme Expenses	4 092 654	39 013	-	-
Hire	476 222	605 223	476 222	719 682
Communication	1 255 112	1 255 112	1 184 373	1 032 850
Transport and freight	533 620	533 620	-	-
Training	4 190 948	4 190 948	4 190 948	2 693 677
Travel - local	424 622	424 622	424 622	458 803
Electricity	10 526 980	10 526 980	10 523 843	8 513 165
Event registration fees	847 105	847 105	772 845	802 193
Rental of offices	3 209 452	3 209 452	3 209 452	4 078 887
Union fees	4 079 179	4 079 179	4 079 179	436 870
Skills development levy	343 405	343 405	343 405	103 409
Learner ship	85 294	85 294	85 294	4 617 562
Signage	4 405 004	4 405 004	4 170 287	253 831
SALGA fees	147 280	147 280	147 280	-
Work Compensation	9 700	9 700	-	2 033 542
Insurance	3 146 558	3 146 558	2 846 253	22 835 362
Financial system support	22 831 838	22 831 838	22 643 934	89 216
Fleet	117 289	117 289	117 289	2 178 038
Motor vehicle expenses	1 253 701	1 253 701	1 253 701	-
Fuel and oil	1 760	1 760	-	1 841 724
Printing and stationery	1 942 908	1 942 908	1 897 730	172 194
Protective clothing	94 500	94 500	94 500	75 000
Software expenses	-	-	-	-
Bursaries for employees	2 571 526	2 571 526	2 571 526	2 101 863
Subscriptions and membership fees	893 771	893 771	893 771	1 116 047
	75 516 773	**66 462 841**	**69 171 834**	**64 573 828**
33. Remuneration of councillors				
Executive Major	988 722	816 486	988 722	816 486
Deputy Executive Mayor	797 258	728 131	797 258	797 258
Executive Committee Members	1 327 145	1 361 935	1 327 145	1 361 935
Speaker	763 995	754 619	763 995	754 619
Councillors	1 662 513	2 343 427	1 662 513	2 343 427
Chief Whip	441 317	420 210	441 317	420 210
Meeting allowance	630 667	421 175	630 667	421 175
Travelling allowance	376 261	392 622	376 261	392 622
	6 987 878	**7 238 605**	**6 987 878**	**7 238 605**

Notes to the Annual Financial Statements

33. Remuneration of councillors
(continued) In-kind benefits

The Mayor, Deputy Mayor and Speaker are full -time. Each is provided with an office and secretarial support at the cost of the Council. The new gazzette changed Executive Committee Members from being full time to part time during the course of the financial year.

The Mayor, Deputy Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

The Mayor and the Speaker have two full-time bodyguards driving with them and one relief protector. The Mayor is allocated a driver and one back up vehicle.

Transfer payments
Heading

Harry Gwala Development Agency

The transfers from the district municipality to its municipal entity are carried out to provide the necessary financial resources for the day-to- day operational activities of the entity. These funds are intended to support various functions, projects, and initiatives that contribute to the provision of essential services to the community and the achievement of our organizational goals.

35. Impairment loss
Impairments

Property, plant and equipment	738 569	5 262 744	579 361	5 262 744
Intangible assets	276 316	-	276 316	-
	1 014 885	**5 262 744**	**855 677**	**5 262 744**
Reversal of impairments				
Property, plant and equipment	-	(2 425 005)	-	(2 425 005)
Trade and other receivables	(1 201 543)	7 533 316	(1 201 543)	7 533 316
	(1 201 543)	5 108 311	(1 201 543)	5 108 311
Total impairment losses (recognised) reversed	**(186 658)**	**10 371 055**	**(345 866)**	**10 371 055**

Notes to the Annual Financial Statements

36. Cash generated from operations

Adjustments for:

Depreciation and amortisation	215 358 542	220 326 699	212 583 915	216 666 185
Gain on sale of assets and liabilities	93 663 953	81 719 174	92 207 409	80 341 417
Finance costs - Finance leases	3 024 420	1 940 404	2 875 378	1 940 404
Impairment (reversals) loss	49 998	290 644	49 998	287 586
Bad debts written off	(186 658)	10 371 055	(345 866)	(186 658)
Movements in retirement benefit assets and liabilities Assets received from other organs of state	34 789 639	7 613 554	34 789 639	7 613 554
Capital assets purchases on credit Other non-cash items	488 999	2 698 001	488 999	2 698 001
Changes in working capital:				
Inventories	(14 695)	1 409 003	(488 999	-
Receivables from exchange transactions	(202 490)	(105 748)	(12 780 960)	(105 748)
Other receivables from non-exchange transactions	(38 052 958)	(1 091 207	20 921 266	(326 965)
Payables from exchange transactions VAT	22 577 302	(2 085 796)	(1 595 853)	(1 130 517
Unspent conditional grants and receipts Consumer deposits	20 022 382	(8 812 887)	21 176 580	141 487
	337 913 931	286 745 220	333 782 837	279 689 177

Notes to the Annual Financial Statements

Figures in Rand

Contingencies

Contingent liabilities

Matatiele Local Municipality	-	-	-	-
Mdlebeni Trading (Pty) Ltd	42 320 256	1 074 482	42 320 256	31 330 098
Unitrade 1047 CC T/A Isidingo Security Services Unlawful arrest and detention Water scheme project	1 000 000	31 330 098	1 000 000	-
Litigation by former employee (HGDA)	404 216	1 404 216	-	-
Impande Consulting engineers	743 461	743 461	-	-
Lerumo Lantate Training and Development Services National Skills Funds Service Providers Ithala Bank Loan	-	-	-	-
	5 160 193	**64 363 506**	**53 012 516**	**61 141 347**

	-	-	-	-
Mdlebeni Trading (Pty) Ltd	2 941 249	2 941 249	2 941 249	2 941 249
	10 000	10 000	10 000	10 000
	5 881 011	26 000 000	5 881 011	26 000 000
	710 000	710 000	710 000	710 000
	150 000	150 000	150 000	150 000

In this matter, the service provider was claiming the amount of R 1 254 000 from the Municipality for an alleged breach of contract. The Municipality is attempting to locate the company in order to arrange a pretrial conference since its previous attorneys of record have withdrawn.

Water scheme project

This is a matter where the Khuzwayo family has demanded payment of R 2 000 000.00 as compensation for the Municipality's construction of a treatment plant on parts of its property. The Municipality may have to pay reasonable compensation to the family which would be far less that what they have demanded. In the interim, the artoneys are awaiting further instructions regarding whether the Municipal council has decided to proceed with the proposed acquisition of the property.

Unitrade 1047 CC T/A Isidingo Security Services

This is a claim for damages arising from an alleged breach of contract against the Municipality in relation to a tender award. A summons was issued out of the High Court, Durban Local Division and the matter is currently pending in the Durban High Court awaiting a set down for trial. The matter was defended by the Municipality.

Unlawful arrest and detention

This matter is in relation to the unlawful arrest and detention of a certain Mr Mdladla. Mr Mdladla alleges that on or about 12 November 2017, acting under the instructions of immediate supervisor Mr Mbona, instructed him to deliver a Jojo tank to a designated area

Whilst acting on his instruction he was unlawfully arrested and detained by members of the SAPS, following false charges of theft. Mr Mdladla further alleges that he was released after six hours and that since his arrest and subsequent to his release he has not been summoned to appear in court. As a result, Mr Mdladla now claims damages in the amount of R500 000.00.The matter is now at the stage of discovery and we need to liaise with municipal official who will depose to the Municipality discovery affidavit.

Matatiele Local Municipality

Harry Gwala District Municipality is disputing the amount raised as a debtor by Matatiele Local Municipality. An agreement is yet to be reached between the two municipalities.

Impande Consulting Engineers

Impande issued summons against the Municipality for services rendered. Impande is currently in the process of combining the two action proceedings under case numbers 12387/22P and 2307/23P, as they relate to the same facts and cause of action. HGDM applied to review and set aside Impande's appointment to the 2019 panel for tender number HGDM625/HGDM/2019 and various instructions issued to it in terms of that appointment.

Unlawful arrest and detention

This matter is in relation to the unlawful arrest and detention of a certain Mr Mdladla. Mr Mdladla alleges that on or about 12 November 2017, acting under the instructions of immediate supervisor Mr Mbona, instructed him to deliver a Jojo tank to a designated area.

Whilst acting on his instruction he was unlawfully arrested and detained by members of the SAPS, following false charges of theft. Mr Mdladla further alleges that he was released after six hours and that since his arrest and subsequent to his release he has not been summoned to appear in court. As a result, Mr Mdladla now claims damages in the amount of R500 000.00.The matter is now at the stage of discovery and we need to liaise with municipal official who will depose to the Municipality discovery affidavit.

Matatiele Local Municipality

Harry Gwala District Municipality is disputing the amount raised as a debtor by Matatiele Local Municipality. An agreement is yet to be reached between the two municipalities.

Impande Consulting Engineers

Impande issued summons against the Municipality for services rendered. Impande is currently in the process of combining the two action proceedings under case numbers 12387/22P and 2307/23P, as they relate to the same facts and cause of action. HGDM applied to review and set aside Impande's appointment to the 2019 panel for tender number HGDM625/HGDM/2019 and various instructions issued to it in terms of that appointment.

38. Contingencies (continued)

Furthermore Impande applied to review and set aside the appointment of one of the firms of engineers on the panel appointed by HGDM in 2022, under tender number HGDM749/HGDM/2021.

Lerumo Lantate Training and Development Services

Harry Gwala District` Municipality has a civil claim instituted by Lerumo Lantate Training and Development Services at the Pietermaritzburg High Court, under case number: 9372/2022P

Lakani Projects (PTY) LTD

The municipality is currently engaged in legal proceedings initiated by Lakani Projects (PTY) LTD regarding the construction of VIP toilets in uMzimkhulu. Lakani Projects (PTY) LTD has instituted actions against the municipality, alleging contractual and project-related issues. The municipality is actively defending itself against the legal claim brought forth by Lakani Projects (PTY) LTD. The municipality asserts its position, disputing the validity of the claims made by Lakani Projects (PTY) LTD. As of the date of the annual financial statement, the financial impact of the contingent liability cannot be reliably determined. The outcome of the legal proceedings will ultimately dictate whether the municipality incurs an obligation to make payments to Lakani Projects (PTY) LTD and the extent of any potential financial implications.

Mahlasela And Sons Property Limited

The municipality is currently involved in legal proceedings initiated by Mahlasela and Sons Property Limited pertaining to land use for the construction of a water project. The legal action involves a dispute regarding the municipality's right to use the land for the specified purpose. The municipality is actively defending itself against the legal claim brought forth by Mahlasela and Sons Property Limited. The municipality asserts its right to use the land for the construction of a water project and contests the claims made by Mahlasela and Sons Property Limited. As of the date of reporting, the financial impact of the contingent liability cannot be reliably determined. The outcome of the legal proceedings will determine whether the municipality incurs an obligation to make payments to Mahlasela and Sons Property Limited and the extent of any potential financial implications.

Dispute involving a former HGDA employee

The disclosed amount for the year 2022 pertains to a legal dispute involving a former employee. The case has been officially closed, and no costs were incurred, as verified in written confirmation by the responsible attorney

National Skills Funds Service Providers

An amount of R1,404,216 was raised in 2020 in connection with an ongoing litigation concerning payment to National Skills Funds Service Providers. The Agency had withheld payments pending the outcome of an investigation. However, due to the considerable passage of time and the absence of legal obligations to make payments without valid invoices—none of which have been received since 2020—this matter is no longer considered probable

Ithala Bank

The sum of R743,461 reflects the variance between the loan confirmed in the preceding year and the current year by Ithala. This inconsistency necessitates management to initiate discussions with the bank for further clarification, confirmation, and validation.

Notes to the Annual Financial Statements

Related parties
Relationships
Controlled entities Refer to note 11

Related party transactions

Harry Gwala Development Agency
Transfer payments to related parties 15 290 250 15 100 000

The transfer to the municipal entity is meant to assist the entity's day to day operations. Harry Gwala Development Agency did not utilise the entire amount budgeted for the 2022/2023 financial year. No conditions are attached to these transfers

Key management information

Class	Description	Number
Accounting Officer	Municipal Manager	1
Executive management	Heads of Department	5
Councillors	District Mayor	1
Councillors	Deputy Mayor	1
Councillors	Speaker	1
Councillors	Chief Whip	1
Councillors	Executive committee members	3
Councillors	Ordinary councillors and traditional leaders	23
Non-executive board members	Harry Gwala Development Agency Board members	3

Remuneration of management

Management class: Board members

Refer to board members remuneration

Notes to the Annual Financial Statements

Figures in Rand

Related parties (continued)

Management class: Councillors 2023

Name	Basic salary	Cellphone allowance	Travelling allowance	Medical aid contributions	Pension	Other benefits received	Total
Executive Mayor	715 879	40 800	186 837	45 206	-	-	988 722
Deputy Mayor	514 612	40 800	151 017	-	90 829	-	797 258
Speaker	471 435	40 800	150 141	24 293	77 326	-	763 995
Exco Members	774 496	122 400	234 519	37 174	124 554	34 001	1 327 144
Chief Whip	294 111	40 800	76 793	24 797	-	4 816	441 317
Other Councillors	1 131 156	205 870	332 261	21 607	175 859	802 689	2 669 442
	3 901 689	**491 470**	**1 131 568**	**153 077**	**468 568**	**841 506**	**6 987 878**

2022

Name	Basic salary	Cellphone allowance	Travelling allowance	Medical aid contributions	Pension	Other benefits received	Total
Executive Mayor	660 272	40 630	104 282	11 302	-	-	816 486
Deputy Mayor	502 984	38 420	83 426	12 132	91 169	-	728 131
Speaker	472 124	40 630	137 737	17 352	86 775	-	754 618
Exco Members	924 587	100 640	208 907	15 069	112 732	-	1 361 935
Chief Whip	269 448	38 420	70 434	10 050	16 886	14 973	420 211
Other Councillors	1 593 056	257 210	392 622	35 452	165 200	713 684	3 157 224
	4 422 471	**515 950**	**997 408**	**101 357**	**472 762**	**728 657**	**7 238 605**

Management class: Executive management

*Refer to note "Employee related costs"

40. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

Controlling entity - 2022	NOTE				
Trade creditors	13	(4 072 112)	(240 669)	-	(4 312 781)
Retentions	13	3 387 438	121 908	-	3 509 346
Bonus Accrued	13	25 559 909	(2 609)	-	25 557 300
Receivables from non exchange transactions	4	(2 729 793 105)		1 019 742	-
VAT receivable	6	22 766 837	1 019 742	-	(2 728 773 363)
Accumulated surplus		2 997 942	-	-	23 904 981
Buildings	9	2 690 682	-		
Community assets	9	703 658 470	(5 639 443)	-	1 859 798
Infrastructure water and sanitation	9	**(59 340 844)**	**-**	**-**	**59 340 844**
Controlling entity - 2023					
Trade creditors	13	(22 576 113)	2 692 822	-	25 268 935
Retentions	13	(50 327 725)	8 857 119	-	41 47 606
Bonus Accrued	13	(4 072 112)	240 669	-	(4 312 781)
Accrued leave pay	13	(15 397 955)	90 122	-	15 488 077
Receivables from non exchange transactions	5	3 387 438	121 908	-	3 509 346
VAT receivable	6	25 856 046	2609	1 138 144	25 853 437
Buildings	9	41 360 025	1 632 594	(1 138 144)	44 130 763
Community assets	9	2 997 942	-		
Infrastructure water and sanitation	9	2 690 682 703	(5 639 443)	-	1 859 798
Intangible Assets	10	1 466 713	182 124	-	2 759 233 039
Accumulated surplus					
Furniture and fixtures	9	2 756 862 654	225 222	-	1 947 481
Computer equipment	9	6 140 243	17 083	-	6 157 326
Controlling entity - 2022					
Service charges	24	61 560 151	(10 483)	-	61 549 668
Contracted services	26	(173 012 591)	27 516	-	172 985 075
Operational costs	32	(63 462 382)	(1 116 047)	-	64 578 429
Depreciation and amortisation	27	(78 667 036)	(1 674 380)	-	80 341 416
Debt Impairment	25	(15 146 870)	-	15 146 870	-
Bad debts written off	25	-	-	(7 613 554)	7 613 554
Reversal of impairments (Impairment loss)	35	(2 837 739)	-	(7 533 316)	10 371 055

Notes to the Annual Financial Statements

Prior-year adjustments (continued) Errors

The following prior period errors adjustments occurred:

Payables from exchange transactions

The Compensation for Occupational Injuries and Diseases Act (COIDA), also known as the Workmen's Compensation Act, is a law in South Africa that provides for compensation for employees who are injured or contract diseases during the course of their employment, as well as for dependents of employees who die as a result of work-related incidents. This Act aims to provide financial support and medical assistance to employees who suffer injuries, diseases, or death due to workrelated activities. Harry Gwala District Municipality is obligated to contribute to the Workmen's Compensation Fund by paying an annual assessment fee. The amount of the fee is determined by factors such as the nature of the business and the total annual earnings of employees. The annual assessment fee for the prior years was not accounted for resulting in the understatement of operational costs by R1 116 047, accumulated surplus by R3 034 728 and trade creditors by R4 150 775.

An amount of R1,404,216 was generated in 2020, stemming from an unresolved legal dispute related to the payment of National Skills Funds Service Providers. The Agency had temporarily withheld payments pending the investigation's outcome. Consequently, a correction was deemed necessary in light of these developments.

During the annual financial statement audit, it was identified that an incorrect engagement date was utilized for employees who transitioned from temporary to permanent status. The engagement date used in the bonus accrual calculation incorrectly reflected the period of temporary employment rather than the accurate commencement date of their permanent status. This discrepancy led to an understatement of the bonus accrual for the prior period, impacting both the statement financial performance and the corresponding liability on the statement of financial position by R 240 669.47.

Retentions are amounts typically withheld from payments to contractors as a form of security, which can be released upon the satisfactory completion of the contractual obligations, rectification of defects, or the fulfillment of other specified conditions. The errors primarily relate to the incorrect classification and treatment of retentions in instances where the underlying contractual obligations were fulfilled in the prior year. Specifically, retentions that were initially held but due to defects or other completion conditions identified on construction projects in the prior years, the retentions were erroneously not released as the contractors did not rectify the defects. Additionally, retentions associated with contracts that were terminated during the prior year were not accurately adjusted for in the financial records. The restatement of the financial statements for the prior year has resulted in the following adjustments: retention liabilities have been reduced by R8 857 119 to reflect the accurate amount of retentions outstanding at the end of the prior year. This has led to a corresponding increase in accumulated surplus.

Service charges

In the prior period ending 30 June 2022, certain transactions involving the receipt of funds for the removal of the accumulated waste and sewage from pit latrines or pit toilets were erroneously recognized as revenue before the corresponding services were provided to the customers. This occurred due to a misinterpretation of revenue recognition criteria at the time. As a result of the error, revenue was overstated R10 482.97 in the 2021/2022 annual financial statements. The correction reduced the previously reported revenue by R10 482.97, resulting in a corresponding decrease in the net income and an increase in income received in advance for the financial years.

Prior-year adjustments
(continued) Property, plant and equipment

Upon meticulous review of our accounting records, it has come to our attention that certain infrastructure assets were not transferred from the "Work in Progress" category to the appropriate "Property, Plant, and Equipment" category after their completion in prior reporting periods. As a result, these assets were not subjected to depreciation, leading to an underreporting of expenses and an inaccurate representation of our financial performance.

The impact of this correction has been outlined below:

Increase in Depreciation Expense: Depreciation charges for the affected infrastructure assets have been recognized for the prior periods in which they were in use. This has resulted in a restatement of expenses for the 2021/2022 financial year and by R1 674 380 and accumulated surplus by R3 965 063, leading to a decrease in the reported net income for those periods.

Adjustment to Asset Values: The reclassification has also led to an adjustment in the carrying amounts of the infrastructure assets on the statement of financial position by R5 639 443. These adjustments have been made to reflect the appropriate depreciation expenses that should have been recognized in previous years.

In addition an prior period error was discovered from an Harry Gwala Development agency-led initiative to conduct a comprehensive 100% physical verification exercise. During this process, assets were discovered that were not previously recorded in the register. These assets were subsequently added to the register in the preceding year.

Receivables from non exchange transactions:

During the accounting period ending on 30 June 2021, payments were made to employees as part of their regular compensation. However, due to unforeseen banking issues, these payments were returned and debited from our bank account.The funds that were originally credited to the suspense account have been reversed, and the relevant amounts have been correctly debited from the suspense account. The original payments made to employees were recognized as expenses in the original period. The error correction will result in a reduction of expenses. The suspense account that temporarily held the funds has been correctly adjusted, resulting in a reduction of assets by R132 391.46

Reclassifications

The following reclassifications adjustment occurred:

Property, plant and equipment

During our periodic review of asset classifications, it was determined that certain building improvements that were originally categorized as community assets were more appropriately classified as part of our building assets.

Debt impairment

The municipality reviewed the approach to presenting bad debts in the annual financial statements. The objective was to distinguish between bad debts written off and the provision for debt impairment, thereby offering stakeholders a more accurate understanding of our financial performance. With this separation, our Statement of Financial Performance will now distinctly display bad debts written off as a separate line item. This allows readers to differentiate between debts written off and the provision made for debt impairment.

41. Comparative figures

Certain comparative figures have been reclassified.

Risk management Financial risk management

The economic entity's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

42. Risk management (continued) Liquidity risk

The economic entity's risk to liquidity is a result of the funds available to cover future commitments. The economic entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

The management of liquidity risk is essential for the financial well-being and sustainability of the Municipality. Liquidity risk refers to the potential inability to meet short- term financial obligations as they fall due. The primary objectives of the Municipality's liquidity risk management are to ensure the availability of funds to meet financial obligations, optimize cash flow forecasting to anticipate and address liquidity needs and mitigate the impact of unforeseen events on the municipality's financial position.

The table below analyses the economic entity's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Economic entity

At 30 June 2023	**Less than 1 year**	**Between 1 & 2 years**	**Between 2 & 5 years**	**Less than 1 year**
Unspent conditional grants and receipts	22 809 837	-	-	-
Trade and other payables	115 177 432	-	-	-
Long-term payable from exchange transactions	2 400 000	2 400 000	7 200 000	805 816
Finance lease obligation	5 605	-	-	-
Consumer deposits	2 415 086	-	-	-
Borrowing	2 770 602	-	-	-

At 30 June 2022	**Less than 1 year**	**Between 1 & 2 years**	**Between 2 & 5 years**	**Less than 1 year**
Unspent conditional grants and receipts	2 787 455	-	-	-
Trade and other payables	92 600 122	-	-	-
Long-term payable from exchange transactions	2 400 000	2 400 000	7 200 000	793 504
Finance lease obligation	1 314 734	7 056	-	-
Consumer deposits	2 175 007	-	-	-
Borrowings	2 770 602	-	-	-

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 Council.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument				
Cash and cash equivalent	142 126 742	64 591 710	124 640 559	50 226 251
Trade and other receivables from exchange transactions	242 760 505	239 678 177	242 760 505	239 678 177
Trade and other receivables from non exchange transactions	5 879 473	5 315 032	5 879 473	5 315 032

42. Risk management (continued)
Interest rate risk

As the economic entity has no significant interest-bearing assets, the economic entity's income and operating cash flows are substantially independent of changes in market interest rates.

43. 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.

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the municipality continue to receive conditional grants and equitable share allocations as gazetted for the ongoing operations for the municipality

44. Events after the reporting date

Harry Gwala Municipality Council set on 27 July 2023 to resolve the irregular expenditure. Investigations were performed by MPAC before the end of the financial year and council took a resolution to write off the irregular expenditure amounting to R550 480 032 and fruitless and wasteful expenditure amounting to R113 434.

Harry Gwala Municipality had a special Council on 30 August 2023 to consider the item for irregular expenditure investigation by MPAC. The investigations by MPAC started before the end of the financial year and council took a resolution to write off the irregular expenditure amounting to R288 281 523.

45. Unauthorised expenditure

Add: Unauthorised expenditure - current	9 691 677	-	9 691 677	-

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	9 691 677	-	9 691 677	-
Analysed as follows: non-cash		-		-
Depreciation and amortisation	1 921 028	-	1 921 028	-
Bad debts written off	6 039 208	-	6 039 208	-
Employee benefit obligation actuarial valuations	1 731 441	-	1 731 441	-
	9 691 677	-	**9 691 677**	-

The nature of the overspending is primarily attributed to non-cash items, namely bad debts written off and actuarial assumptions on employee benefit obligations. These items were incurred centrally and were not allocated and spread across multiple departments. Management chose to record them under one vote, namely Vote 3 Budget and Treasury Office. It's crucial to note that, in total, the budget has not been overspent when accounting for these non- cash items. Moreover, unauthorized expenditure within the infrastructure services vote can be attributed to the impact of depreciation

Unauthorised expenditure: Budget overspending – per municipal department:

Infrastructure Services	1 921 028	-	1 921 028	-
Budget and Treasury Office	7 770 649	-	7 770 649	-
	9 691 677	-	**9 691 677**	-

Notes to the Annual Financial Statements

Figures in Rand

46. Fruitless and wasteful expenditure

Opening balance as previously reported	8 831 406	8 797 883	8 217 726	8 198 792
Add: Fruitless and wasteful expenditure identified - current	169 027	18 934	62 877	18 934
Add: Fruitless and wasteful expenditure identified -prior period	-	14 589	-	-
Less: Amount written off - prior period	(113 434)	-	(113 434)	-
Closing balance	**8 886 999**	**8 831 406**	**8 167 169**	**8 217 726**

The municipality is currently in the process of conducting a comprehensive investigation into the balance of Fruitless and Wasteful Expenditure. As of the conclusion of the financial year, the exact nature and circumstances surrounding this expenditure remain under scrutiny, hindering the municipality's ability to definitively ascertain the recoverability of the incurred amount. The complexity of the investigation arises from the need to meticulously assess each instance of Fruitless and Wasteful Expenditure, understanding the factors contributing to these expenses. This thorough examination encompasses a range of financial transactions and activities, and the municipality is actively engaging with relevant stakeholders to gather all pertinent information.

Details of fruitless and wasteful expenditure

Interest paid on Telkom account	9 250	18 934	9 250	18 934
Interest paid on Eskom account	53 627	-	53 627	-
Interest and Penalties from SARS	104 751	-	-	-
	167 628	**18 934**	**62 877**	**18 934**

47. Irregular expenditure

Opening balance as previously reported

Add: Irregular expenditure - current
Less: Amount written off - current
Less: Amount written off - prior period

Competitive bidding process not followed is comprised of payments in the current year for old multi year contracts and payments made to suppliers on a panel. The panel appointment correctly followed all the SCM processes however the SCM policy did not cover how the work is allocated to different service providers on the pannel.

The municipality is currently in the process of conducting a comprehensive investigation into the balance of Irregular expenditure. As of the conclusion of the financial year, the exact nature and circumstances surrounding this expenditure remain under scrutiny, hindering the municipality's ability to definitively ascertain the recover ability of the incurred amount. The complexity of the investigation arises from the need to meticulously assess each instance of Irregular expenditure, understanding the factors contributing to these expenses. This thorough examination encompasses a range of financial transactions and activities, and the municipality is actively engaging with relevant stakeholders to gather all pertinent information.

Notes to the Annual Financial Statements

Figures in Rand

47. Irregular expenditure
(continued) Amount written-off

After the council committee investigations, council adopted the council committee recommendation to write-off an amount of R838 761 555 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable.

48. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	2 571 526	2 101 863	2 571 526	2 101 863
Amount paid - current year	(2 571 526)	(2 101 863)	(2 571 526)	(2 101 863)
Water Losses identified	-	-	-	-
	8 436 061	7 985 151	8 436 061	7 985 151

Material losses

The water losses of 31.1% (2021/22 :30.6 %) is calculated on the system input volume of 3 245 869kl (2021/22 : 3 217 891 kl) purchased at an average price of R8.365 (2021/22 : R8.12) per kl and total units sold amounting to 2 237 374 kl (2021/22 : 2 234 498kl). Total water stock losses amounts to 1 008 495kl (2020/21 : 983 393kl)

The following are the major root causes for the water losses:
Ageing infrastructure around the District also causes water losses, there are still asbestos and cement pipes that are still under ground and they keep bursting most of the times..
Informal settlements around the District that have water connections but they are not billed therefore they are deemed as water losses. Illegal connections especially in rural areas and informal settlements.

Audit fees

Current year subscription / fee	5 056 140	4 551 628	2 571 526	4 396 657
Amount paid - current year	(5 056 140)	(4 521 447)	(2 571 526)	(4 366 476)
	-	**30 181**	-	**30 181**

PAYE and UIF				
Current year subscription / fee	40 448 599	39 732 931	39 492 799	38 541 151
Amount paid - current year	(37 105 915)	(39 732 931)	(36 150 115)	(38 541 151)
	3 342 684	-	3 342 684	**-**
Pension and Medical Aid Deductions				
Current year subscription / fee	31 764 768	32 610 976	31 764 768	31 057 599
Amount paid - current year	(29 704 712)	(32 610 976)	(29 704 712)	(31 057 599)
	2 060 056	**-**	**2 060 056**	**-**

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
Additional disclosure in terms of Municipal Finance Management Act (continued)	2023	2022	2023	2022
SDL				
Current year subscription/fee	1 897 730	1 841 724	1 897 730	1 841 724
Amount paid - current year	(1 897 730)	(1 841 724)	(1 897 730)	(1 841 724)
SALGBC				
Current year subscription/fee	52 755	49 426	52 755	49 426
Amount paid - current year	(52 755)	(49 426)	(52 755)	(49 426)

Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the and includes a note to the annual financial statements.

There are deviations during the 2022/2023 financial year
as follows:

Reason for deviation

V S panel beaters and spraypa - Repairs of the Nissan 235 069 - 235 069 - UD truck registration number NIX 10981. The impracticality of following normal SCM processes was driven by the fact that the panel beater was chosen by the insurance company as the vehicle in question was insured and the vehicle had already incurred substantial storage costs, which the municipality would have had to bear if another company had been chosen after the insurance claim was declined.

50. Budget difference

Material differences between budget and actual amounts
The excess of actual expenditure over the final budget of 5% is considered acceptable by management.

Service Charges - Increased Demand or Usage: There was a higher-than-expected demand for water and sanitation services during the period, leading to an increase in service charges. The overflowing tanks and leaks at Rietvlei hospital was a major contributor.

Other Income - The Municipality received money from previous cases against former employees as well as insurance refunds that were not budgeted for.

Interest on outstanding debtors - Changes in Payment Behaviour: The actual payment behaviour of customers differs from what was initially anticipated in the budget, resulting in a variance in the interest earned on outstanding debtors. Customers are paying their outstanding debts later than expected, the delay in receiving payments leads the debt increases and subsequently an increase in interest charged.

Notes to the Annual Financial Statements

50. Budget differences (continued)

Interest on investments - The cash flow patterns differed from what was assumed in the budget thereby affect the timing of investments and interest earnings for instance there was slow spending on conditional grants throughout the financial year resulting in higher call account balances ringfenced. Moreover, there was Interest Rate Fluctuations. The actual interest rates differ from the rates assumed in the budget, leading to a variance. Higher-than-expected interest rates resulted in higher interest income.

Government Grants and Subsidies - Delays in project initiation or execution leading to a difference between the budgeted and actual spending on the municipal infrastructure conditional grant. These delays were caused by administrative, regulatory, and or technical issues.

Public contributions and donations - There is no budget allocated as the information is not available at the time of budgeting

Bad Debts written off - An economic downturn leading to reduced consumer spending, increased unemployment, and financial distress for businesses and individuals. In such scenarios, customers face difficulties in fulfilling their payment obligations, resulting in higher instances of defaults and bad debts. The severity and duration of the economic downturn impacted the accuracy of budgeted projections.

Contracted services - Streamlining internal processes or improved resource allocation leading to more efficient utilization of contracted services, thereby lowering costs. Moreover, certain services were performed in-house at a lower cost than outsourcing, leading to reduced contracted services expenditure.

Depreciation and amortisation - Delays or deferrals of infrastructure projects resulting in lower capital expenditures due to funding, affecting the depreciation of newly completed infrastructure assets. There was also slower than anticipated expenditure on the municipal infrastructure grant

Finance charges - The budgeted figure was in anticipation of a new lease agreement for photocopying machines however there has been delays on the new contracts due to a change in strategy by management by focusing on the participation in the transversal tender for printers

Employee related costs - The budgeted amount is observed to be lower than the actual figures primarily due to the inclusion of non-cash items stemming from actuarial assumptions. These assumptions specifically pertain to the accounting for long service awards and provisions set aside for post-healthcare medical aid. The application of these actuarial assumptions has resulted in a variance between the projected budget and the actual outcome.

Remuneration of Councillors - The budget was set in anticipation of an increase due to the release of new gazette for upper limits for councillors however this was not done at year end

Inventory Consumed - Expenditure is within the budget. The municipality is continuously identifying cost drivers to try and minimise expenditure so that the municipality moves towards achieving the goal of maintaining the funded budget status.

Operational Costs - The municipality is continuously identifying cost drivers to try and minimise expenditure so that the municipality moves towards achieving the goal of maintaining the funded budget status.

Actuarial gains and loss - These noncash items were not budgeted for.

Gains/ losses on disposal of assets - There was no budgeted allocated for gains or losses on disposal of assets.

Cash and cash equivalents - The cash flow patterns differed from what was assumed in the budget thereby affect the timing of investments and interest earnings for instance there was slow spending on conditional grants throughout the financial year resulting in higher call account balances ringfenced.

Property, plant and equipment - Delays or deferrals of infrastructure projects resulting in lower capital expenditures due to funding, affecting the construction infrastructure assets. There was also slower than anticipated expenditure on the municipal infrastructure grant.

Notes to the Annual Financial Statements

50. Budget differences (continued)

Payables from exchange transactions - Delays in receiving, processing invoices and making payments causing a buildup of payables, resulting in a higher balance than originally expected. The salaries third party payments were outstanding at year end whereas the budget projections were made with the anticipation that these will be settle before 30 June 2023.

Current portion of employee benefit obligations – There was no budget allocated to the current portion as the entire amount was budgeted for under non-current liabilities.

Unspent conditional grants and receipts - Delays in project initiation or execution leading to a difference between the budgeted and actual spending on the municipal infrastructure conditional grant. These delays were caused by administrative, regulatory, and or technical issues.

Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages 45 to 50 in the annual report

Notes to the Annual Financial Statements

Segment information General
information Identification of segments

The economic entity is organised and reports to management on the basis of three major functional areas: primary, secondary and tertiary educational services. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.
Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Aggregated segments

The economic entity operates throughout the Gauteng Province in ten cities. Segments were aggregated on the basis of services delivered as management considered that the economic characteristics of the segments throughout Gauteng were sufficiently similar to warrant aggregation.

Types of goods and/or services by segment
These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	**Goods and/or services**
Government and administration	Administration and support services
Community services	Disaster, health and environmental services Water and Sanitation
Trading services	

Notes to the Annual Financial Statements

Figures in Rand **1. Segment information (continued)** **Segment surplus or deficit, assets and liabilities Controlling entity - 2023**	Government and administration	Community services	Trading services	Total
Revenue				
Revenue from non-exchange transactions	433 733 203	-	306 324 270	740 057 473
Revenue from exchange transactions	12 046 359	31 998	91 748 847	103 827 204
Total segment revenue	**445 779 562**	31 998	398 073 117	843 884 677
Entity's revenue				843 884 677
Expenditure				
Contracted services	47 936 378	2 322 947	84 014 195	134 273 520
Bad debts written off	34 789 639	-	-	34 789 639
Depreciation and amortisation	9 642 074	1 604 041	80 543 919	91 700 034
Employee related cost	82 122 542	29 722 685	133 732 960	245 578 187
Finance costs	112 875	-	-	112 875
Inventory Consumed	33 935	451 946	33 499 758	33 985 639
Operational Cost	43 307 294	1 105 446	24 759 094	69 171 834
Remuneration of Councillors	6 987 876	-	-	6 987 876
Transfers and subsidies	-	15 290 000	-	15 290 000
Loss disposal of fixed and intangible assets	-	-	2 875 378	2 875 378
Actuarial gain/(loss)	(3 755 000)	-	-	3 755 000
Impairment Loss/ Reversal of Impairment Loss	2 001	-	439 972	437 971
Total segment expenditure	**221 179 614**	**50 497 065**	**358 895 332**	**630 572 011**
Total segmental surplus/(deficit)	**224 599 948**	**50 465 067**	**39 177 785**	**213 312 666**

	Economic entity		Controlling entity	
	Government and administration	Community services	Trading services	Total
51. Segment information (continued)Assets				
Segment assets before current year additions to non-current assets	182 899 969	3 872 038	266 096 021	2 660 960 655
Additions to non-current assets	7 787 156	81 485	260 707 909	874 732 662
Total segment assets	**190 687 125**	**3 953 523**	**530 687 125**	**3 116 309 212**
Liabilities				
Segment liabilities	**171 599 548**	**-**	**2 415 086**	**174 014 634**
Total liabilities as per Statement of financial Position				**174 014 634**
Revenue				
Revenue from non-exchange transactions	388 572 114	11 603 163	378 763 553	778 938 830
Revenue from exchange transactions	8 009 530	32 581	72 745 006	80 787 117
Entity's revenue	**396 581 644**	**11 635 744**	**451 508 559**	**859 725 947**
				859 725 947

Notes to the Annual Financial Statements Figures in Rand	Economic entity 2023	 2022	Controlling entity 2023	 2022
Segment information (continued)				
Expenditure				
Contracted services	51 147 041	51 147 041	120 733 684	172 985 077
Bad debts written off	7 613 554	-	-	7 613 554
Depreciation and amortisation	7 759 450	1 727 752	70 854 213	80 341 415
Employee related cost	79 004 805	30 058 529	129 312 336	238 375 670
Finance costs	306 520	-	-	306 520
Inventory consumed	22 307	508 187	44 130 472	44 660 966
Operational cost	39 644 531	1 044 904	23 884 393	64 573 828
Remuneration of Councillors	7 238 604	-	-	7 238 604
Transfers and subsidies	-	15 100 000	-	15 100 000
Actuarial gains/(losses)	(688 000)	-	-	688 000
Loss disposal of fixed and intangible assets	51 460	1 745 625	143 319	1 940 404
Impairment loss	(9 412)	-	10 380 467	10 371 055
Total segment expenditure	**192 090 860**	**51 289 349**	**399 438 884**	**642 819 093**
Total segmental surplus/(deficit)	204 490 784	39 653 605	399 438 884	642 819 093
Assets				
Segment assets before current year additions to non-current assets	117 935 841	7 533 169	726 093 318	861 582 915
Additions to non-current assets				816 582 915
Total assets as per Statement of financial Position				
Liabilities				
Measurement of segment surplus or deficit, assets and liabilities				
Segment liabilities	147 027	034	14 224 474	132 809 553
Total liabilities as per Statement of financial Position				

Basis of accounting for transactions between reportable segments

The accounting policies of the segments are the same as those described in the summary of significant accounting policies.

51. Segmentinformation

(continued) Information about

geographical areas

In accordance with GRAP 18.32, the municipality is required to report certain geographical information. However, due to practical constraints and excessive costs associated with obtaining the necessary information, the entity is unable to provide the specific details related to external revenues, total expenditure, and non- current assets for the geographical areas in which it operates. The decision not to disclose this information is based on the assessment that the cost to develop such information would be prohibitively high.