

Annual Report Financial year 2019-2020



HARRY GWALA DISTRICT MUNICIPAL COUNCIL

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VOLUME 1: ANNUAL PERFORMANCE REPORT

VOLUME II: ANNUAL FINANCIAL STATEMENTS

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 Dr.op 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.**

CHAPTER 1– Mayor’s Foreword and Executive Summary (Component A)

In terms of Section 52 (a) of the MFMA, the Mayor of a municipality must provide general political guidance over the fiscal affairs of the municipality.

It is the responsibility of the Mayor/ Executive Mayor to provide a political overview of the performance of the municipality.

The aim of this chapter is to provide an introduction and overview of the municipality/ municipal entity to the reader. This chapter provides the key decision-makers-both on political and administrative level-with opportunity to provide an overview of the functions, geographical area and performance of the municipality / municipal entity.

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”. 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 2019/2020 financial year, the municipality experienced 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 is a major contributor to our financial situation.

In order to realise this long term vision, on an annual basis as a municipality we set strategic objectives and goals which are intended to be used as building blocks towards our vision. Our strategic objectives are clear and achievable although we have been hindered severely by the pandemic COVID 19 towards the end of this financial year. There was no budget for this pandemic but the district worked very hard to curb the curve, therefore my office will forever be grateful for the hard work done by our frontline employees and our Technical Command Team, not forgetting to pass sincere condolences to those who lost their loved ones due to the pandemic. I also appreciate COVID 19 grant received from COGTA, it made a great difference in the procurement of PPEs. 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 Contractors to ensure accountability and

accurate reporting of progress and challenges that are being experienced. This monitoring and evaluation exercise has assisted the municipality to see gaps and have provided remedial strategies. 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 (detailing 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-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 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 resolutions and policies.

Yours in development,

I thank you

The Honorable Mayor
Cllr Z.D Nxumalo
HARRY GWALA DISTRICT MUNICIPALITY

COMPONTE B: Municipal Manager's foreword

LEGISLATIVE FRAMEWORK

The Constitution of the Republic of South Africa provides a legislative mandate under which the Municipal Manager, as the Head of Administration, is required to manage the process and activities of running the municipality. Such processes are to be undertaken in accordance to the implementation of tasks in a planned, organized and controlled manner. With the delivery of basic services to communities, the Municipal Manager is a major role player under the collective consideration and assistance of Council.

Section 155 of the Constitution provides for the establishment of municipalities as local government institutions. Section 156 highlights the executive authority that a municipality has in its right to provide good governance and administration. A District municipality has an enormous responsibility with explicit purposes of meeting the needs of its communities by ensuring that services are provided in an equitable manner. Different pieces of legislation also provide for the municipal council to delegate some of its power and authority to ensure good results and efficiency in running the institution.

Section 127 (5) (a) of the Municipal Finance Management Act also stipulates that the Accounting Office of a municipality should publicize the annual report and submit it to the Auditor General, the relevant Provincial Treasury and the Provincial Department that is responsible for Local Government at the Province in accordance to section 21 A of the Local Government Municipal Systems Act.

Chapter 3 of the Local Government Municipal Systems Act and Chapter 5 of the Municipal Structures Act further provides for general empowerment of a municipality to do anything that is reasonably possible or incidental, for the effective performance of its functions and the exercise of its powers. Relevant legislative prescripts and their optimal use by the administration are beneficial in the overall process of municipal governance.

STATUS QUO OF THE CURRENT STATE OF AFFAIRS

The financial year under review covers the period from the 1st of July 2019 to the 30th of June 2020. In providing a public account on the performance of Harry Gwala District Municipality, the administration has ensured that political structures are in place. A standardized municipal reporting philosophy encourages the preparation and adoption of financial and annual reports for the municipality and its municipal entity. Reports are submitted to IGR structures in order for the municipality to fulfill its mandate of service delivery in the finalization of municipal matters. Under a system of delegation, senior managers finalize that which has

been considered and approved by Council, in accordance to Section 59 (1) of the Local Government Municipal Systems Act, which requires that a municipal Council must develop a system of delegation that will maximize administrative and operational efficiency and provide for adequate checks and balances. The Accounting Officer oversees the execution and implementation of all Council policies and performs her function in good faith, with fidelity, honesty and in the best interest of the organization, making sure that areas such as Local Economic Development, Financial Viability, Planning and Infrastructure, Institutional Transformation, Good Governance and Public Participation are addressed.

The Service Delivery and Budget Implementation Plan which is approved in terms of section 53(c) (ii) of the Municipal Finance Management Act sets priorities in terms of what has been identified as key issues in the Integrated Development Plan as well as revenue and expenditure targets for the period under review. Priorities that are agreed upon are budgeted for in a municipal budget that is adopted by Council. Poor levels of Water and Sanitation Infrastructure, poverty and general under-development that ultimately manifests itself through unemployment, are some of the major issues of service delivery concern. It is therefore common cause that emphasis is placed on Local Economic Development and Infrastructure development.

The financial health of the District municipality has improved slowly with time, however, a substantial regression has been observed in the municipal collection rate. The revenue collection strategy is in place and a process of data cleansing is under implementing, along with the development of the indigent register and the review of the tariff structure. Political Governance and District Inter-governmental structures are in place so as to enhance close co-operation with all stakeholders.

BASIC SERVICE DELIVERY

The IDP objectives set the pace for municipal service delivery performance. Within the Budget and Treasury Office, debt recovery pertaining to water and sanitation has been handled with care. A successful exercise within the Water Services Department was the review of the Water Services Plan for 2019/2020. The municipal bylaws were reviewed, interpreted and adopted by Council. During the 2019/2020 financial year, the Water Services Authority maintained 144 water schemes which include rudimentary water supply schemes with water being sourced from boreholes and springs. During the COVID-19 outbreak, the Water Services Department which constitutes one of the essential services departments, played a key role in the distribution of 401 of the 450 static water tanks that were received from the Department of Co-operative Governance and Traditional Affairs (COGTA). These tanks were distributed to the Council Wards of Greater Kokstad LM, Ubuhlebezwe LM, Dr. Nkosazana Dlamini-Zuma LM and Umzimkhulu LM. A total of 8 boreholes were drilled as a special program and equipped with solar powered pumps, elevated tanks and a tap for the villages of Ubuhlebezwe LM and

Umzimkhulu LM, specifically to address the COVID-19 outbreak. The District municipality, under Corporate Services, purchased ICT systems to ensure full functionality and compliance to audit requirements as raised in the previous financial year.

During the year 2019, the Municipal Health Services within the Department of Social Services and Development Planning won the Best Performing Municipality in the National Environmental Health Norms and Standards Awards for the provision of Municipal Health services.

CHALLENGES AND ACHIEVEMENTS

Harry Gwala District is faced with a high rate of unemployment which is higher by 1% from that of the Province. In respect of HR recruitment and selection, there has been insufficient funding to fill in vacant posts. Some performance targets have not been met due to a shortage of funds. Insufficient funding has resulted in a slow rate in capacity building and a longer period in the filling in vacant posts.

Harry Gwala District Municipality, has maintained good administrative relations with its family of four local municipalities which includes Ubuhlebezwe, Greater Kokstad, Umzimkhulu and Nkosazana Dlamini-Zuma Local Municipalities. These municipalities have remained functional and above board in providing services to communities, given the scarce financial resources that are available, especially during such a trying year that has been filled with mishap as a result of the global COVID-19 pandemic.

Within the District, existing internal controls such as the Internal Audit Unit that works hand in hand with the Audit Committee, the Municipal Public Accounts Committee, Risk Management, Legal Services and a dedicated senior management team, form a united front in the endeavor to improve the financial health of the municipality. Visible progress has been made.

In conclusion, I would like to extend a word of gratitude to our Municipal Leadership, Council, the Executive Committee, Portfolio Committees, Senior Management, officials and the broader communities that we serve.

I Thank You.

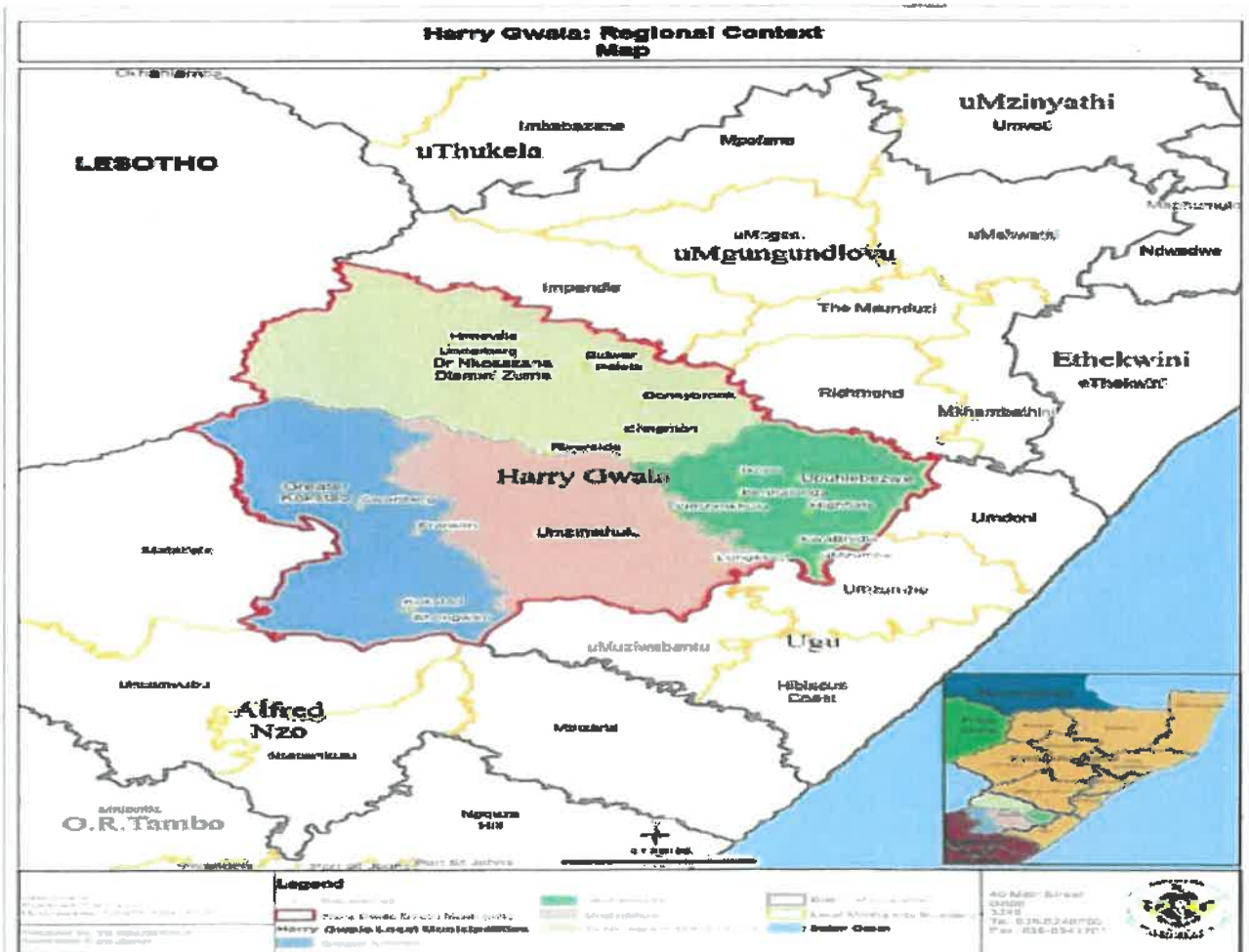
MUNICIPAL MANAGER
MRS. A. N. DLAMINI

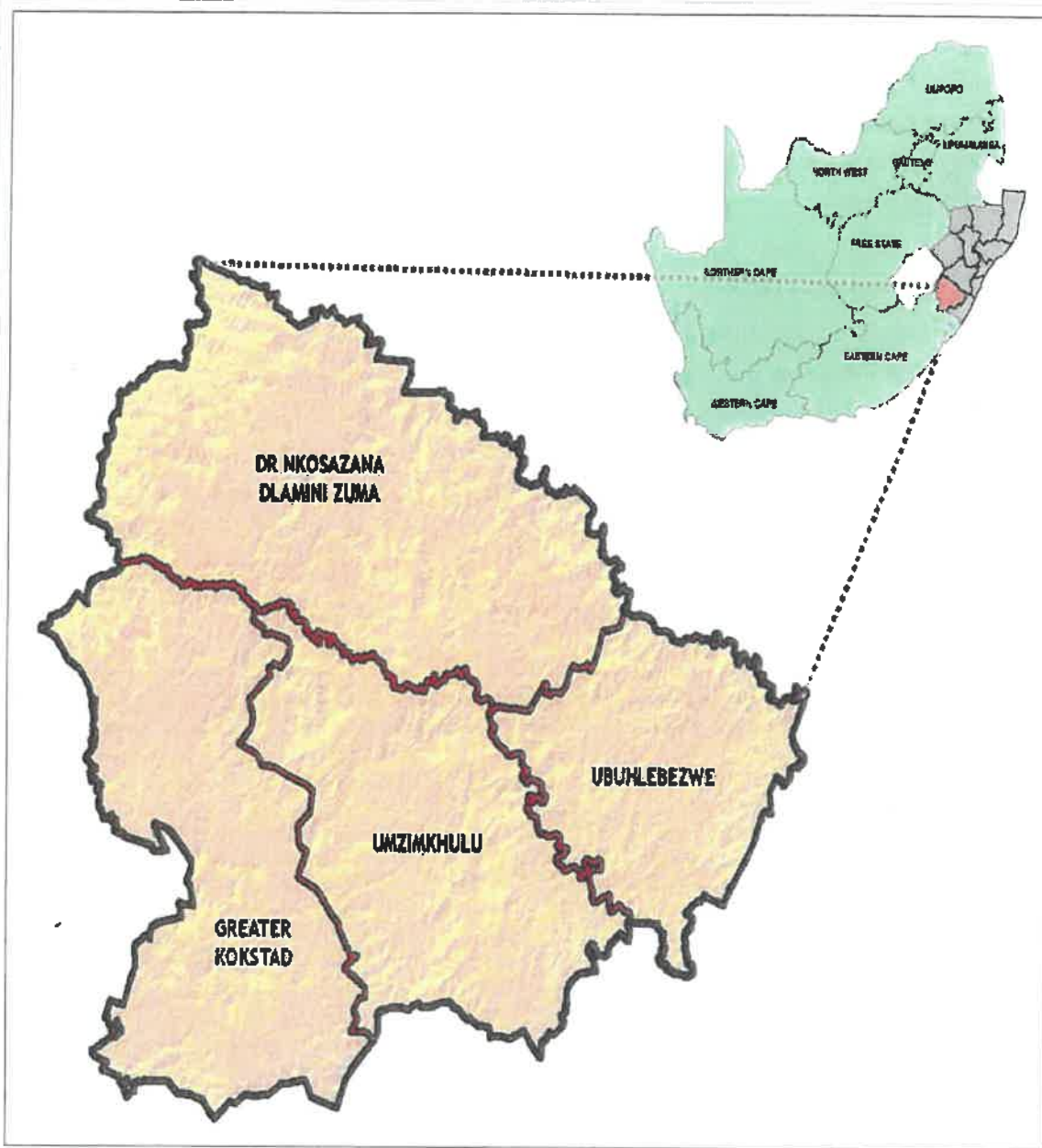
1 Municipal Overview

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 SWALA DM
SPATIAL DEVELOPMENT
FRAMEWORK**

HCOM Geographical
Centre

Legend

- Harry Swala DM
- Local Municipalities

0 5 10 20
Kilometres

C. P. R. 2014
Scale
1:50,000
Plan CS-556/1/2014
Website: www.hswala.gov.za

UMZIMKHULO 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

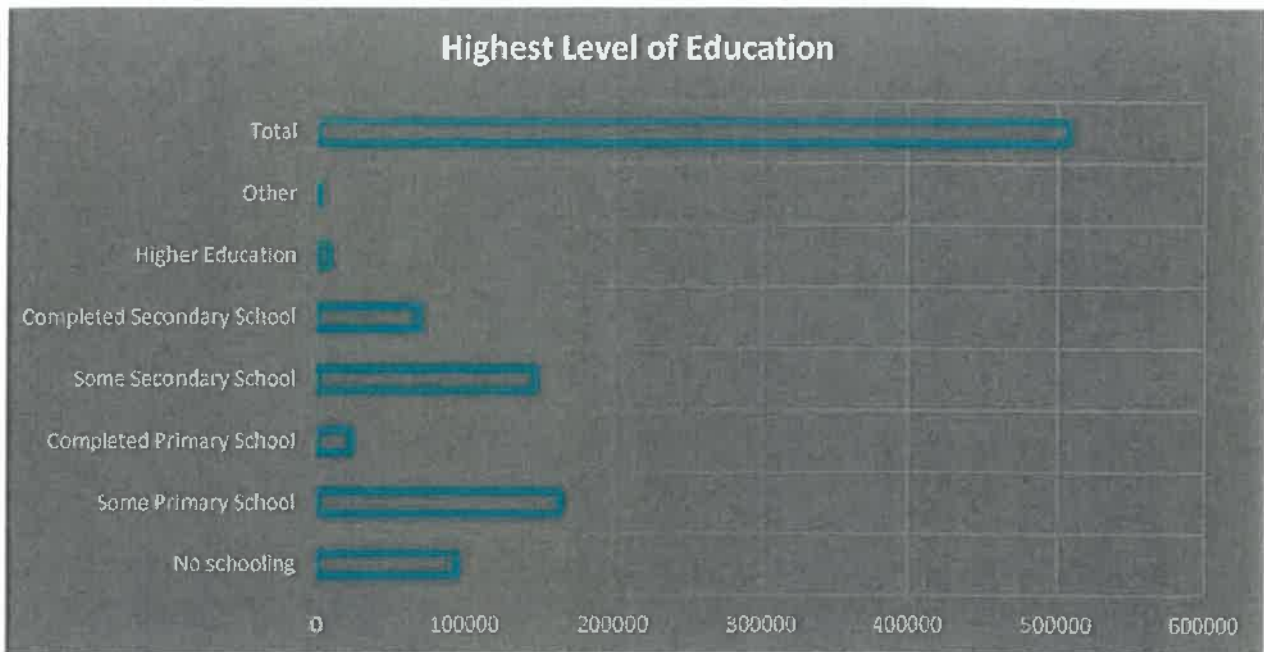
The Harry Gwala District Municipality (DC43) is one of the ten District Municipalities in KwaZulu-Natal Province and is located South-West of the province. The District Municipality forms part of the border between KwaZulu-Natal and Eastern Cape Province. The municipality area size is 10 618.0 km² and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

Population by and number of wards per local municipality

Municipality	Male	Female	Total	Number of wards	No. of Households
Harry Gwala District Municipality	239582	271284	510 660	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	197280	22	49 616
Dr Nkosazana Dlamini Zuma Local Municipality	56732	61748	118480	15	28 714

Harry Gwala: Population Distribution Map





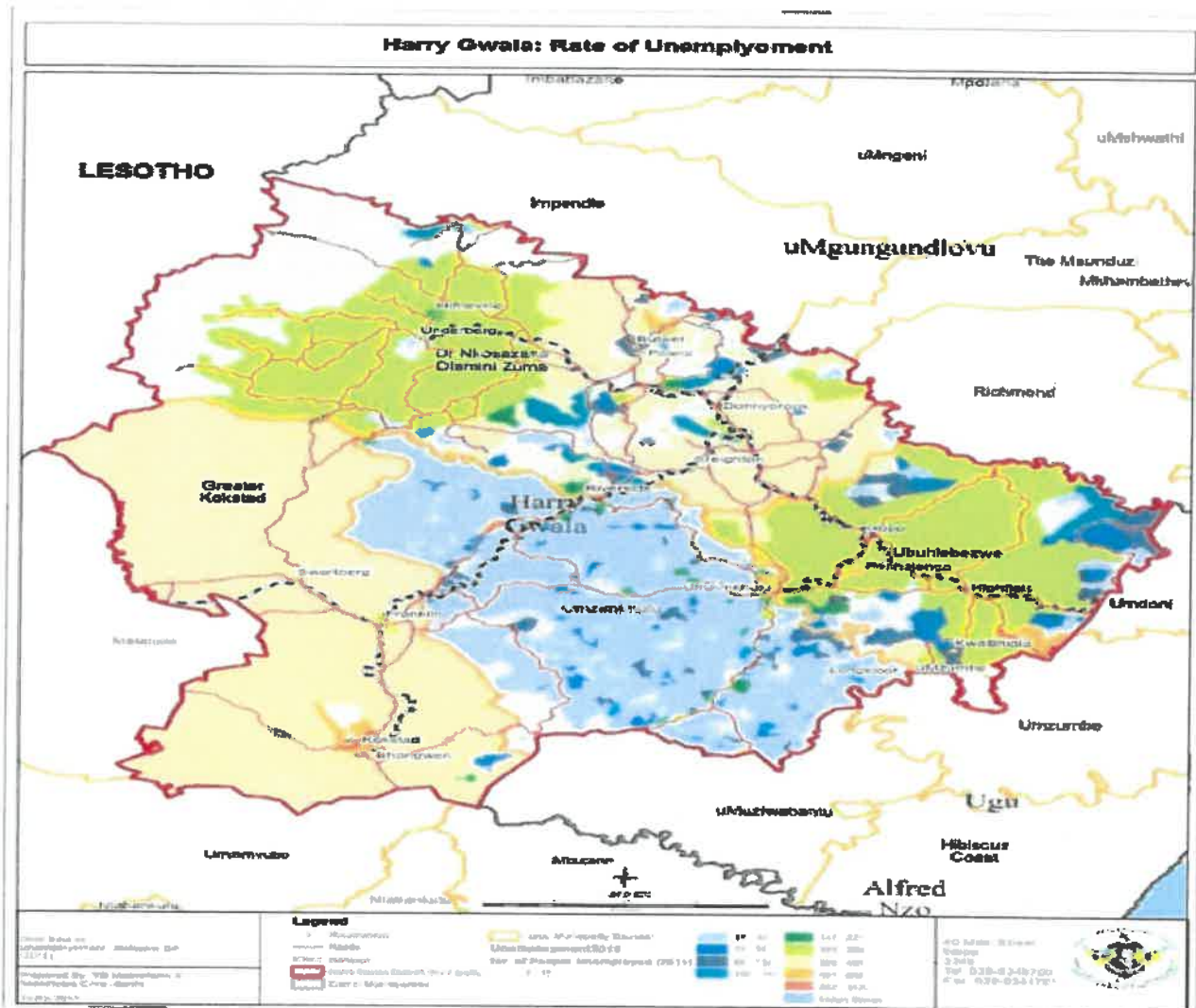
Source: Stats SA Survey 2016

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

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 with 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 be invested in infrastructure development as one critical factor that will boost economic development in the district.



Labour force and the percentage of the labour force to population, 2015

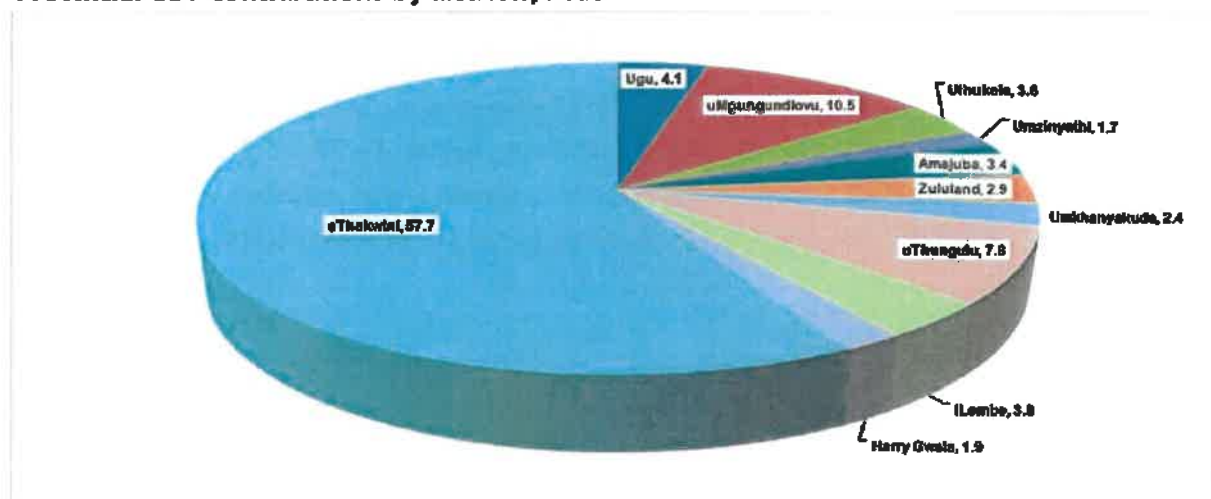
Area	No. unemployed people	Total employment	Labour force	Population	Percentage of the labour force to population
KwaZulu-Natal	731 128	2 615 869	3 346 998	10 864 049	30.8
Harry Gwala	28 721	81 381	110 102	510 660	22.9
Greater Kokstad	5 864	24 673	30 537	71 961	42.4

UBuhlebezwe	5 956	14 359	20 315	112 199	18.1
uMzimkhulu	10 836	19 907	30 743	185 406	16.6
Dr. Nkosazana Dlamini-Zuma	6 065	22 441	28 506	110 747	25.7

Global Insight 2015

The labor 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.

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 eThekweni 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

1.2 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.

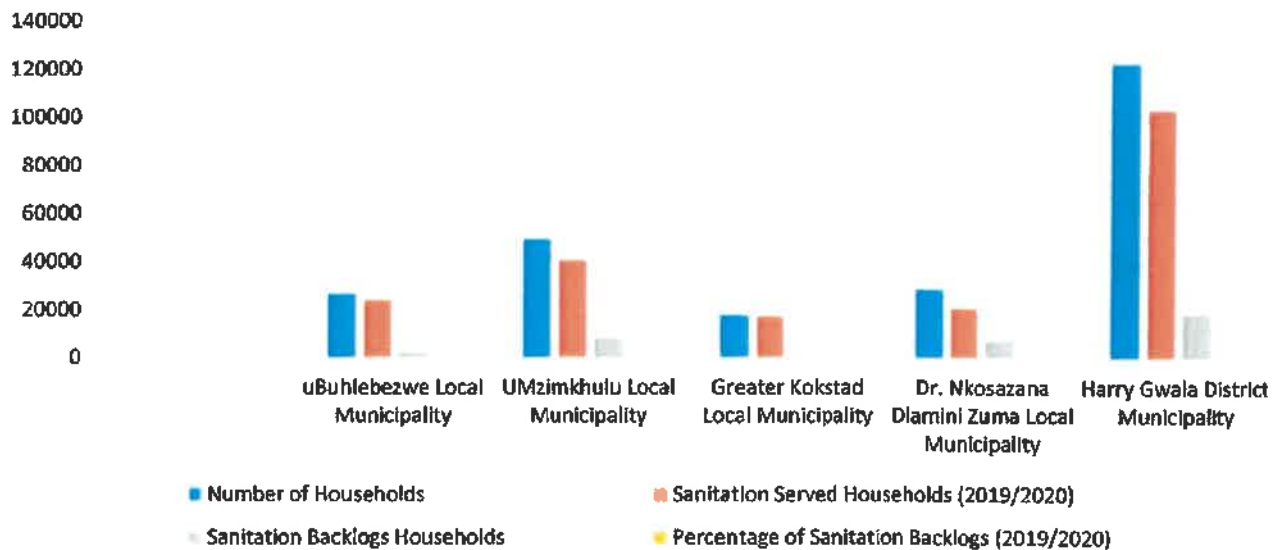
Water Services Development Plan (WSDP) is the umbrella framework for the provision of water and sanitation services plans. It addresses the full spectrum of water supply and sanitation services. Over and above that, HGDM ensures the alignment of policies, legislation and strategies. Some of the strategies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

Municipality	Number of Households	Sanitation Served Households (2019/2020)	Sanitation Backlogs Households (2019/2020)	Percentage of Sanitation Backlogs (2019/2020)
uBuhlebezwe Local Municipality	26801	24320	2481	9.26%
UMzimkhulu Local Municipality	49616	41033	8583	17.30%
Greater Kokstad Local Municipality	17842	17602	240	1.35%

Dr. Nkosazana Dlamini Zuma Local Municipality	28714	21100	7614	26.52%
Harry Gwala District Municipality	122973	104055	18918	15.38%

2019-2020 Access to Water Services

Chart Title



2019-2020 Access to Sanitation Services

1.3 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 Department	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 2019/2020 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 Councillors 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.

1.4 FINANCIAL HEALTH OVERVIEW

LIQUIDITY ANALYSIS: The liquidity analysis of the municipality has declined in the period 2015/2016 to 2016/2017 and in 2017/18 financial year the ratio shows a great improvement in 2019/20 and, 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 70% improvement in this ratio is concrete evidence on improving financial health of the municipality.

COLLECTION: Collection amount has decrease from R51m in 2018/2019 to R48.4m in 2019/2020. There is regression in revenue collection in the year 2019/2020 though there is a revenue strategy that the municipality is implementing as well as cleansed consumer data due to COVID 19 resulting in the municipality not to fully implement its credit control policy. The dilapidated infrastructure has negative impact on our billing and collection.

Financial Overview 2019-2020					
Details	Original Budget		Adjustment Budget		Actual
Service charges	R	88 392 069	R	67 065 250	70 462 645
Interest	R	20 289 011	R	16 735 260	18 828 904
Other Income	R	766 415	R	766 415	R 2 061 198
Grants	R	641 842 000	R	657 439 000	R 642 591 263
Sub-Total	R	751 289 495	R	742 005 925	R 733 944 010
Expenditure	R	467 890 452	R	576 893 300	R 559 908 153
Net Total	R	283 399 043	R	165 112 625	R 174 035 857

Operating Ratios 2019-2020	
Details	%
Employee Cost	35%
Repairs and Maintenance	2%
Finance Charges and Impairment	1%

TOTAL CAPITAL EXPENDITURE: Year-2 to Year 0			
Detail	Year-1 (2017/18)	Year 0 (2018/19)	Year 0 (2019/20)
Original Budget	R 387 544 000	R 399 054 000	R 282 624 000
Adjustment Budget	R 343 369 719	R 265 346 000	R 267 991 000
Actual	R 264 574 418	R 265 346 000	R 266 785 397

Financial Performance Year 2019-2020: Financial Performance Budget and Treasury Office

1.5 STATUTORY ANNUAL REPORT PROCESS

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

- a) "... 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)]**
- b) "... 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)]**
- c) "... 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)]**
- d) "... 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
1	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	July
2	Implementation and monitoring of approved budget and IDP comments (In-year financial Reporting)	
3	Finalize the 4 th quarter report for previous financial year	

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	
12	Mayor tables AR and audited financial statements to council complete with the AGs report	November
13	Audited AR is made public and representation is invited	
14	Oversight committee assess the AR	
15	Council adopts oversight	
16	Oversight report is made public	
17	Oversight report is submitted to relevant provincial council	December
18	Commencements of Draft Budget/ IDP finalization for next financial year. Annual Report and oversight report to be used as inputs.	January

1.3.5 AUDITOR GENERAL REPORT

In the 2018-2019 the municipality got an unqualified audit opinion from the Auditor General. A more detailed report is available in the 2018-2019 Annual Report placed in the municipal website at www.harrygwaladm.gov.za

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.

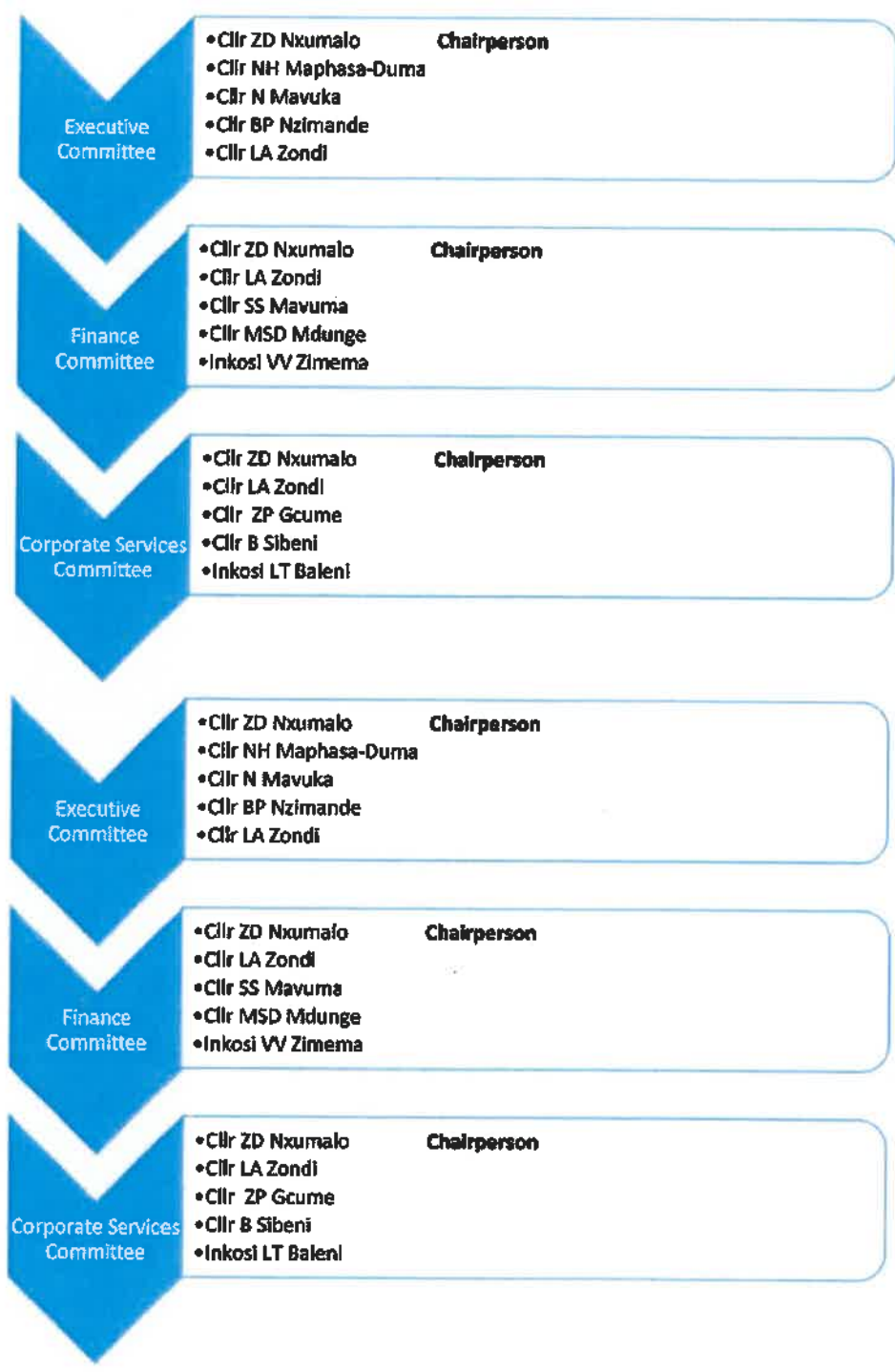
COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE
ADMINISTRATIVE GOVERNANCE STRUCTURE

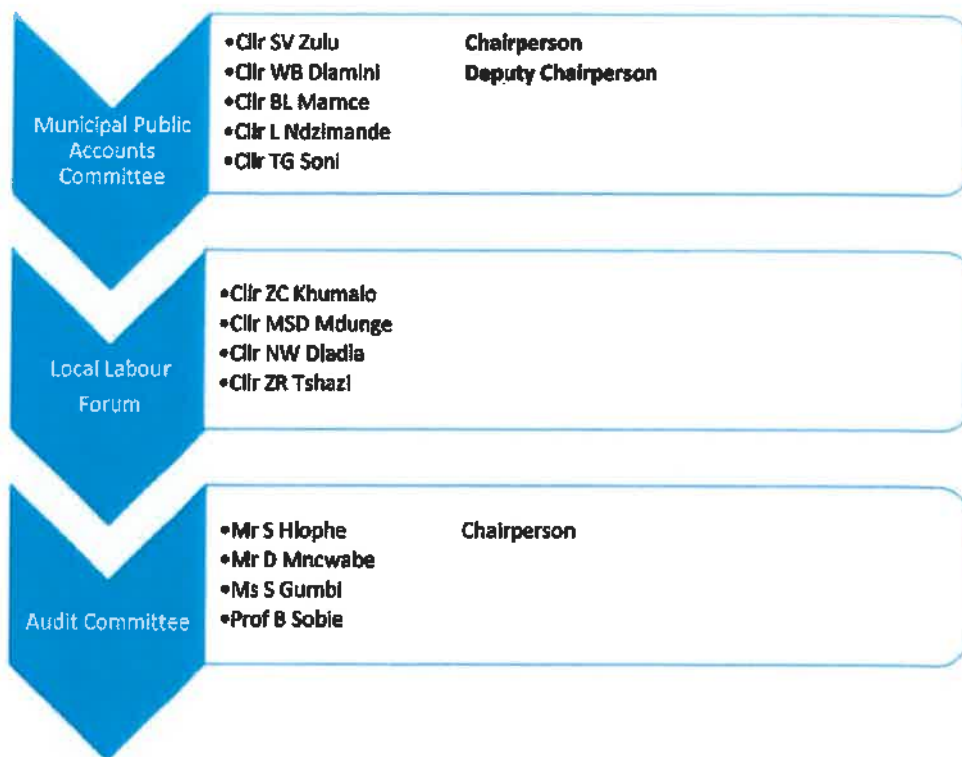
2.1. POLITICAL GOVERNANCE

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:

1. Executive Committee;
2. Finance and Corporate Services Committee;
3. Water Services Committee;
4. Infrastructure Services Committee;
5. Social Services and Development Planning Committee;
6. Municipal Public Accounts Committee; and
7. Women's Caucus.

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





POLITICAL STRUCTURE	NAMES	FUNCTION
Mayor	Clr ZD Nxumalo	Presides at meetings of the executive committee; and Performs the duties, including any ceremonial functions, and exercises the powers delegated to the Mayor by the municipal council or the executive committee
Deputy Mayor	Clr N H Maphasa-Duma	The Deputy Mayor exercises the powers and performs the duties of the Mayor if the Mayor is absent or not available or if the office of the Mayor is vacant. The Mayor may delegate duties to the Deputy Mayor
Speaker	Clr TN Jojozi	Presides at meetings of the council Performs the duties and exercises the powers delegated to the speaker in terms of section 59 of Local

		<p>Government Municipal Systems Act (Act No. 32 of 2000)</p> <p>Must ensure that the council meets at least quarterly</p> <p>Must maintain order during meetings</p> <p>Must ensure compliance in the council and council meetings with the code of conduct</p>
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EXECUTIVE COMMITTEE (EXCO)

1. Cllr ZD Nxumalo
2. Cllr NH Maphasa-Duma
3. Cllr BP Nzimande
4. Cllr N Mavuka
5. Cllr LA Zondi

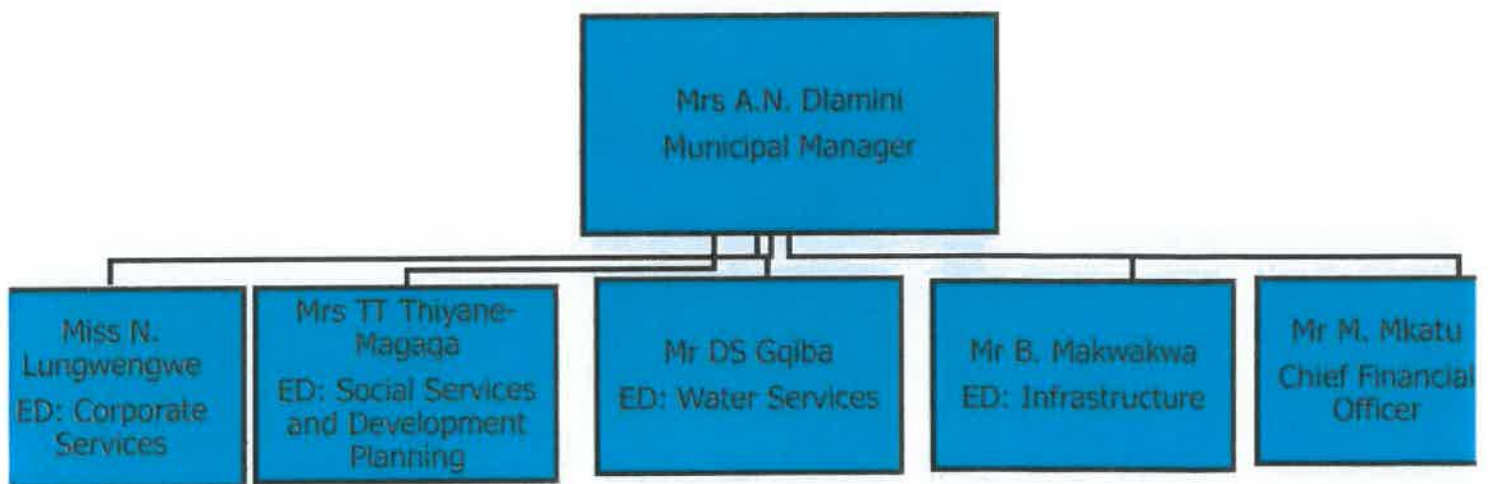
Employee profile in the Office of the Mayor

Employee profile	Status of the position
Director: 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	Vacant
Secretary x2: EXCO members	Filled
Public Participation Officer	Vacant

2.2. 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 fifty-fifty gender representation.



ADMINISTRATION POLICIES



- 1. Fleet Management Policy**
- 2. Mayor's, Deputy Mayor's and Speaker's Vehicle policy**
- 3. Records Management Policy**
- 4. PAIA Manual**

COUNCIL RESOLUTION REGISTER FOR 2019-2020- FINANCIAL YEAR.

01ST OF AUGUST 2019			
RESOLUTION NO. & ITEM TITLE	ACTION/ RESOLUTION	RESPONSIBLE BODY/OFFICIAL	PROGRESS MADE
4. APPROVAL OF THE AGENDA	It was thereafter RESOLVED: a) That a Special Council meeting be convened within 5 working days.	Speaker	Implemented the meeting was held 08 August 2019
HGC: 425 SWEARING IN OF THE NEW TRADITIONAL LEADERS	The Municipal Manager led the swearing in of Inkosi MP Memela and Inkosi MSI Zulu to the Harry Gwala District Council.	MM	
HGC: 426 REPORT ON THE REVIEWED AND AMENDED MUNICIPAL POLICIES	With Councillors BC Mncwabe and ZS Nyide proposing and seconding respectively, it was; RESOLVED: a) That the amendments on the under-mentioned reviewed Municipal Policies be approved and taking note that policies without amendments had been listed as well: OFFICE OF THE MUNICIPAL MANAGER RISK MANAGEMENT <ul style="list-style-type: none"> • Whistleblowing Policy STRATEGIC SUPPORT <ul style="list-style-type: none"> • Public Participation Policy WATER SERVICES <ul style="list-style-type: none"> • Policy and Charter for Customer Relations Management • Annual Waste Water Risk Abatement Plan • Water Services Customer Care Strategy 	MM	APPROVED

	<ul style="list-style-type: none"> • Water and Sanitation Services By-laws <p>INFRASTRUCTURE SERVICES</p> <ul style="list-style-type: none"> • Integrated Waste Management Plan 		
<p>HGC: 427 REQUEST FOR THE APPOINTMENT OF NEW BOARD MEMBERS FOR THE HARRY GWALA DEVELOPMENT AGENCY</p>	Deferred to the next meeting.		
<p>HGC: 428 RECRUITMENT PANEL FOR SELECTION OF 56 MANAGER (EXECUTIVE DIRECTOR: SOCIAL SERVICES & DEVELOPMENT PLANNING)</p>	Deferred to the next meeting.		
08TH OF AUGUST 2019			
<p>HGC: 431 RECRUITMENT PANEL FOR SELECTION OF 56 MANAGER (EXECUTIVE DIRECTOR: SOCIAL SERVICES & DEVELOPMENT PLANNING)</p>	<p>With Councillors BC Mncwabe and ZS Nyide proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That the selection panel for managers directly accountable to the Municipal Manager be composed as follows: Manager, Mrs. AN Dlamini Chairperson, Councillor NH Maphasa-Duma Portfolio Head and a representative from any Municipality with expertise in the area.</p>	MM	<p>IMPLEMENTED</p> <p>INTERVIEWS WERE HELD ON 14 NOVEMBER 2019</p>

<p>HGC: 432 REQUEST FOR THE APPOINTMENT OF NEW BOARD MEMBERS FOR THE HARRY GWALA DEVELOPMENT AGENCY</p>	<p>With Councillors NW Dladla and ZC Khumalo proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That the under-mentioned five new Board of Directors be appointed: -</p> <ol style="list-style-type: none"> 1. Mr Raymond Phila Dittrich 2. Ms Kayoori Chiba 3. Ms Confidence Silindile Nqoko 4. Mr Ntethelelo Khanyile 5. Mr Dumisani Eric Sithole <p>b) That the above-mentioned appointed board members be furnished with appointment letters by management urgently.</p>	<p>MM</p>	<p>IMPLEMEN TED</p>
30TH OF AUGUST 2019			
<p>HGC: 440 REPORT ON THE ANNUAL FINANCIAL STATEMENTS PREPARATION 2018/2019</p>	<p>With Councillors ZR Tshazi and SN Madziba proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That the report be noted.</p>	<p>CFO</p>	<p>FOR NOTING</p>
<p>HGC: 441 REVISED SCHEDULE OF KEY DEADLINES FOR THE PREPARATION OF THE 2020- 2021 MTREF BUDGET</p>	<p>With Councillors WB Dlamini and SS Mavuma proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That the attached revised Schedule of Key deadlines for the preparation of the 2020-2021 MTREF budget be noted.</p>	<p>CFO</p>	<p>FOR NOTING</p>
<p>HGC: 443 REPORT ON THE ESTABLISHMENT OF THE BUDGET STEERING COMMITTEE</p>	<p>With Councillors MSD Mdunge and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p>	<p>CFO</p>	<p>APPROVED</p>

	<p>a) That the report be noted.</p> <p>b) That the Council approves that the Budget Steering Committee constituted as follows:</p> <ul style="list-style-type: none"> i. The councillor responsible for financial matters – The Mayor ii. The Municipal Manager iii. The Chief Accounting Officer iv. The senior managers responsible for at least the three largest votes in the municipality – all Executive Directors v. The manager responsible for budgeting – Director: Budget and Reporting vi. The manager responsible for planning – Director: IDP vii. Any technical experts on infrastructure <p>c) Letters appointing the members of the committee be prepared.</p>		
<p>HGC: 445 HARRY GWALA DISTRICT GROWTH AND DEVELOPMENT PLAN </p>	<p>With Councillors SN Madziba and ZC Khumalo proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That the Council supports, and approves the District Objectives to be included in the Approved Harry Gwala District Growth and Development Plan</p>	MM	APPROVED
<p>HGC: 446 HARRY GWALA DISTRICT RURAL DEVELOPMENT PLAN REVIEW </p>	<p>With Councillors SV Zulu and TG Soni proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p>	MM	APPROVED

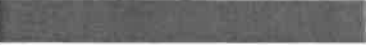


	<p>a) That the Council approves the Harry Gwala Rural Development Plan and also supports as well as recommending the submitted Harry Gwala Rural Development Plan as a guiding document for Rural Development and Planning within the District.</p>		
<p>HGC: 447 REPORT ON THE 2018/2019 FOURTH QUARTER AND DRAFT ANNUAL PERFORMANCE REPORTS</p>	<p>With Councillors BC Mncwabe and ZR Tshazi proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That the progress made on the 2018/2019 fourth quarter and draft Annual Performance Report be noted.</p>	MM	FOR NOTING
<p>HGC: 448 HARRY GWALA DISTRICT MUNICIPALITY (HGDM) ANNUAL REPORT FOR THE 2018/2019 FINANCIAL YEAR.</p>	<p>With Councillors WB Dlamini and L Ndzimande proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That the progress made in the preparation of the 2018/2019 Annual Report be noted.</p>	MM	FOR NOTING
<p>HGC: 449 2020/2021 DRAFT IDP FRAMEWORK AND PROCESS PLANS</p>	<p>With Councillors ZP Gcume and L Ndzimande proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That the 2020/2021 IDP Process Plan and IDP Framework be approved.</p>	MM	APPROVED
<p>HGC: 450 REPORT ON THE 2018/2019 FOURTH QUARTER AND DRAFT ANNUAL PERFORMANCE REPORTS</p>	<p>With Councillors ZC Khumalo and L Ndzimande proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p>	MM CEO HGDA	FOR NOTING

	<p>2. Cllr SS Mavuma Member</p> <p>3. Cllr MSD Mdunge Member</p> <p>4. Cllr LA Zondi Member</p> <p>5. Inkosi VV Zimema Traditional Leader</p>	
	CORPORATE SERVICES COMMITTEE	
	<p>1. Cllr ZD Nxumalo Chairperson (Mayor)</p> <p>2. Cllr LA Zondi Member</p> <p>3. Cllr B Sibeni Member</p> <p>4. Cllr ZP Gcume Member</p>	
	WATER SERVICES COMMITTEE	
	<p>1. Cllr BP Nzimande Chairperson</p> <p>2. Cllr BZ Magaqa Member</p> <p>3. Cllr BC Mncwabe Member</p> <p>4. Cllr ZC Khumalo Member</p> <p>5. Inkosi DWF Mkhize Traditional Leader</p>	
	INFRASTRUCTURE SERVICES COMMITTEE	
	<p>1. Cllr N Mavuka Chairperson</p> <p>2. Cllr VW Zaza Member</p> <p>3. Cllr SN Madziba Member</p> <p>4. Cllr ZS Nyide Member</p> <p>5. Cllr SJ Phakathi Member</p> <p>6. Inkosi MP Memela Traditional Leader</p>	
	SOCIAL SERVICES, DEVELOPMENT & PLANNING COMMITTEE	
	<p>1. Cllr NH Maphasa-Duma Chairperson (Deputy Mayor)</p> <p>2. Cllr NW Dladla Member</p> <p>3. Cllr ZR Tshazi Member</p> <p>4. Cllr V Xothongo Member</p> <p>5. Inkosi MSI Zulu Member</p>	
	MUNICIPAL PUBLIC ACCOUNTS COMMITTEE (MPAC)	

	<p>1. Cllr SV Zulu Chairperson</p> <p>2. Cllr BL Marncce Member</p> <p>3. Cllr L Nzimande Member</p> <p>4. Cllr WB Dlamini Member</p> <p>5. Cllr TG Soni Member</p> <p>LOCAL LABOUR FORUM</p> <p>1. Cllr ZC Khumalo Member</p> <p>2. Cllr MSD Mdunge Member</p>		
<p>HGC: 456 FURTHER EXTENSION OF ACTING APPOINTMENT OF THE EXECUTIVE DIRECTOR: SOCIAL SERVICES & DEVELOPMENT PLANNING</p>	<p>After brief deliberations, with Councillors BC Mncwabe and N Mavuka proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED</p> <p>a) That item HGC: 456 FURTHER EXTENSION OF ACTING APPOINTMENT OF THE EXECUTIVE DIRECTOR: SOCIAL SERVICES & DEVELOPMENT PLANNING be added to the agenda.</p> <p>a) That the Council further extends the appointment of the Acting Executive Director: Social Services and Development Planning (Miss. T Mahlaba) for an additional period of 3 months in order to complete the recruitment and selection process.</p>		
<p>HGC: 465 REPORT ON THE IMPLEMENTATION OF FINANCIAL RECOVERY PLAN</p>	<p>With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>	<p>MM</p>	<p>FOR NOTING</p>

HGC: 466 REPORT ON THE IMPLEMENTATION OF THE REASEBETSA PERFORMANCE MANAGEMENT SYSTEM	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.	MM	FOR NOTING
HGC: 467 PROGRESS REPORT FOR THE HARRY GWALA DISTRICT WORLD AIDS DAY 2019	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED: a) That the report on the progress on the preparations for the World Aids Day 2019 be noted.	MM	
HGC: 468 REPORT ON THE DISPOSAL OF TANGIBLE ASSETS	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED a) That the report be noted. b) That the disposal of tangible assets be approved as per the attached list. c) That the removal of the tangible assets from the municipality's fixed asset register be approved as per the attached list.	CFO	IMPLEMENTED
HGC: 469 REPORT ON INDIGENT REGISTER	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED a) That the attached indigent register be approved.	CFO	APPROVED

HGC: 470 MONTHLY REPORT ON SUPPLY CHAIN MANAGEMENT ████████████████████	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.	CFO	FOR NOTING
HGC: 471 REPORT ON REVENUE MANAGEMENT ████████████████████	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.	CFO	FOR NOTING
HGC: 472 REPORT ON ASSET MANAGEMENT ████████████████████	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.	CFO	FOR NOTING
HGC: 473 REPORT ON S71 OF THE MFMA FOR THE PERIOD ENDING 31 OCTOBER 2019 ████████████████████	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.	CFO	FOR NOTING
HGC: 501 2ND SPECIAL ADJUSTMENT BUDGET ████████████████████	With Councillors NW Dladla and BC Mncwabe proposing and seconding respectively, it was; RESOLVED: a) That the consolidated adjustments budget for the financial year 2019/2020, as set out in the schedules contained in Section 4, be approved.	CFO	APPROVED

	<p>b) That any adjustments permitted in terms of Section 28 (2) of the Act be approved.</p> <p>c) That the revisions to the monthly and quarterly service delivery targets and performance indicators in the service delivery and budget implementation plan be approved, if any to correspond with the approval of the adjustments budget.</p>		
<p>HGC: 474 REPORT ON VERIFICATION / HEAD COUNT OF WATER MONITORS CONDUCTED IN ALL SATELLITE OFFICES OF THE HARRY GWALA DISTRICT MUNICIPALITY </p>	<p>With Councillors ZR Tshazi and ZP Gcume proposing and seconding respectively, it was;</p> <p>RESOLVED:</p> <p>a) That the report be noted.</p>		
<p>HGC: 475 REPORT ON VERIFICATION / HEAD COUNT OF EXPANDED PUBLIC WORKS PROGRAMME EMPLOYEES (EPWPs) </p>	<p>With Councillors ZR Tshazi and ZP Gcume proposing and seconding respectively, it was;</p> <p>RESOLVED:</p> <p>a) That the report be noted.</p>	HOD CORPORATE	
<p>HGC: 476 PROPOSED PAY DATES FOR 2020 </p>	<p>With Councillors ZR Tshazi and ZP Gcume proposing and seconding respectively, it was;</p> <p>RESOLVED:</p> <p>a) That the 25th of every month be approved as the payment date.</p>	HOD CORPORATE	

	<p>b) That should the 25th fall on a weekend or holiday the payment date be on the Friday before the weekend or holiday.</p>		
<p>HGC: 477 DECLARATION OF A RECESS AND SETTING UP OF AN EMERGENCY COMMITTEE</p>	<p>With Councillors ZR Tshazi and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That recess be approved from 13 December 2019 to 13 January 2020.</p> <p>b) That the Executive Committee and Senior Management be on standby during the recess period to deal with emergencies and disaster matters.</p>	HOD CORPORATE	
<p>DECLARATION OF A RECESS AND SETTING UP OF AN EMERGENCY COMMITTEE</p>	<p>With Councillors ZR Tshazi and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>c) That recess be approved from 13 December 2019 to 13 January 2020.</p> <p>d) That the Executive Committee and Senior Management be on standby during the recess period to deal with emergencies and disaster matters.</p>	HOD CORPORATE	

<p>HGC: 478 REPORT ON COMPULSORY LEAVE FOR DECEMBER 2019</p> <p>████████████████████</p>	<p>With Councillors ZR Tshazi and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the taking of compulsory leave from the 27th of December 2019 to the 31st of December 2019 be approved.</p>	<p>HOD CORPORATE</p>	
<p>HGC: 479 APPROVAL OF MEETING DATES FOR 2020</p> <p>████████████████████</p>	<p>With Councillors ZR Tshazi and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That meeting dates for 2020 be approved.</p>	<p>HOD CORPORATE</p>	
<p>HGC: 480 2019/2020 SPECIAL REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP)</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the Special revised 2019-2020 Service Delivery and Budget Implementation Plan (SDBIP) be approved.</p>	<p>HOD SOCIAL SERVICES</p>	

<p>HGC: 481 REPORT ON HEALTH SURVEILLANCE OF PREMISES FOR THE MONTH OF OCTOBER 2019 AT HARRY GWALA DISTRICT MUNICIPALITY AREA OF JURISDICTION ████████████████████</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report on health surveillance of premises be noted.</p>		
<p>HGC: 482 REPORT ON THE CLEAN UP AWARENESS CAMPAIGN FOR THE MONTH OF OCTOBER 2019. ████████████████████</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>		
<p>HGC: 483 REPORT ON WATER QUALITY MONITORING FOR THE MONTH OF OCTOBER 2019 ████████████████████</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>		
<p>HGC: 484 PROGRESS REPORT ON FOOD SAFETY MONITORING FOR THE MONTH OF OCTOBER 2019 IN HARRY GWALA DISTRICT MUNICIPALITY ████████████████████</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>		

<p>HGC: 485 HEALTH AND HYGIENE AWARENESS REPORT FOR THE MONTH OF OCTOBER 2019</p> <p>████████████████████</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the Health and Hygiene awareness report be noted.</p>		
<p>HGC: 486 REPORT ON THE COMMUNICABLE DISEASES INVESTIGATIONS CONDUCTED DURING THE MONTH OF OCTOBER 2019</p> <p>████████████████████</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the surveillance and investigation of communicable diseases report be noted.</p>		
<p>HGC: 487 REPORT ON THE APPLICATION FOR EXHUMATION AND REBURIAL</p> <p>████████████████████</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report on the exhumation and reburial be noted.</p>		
<p>HGC: 488 DISASTER MANAGEMENT AWARENESS CAMPAIGNS CONDUCTED</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report on Disaster Management awareness campaigns conducted be noted.</p>		
<p>HGC: 489 PROGRESS REPORT ON EMERGENCY HOUSING GRANT FUNDING</p> <p>████████████████████</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report on the Emergency Housing Grant Funding be noted.</p>		

<p>HGC: 490 REPORT ON DISASTER INCIDENTS THAT OCCURRED DURING THE MONTH OF OCTOBER 2019</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.</p>		
<p>HGC: 492 REPORT ON THE ENVIRONMENTAL HEALTH NATIONAL NORMS AND STANDARDS ASSESSMENT CONDUCTED AT HARRY GWALA DISTRICT MUNICIPALITY IN 2019</p>	<p>With Councillors NW Dladla and MSD Mdunge proposing and seconding respectively, it was; RESOLVED: a) That the Council notes the report and the achievement of the Municipal Health Services Unit during the National Environmental Health Norms and Standards Audit. b) That the Council notes the award received on the being the "best Performing Metro and District Municipality in the National Environmental Health Norms and Standards" during the Alfred Nzo Environmental Health Awards ceremony coordinated by the National Department of Health hosted in Kimberly.</p>		
<p>HGC: 493 REPORT ON ENGAGEMENT MEETING WITH DBSA REGARDING THE REQUIRED FUNDING INTERVENTION</p>	<p>With Councillors BC Mncwabe and ZP Gcume proposing and seconding respectively, it was; RESOLVED a) That the Council accepts and endorses the DBSA to support the municipality with grant funding of proposed bulk meters installation as part of Revenue Enhancement Support and the terms and conditions of the support.</p>	<p>HOD Water Services</p>	

		b) That the Accounting Officer be authorized to sign the Grant Agreement and documents related to the execution of the project.		
HGC: 494 INFRASTRUCTURE ASSESSMENT PROGRAMME ██████████		With Councillors MSD Mdunge and B Sibení proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.		
HGC: 495 REPORT ON COGTA YELLOW PLANT ██████████		With Councillors MSD Mdunge and B Sibení proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.		
HGC: 496 APPROVAL OF A DEVIATION IN RELATION TO THE UPGRADE AND REFURBISHMENT OF 10KM LONG 160MM – 75MM AC PIPE TO 200MM – 90MM PVC / HDPE LD TO CATER FOR THE 250MM RISING MAIN FROM PUMPSTATION TO WATER TREATMENT WORKS ██████████		With Councillors BC Mncwabe and MSD Mdunge proposing and seconding respectively, it was; RESOLVED: a) That the deviation to the value of R16 537 868, 08 incl. VAT and contingencies be approved.		
HGC: 497 VARIATION ORDER APPLICATION FOR MKHUNYA WATER PROJECT PHASE4 HGDM539/HGDM/2017 ██████████		With Councillors BC Mncwabe and MSD Mdunge proposing and seconding respectively, it was; RESOLVED: a) That the Variation Order for the Mkhunya Water Supply Project to		

	the value of R 2 877 200.73 (incl. VAT) be approved - the total variation order required is 17.5% of the contract value.		
HGC: 499 WOMEN'S CAUCUS REPORT	With Councillors MSD Mdunge and WB Dlamini proposing and seconding respectively, it was; RESOLVED: a) That the Women Caucus report be noted.		
<u>IN-COMMITTEE REPORT</u> HGC: 500 REPORT ON RECRUITMENT AND SELECTION OF EXECUTIVE DIRECTOR: SOCIAL SERVICES AND DEVELOPMENT PLANNING			
28 OF JANUARY 2020			
COMMUNICATIONS AND STATEMENTS BY THE CHAIRPERSON	The Speaker requested that councillors needed to report when they would be joining the meeting at a later stage. She also reminded Council that leave of absence had to be granted prior to the date of the meeting.	Speaker	NOTED
	The Municipal Manager, Heads of Departments, CEO of the HGDA and Chairperson of the Board should attend Council and Executive Committee meetings.	MM	NOTED Implemented
<u>REPORTS FROM HARRY GWALA DEVELOPMENT AGENCY</u>			
HGC: 503 HARRY GWALA DEVELOPMENT AGENCY	With Councillors TG Soni and BC Mncwabe proposing and seconding respectively it was;	HGDA	ADOPTED Submitted

<p>(HGDA) ANNUAL REPORT FOR THE 2018/2019 FINANCIAL YEAR</p> <p>██████████</p>	<p>RESOLVED:</p> <p>a) That the 2018-2019 Annual Report be adopted.</p> <p>b) That the Annual Report be made public.</p> <p>c) That the Annual Report be submitted to the Auditor General.</p>		
<p><u>REPORTS FROM THE OFFICE OF THE MUNICIPAL MANAGER</u></p>			
<p>HGC: 504 REPORT ON THE 2018/19 AUDIT OUTCOMES</p> <p>██████████</p>	<p>With Councillors NW Dladla and WB Dlamini proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>a) That the report be noted.</p>	MM	FOR NOTING
<p><u>REPORTS FROM FINANCIAL SERVICES</u></p>			
<p>HGC: 505 REPORT ON S71, S52 (d) AND S72 OF THE MFMA FOR THE PERIOD ENDING 31 DECEMBER 2019</p> <p>██████████</p>	<p>With Councillors MSD Mdunge and ZP Gcume proposing and seconding respectively it was;</p> <p>RESOLVED:</p> <p>a) That the monthly budget statement and any other supporting documentation be noted.</p> <p>b) That the quarterly report on the implementation of the budget in terms of s52 (d) MFMA be noted.</p> <p>c) That the mid-year budget & Performance assessment in terms of s72 of the MFMA be noted.</p> <p>d) That the mid-year budget & performance assessment report for the Harry Gwala Development Agency be noted.</p> <p>e) That the Adjustments Budget be prepared for Tabling to Council</p>	CFO	FOR NOTING Adjustments Budget would be tabled in the next council meeting in February 2020

	<p>before the 28th of February 2020 in terms of Municipal Budget Regulations.</p> <p>f) That the projections for Revenue & Expenditure revised in the SDBIP to reflect the adjustments to the Annual Budget.</p>		
<u>SOCIAL SERVICES AND DEVELOPMENT PLANNING REPORTS</u>		MM	APPROVED
<p>HGC: 506 2019-2020 HARRY GWALA DISTRICT MUNICIPALITY AND HARRY GWALA DEVELOPMENT AGENCY MID-YEAR QUARTERLY PERFORMANCE AND ASSESSMENT REPORT</p>	<p>With Councillors S Madziba and NW Dladla proposing and seconding respectively it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the 2019-2020 Mid-Year Performance Reports for both Harry Gwala District Municipality and the Harry Gwala Development Agency be approved.</p>		
<p>HGC: 507 HARRY GWALA DISTRICT MUNICIPALITY (HGDM) ANNUAL REPORT FOR THE 2018/2019 FINANCIAL YEAR</p>	<p>With Councillors ZP Gcume and TG Soni proposing and seconding respectively it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the council considers the 2018-2019 Annual Report and request the Municipal Public Accounts Committee (MPAC) to prepare an oversight report on the Annual Report for adoption before the end of March 2020.</p> <p>b) That the Annual Report be made public.</p> <p>c) That local community be invited to submit representation in connection with the Annual Report</p> <p>d) That the Annual Report is submitted to the Auditor General, the relevant</p>	MM	

	provincial treasury and the provincial department responsible for local government in the Province.		
HGC: 508 REPORT ON THE 23RD-31ST OF DECEMBER 2019 DISASTER MANAGEMENT INCIDENTS [REDACTED]	With Councillors BC Mncwabe and WB Dlamini proposing and seconding respectively it was; RESOLVED: a) That the Council notes the report on the disaster incidents that occurred during the month of December 2019.	ACTING HOO	FOR NOTING
INFRASTRUCTURE SERVICES REPORTS			
HGC: 509 CONSTRUCTION OF IXOPO AUGMENTATION 10ML R C RESERVOIR [REDACTED]	With Councillors TG Soni and ZR Tshazi proposing and seconding respectively it was; RESOLVED: a) That the variation order be deferred to the next meeting to allow the legal opinion to be presented to the Executive Committee.	EXCO AND LEGAL SERVICES	Special Executive committee was held on 20 February 2020 to table Legal Opinion
HGC: 510 GREATER BULWER-DONNY BROOK WATER SUPPLY: CONSTRUCTION OF BULK PIPELINE FROM SAPPI (NGUDWINI DAM) TO JB (EMNYWANENI OFF-TAKE) [REDACTED]	With Councillors TG Soni and ZR Tshazi proposing and seconding respectively it was; RESOLVED: a) That the variation order be deferred to the next meeting to allow the legal opinion to be presented to the Executive Committee.		Special Executive committee was held on 20 February 2020 to table Legal Opinion
HGC: 511 MONTHLY PROGRESS REPORT FOR KOKSTAD BULK WATER AND SEWER UPGRADE: INTERVENTION IN SHAYAMOYA [REDACTED]	After lengthy deliberations on the matter a consensus was reached with Councillors WB Dlamini and SS Mavuma proposing and seconding respectively it was; RESOLVED:	EDIS	APPROVED

	<p>a) That the Variation Order for Construction of Kokstad Bulk Water and Sewer Upgrade: Intervention in Shayamoya, be approved to the value of R 9,837,018.97 incl. VAT.</p>		
<u>WATER SERVICES REPORTS</u>			
<p>HGC: 512 PROPOSED WSIG PROJECTS AS FROM 2020/2021 FINANCIAL YEAR</p> <p>████████████████████</p>	<p>With Councillors TG Soni and ZR Tshazi proposing and seconding respectively it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the proposed WSIG projects be approved.</p> <p>b) That the Accounting Officer be authorized to sign the Technical Reports and Business Plans prepared as per the WSIG (Water Services Infrastructure Grant) and DWS (Department of Water and Sanitation) requirement.</p> <p>c) That on approval of the Technical Reports and Business Plans by DWS the municipality incorporates these projects onto the IDP and Budgetary frameworks in line with 2020/2021 as per MFMA, prior to implementation.</p>	EDWS	APPROVED
<u>IN-COMMITTEE REPORTS</u>			
<p>HGC: 513 FURTHER EXTENSION OF ACTING APPOINTMENT OF THE EXECUTIVE DIRECTOR: SOCIAL SERVICES & DEVELOPMENT PLANNING</p> <p>████████████████████</p>	<p>With Councillors S Madziba and NW Dladla proposing and seconding respectively it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the further extension of the acting appointment of the Executive Director: Social Services and Development Planning be</p>	MM	APPROVED

	approved from 01 January 2020 until the end of February 2020.		
HGC: 514 UPDATE ON MISCONDUCT INVESTIGATIONS AND DISCIPLINARY PROCESSES IN THE MUNICIPALITY	With Councillors NW Dladla and WB Dlamini proposing and seconding respectively it was; RESOLVED: a) That the report be deferred to the next meeting.	MM	DEFERRED
14 TH OF FEBRUARY 2020			
COMMUNICATIONS AND STATEMENTS BY THE CHAIRPERSON	The Speaker also requested to meet with councillors that did not attend the last three Council meetings in her office after the meeting.	Speaker	
HGC: 517 SWEARING-IN OF THE NEW COUNCILLOR	Deferred until correspondence is received from Ubuhlebezwe Municipality.	MM	Letter has not been received
HGC: 518 REPORT ON RECEIPT OF COGTA FUNDING FOR AN ACCELERATED WATER INTERVENTION PROGRAMME FOR KOKSTAD WATER SUPPLY AND UNDERBERG WATER SUPPLY	With Councillors L Ndzimande and B Sibeni proposing and seconding respectively, it was; RESOLVED: a) That the Council accepts the provision of DORA, PMFA and the conditions of the MOA at an amount of R15 000 000.00 for the project: Accelerated Water Intervention Programme: Kokstad Water Supply (R6.5 million) and Underberg Water Supply (R8,5 million). b) That the Council supports the development of the Business Plans for the Kokstad Water	MM	MOU signed by MM Business plans are developed

	Supply System Rising Main Upgrade and Underberg Water Supply System Rising Main Upgrade.		
<u>INFRASTRUCTURE SERVICES REPORTS</u>			
HGC: 519 CONSTRUCTION OF IXOPO AUGMENTATION 10ML R C RESERVOIR	Deferred to the next meeting.	EXCO LEGAL SERVICES	The Executive Committee meeting was held on 20th February 2020 to look at legal implications. Implemented
HGC: 520 GREATER BULWER-DONNY BROOK WATER SUPPLY: CONSTRUCTION OF BULK PIPELINE FROM SAPPI (NGUDWINI DAM) TO J8 (Emnywaneni off-take)	Deferred to the next meeting.	EXCO LEGAL SERVICES	The Executive Committee meeting was held on 20th February 2020 to look at legal implications. Implemented
<u>WATER SERVICES REPORTS</u>			
HGC: 521 DEVELOPMENT OF UNDERBERG RISING MAIN UPGRADING INFRASTRUCTURE.	With Councillors WB Dlamini and ZP Gcume proposing and seconding respectively, it was; RESOLVED: a) That the Council supports and adopts the development of the Business Plan for the Upgrade of the Underberg Rising Main.	EXCO LEGAL SERVICES	The Executive Committee meeting was held on 20th February 2020 to look at legal implications. Implemented
25TH OF FEBRUARY 2020			

<p>COMMUNICATION AND STATEMENT BY THE CHAIRPERSON</p> <p>[REDACTED]</p>	<p>Establishment of rules committee</p>	<p>Speaker</p>	
<p>REPORTS FROM THE OFFICE OF THE MUNICIPAL MANAGER</p>			
<p>HGC: 525 REPORT ON VARIATION ORDER: GREATER BULWER-DONNYBROOK WATER SUPPLY: CONSTRUCTION OF BULK PIPELINE FROM SAPPI (NGUDWINI DAM) TO JB (EMNYWANENI OFF-TAKE)</p> <p>[REDACTED]</p>	<p>With Councillors S Madziba and ZP Gcume proposing and seconding respectively, it was;</p> <p>RESOLVED:</p> <p>a) That the variation order be approved at 16% of the original contract value which is R8 297 691,81.</p>	<p>HOD Water Services</p>	<p>Implemented</p>
<p>HGC: 526 REPORT ON VARIATION ORDER: CONSTRUCTION OF IXOPO AUGMENTATION 10ML R C RESERVOIR</p> <p>[REDACTED]</p>	<p>With Councillors B Sibeni and ZC Khumalo proposing and seconding respectively, it was;</p> <p>RESOLVED:</p> <p>a) That the variation order be approved at 10% of the original contract value which is R2 178 593, 72.</p>	<p>HOD Water Services</p>	<p>Implemented</p>
<p>REPORTS FROM FINANCIAL SERVICES DEPARTMENT</p>			
<p>HGC: 527 REPORT ON 2019/2020 ADJUSTMENTS BUDGET</p> <p>[REDACTED]</p>	<p>With Councillors ZR Tshazi and MSD Mdunge proposing and seconding respectively, it was;</p> <p>RESOLVED:</p> <p>a) That the Council approves the adjustments budget and consolidated adjustments budget for the financial year 2019/2020, as set-out in the</p>	<p>HOD Water Services</p>	<p>For approval</p>

	<p>schedules contained in Section 4, be approved,</p> <p>b) That the Council approves any adjustments permitted in terms of Section 28 (2) of the Act,</p> <p>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 and</p> <p>d) That the Council notes the Provincial Treasury comments and their effect on the Adjustments budget.</p>		
<u>REPORTS FROM THE SOCIAL SERVICES AND DEVELOPMENT PLANNING DEPARTMENT</u>			
HGC: 528 2019/2020 REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN ████████████████████	<p>With Councillors L Ndzimande and WB Dlamini proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the adjustments in the Service Delivery and Budget Implementation Plan for the last half of the 2019/2020 financial year be noted.</p>	ALL HODs	For noting
<u>REPORTS FROM THE HARRY GWALA DEVELOPMENT AGENCY</u>			
HGC: 529 2019/2020 REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN OF THE HARRY GWALA DEVELOPMENT AGENCY ████████████████████	In the absence of a representative from the HDGA to present the report the item was not approved	CEO	

26TH OF MARCH 2020			
HGC: 534 PROGRESS REPORT ON THE IMPLEMENTATION OF THE AUDITOR GENERAL ACTION PLAN ██████████	With Councillors MSD Mdunge and L Ndzimande proposing and seconding respectively, it was; RESOLVED: a) That the report be noted.	MM/CFO	For noting
HGC: 535 REPORT ON THE PERFORMANCE ASSESSMENT OF CONTRACTORS: s116 OF THE MUNICIPAL FINANCE MANAGEMENT ACT 56 OF 2003 ██████████	With Councillors MSD Mdunge and L Ndzimande proposing and seconding respectively, it was; RESOLVED: a) That the performance assessment report of contractors as per s116 of the Municipal Finance Management Act 56 of 2003 as at March 2020 be noted.	MM	For noting
HGC: 536 REPORT ON THE IMPLEMENTATION OF FINANCIAL RECOVERY PLAN ██████████	With Councillors MSD Mdunge and L Ndzimande proposing and seconding respectively, it was; RESOLVED: a) That the progress made on implementation of the financial recovery plan be noted.	MM	For noting
<u>FINANCIAL SERVICES</u>			
HGC: 537 REPORT ON 571 OF THE MFMA FOR THE PERIOD ENDING 29 FEBRUARY 2020 ██████████	With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was; RESOLVED: a) That the Council notes the report.	CFO	For noting

<p>HGC: 538 REPORT ON FRUITLESS AND WASTEFUL EXPENDITURE ████████████████████</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted. b) That the Council recommends to the MPAC to investigate the fruitless and wasteful expenditure for 2018/19 in terms of section 32(2)(a)(i)(ii) and 32(2)(b) of the Municipal Finance Management Act. c) That the investigation be concluded within 3 months.</p>	<p>CFO</p>	<p>For noting Implemented MPAC sat</p>
<p>HGC: 539 REPORT ON IRREGULAR EXPENDITURE ████████████████████</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted. b) The Council recommends to the MPAC to investigate the irregular expenditure for 2018/19 in terms of section 32(2)(a)(i)(ii) and 32(2)(b) of the Municipal Finance Management Act.</p>	<p>CFO</p>	<p>For noting</p>
<p>HGC: 540 MONTHLY REPORT ON SUPPLY CHAIN MANAGEMENT FOR THE MONTH ENDING 29 FEBRUARY 2020 ████████████████████</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted. b) That the extension of contracts for security from 1 February 2020 to 30 June 2020 for Smart Sec (Pty) Ltd T/A Smart Secure, Wise Training Centre and Khuselani Security and Risk</p>	<p>CFO</p>	<p>Approved Implemented</p>

	<p>Management T/A KSA Security, be approved to allow for tender processes to be completed.</p> <p>c) That the extension of contract for Travel With Flair from 1 February 2020 to 30 June 2020 be approved to allow for tender processes to be completed.</p> <p>d) That the extension of contract for Ayanda Mbanga Communications 1 February 2020 to 31 March 2020 be approved.</p>		
<p>HGE: 541 QUARTERLY REPORT ON SUPPLY CHAIN MANAGEMENT ENDING 30 SEPTEMBER 2019 (QUARTER 1) ██████████</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That quarter 1 report be approved.</p> <p>b) That the quarter 1 deviations for SABC Vuka Sizwe, John Dilika Construction, LGS Projects and Shemuntu and Sons be approved.</p> <p>c) That the quarter 1 extension of contract (VIP Protection for the Mayor) for Smart Sec (Pty) Ltd T/A Smart Secure be approved.</p>	CFO	Approved Implemented
<p>HGE: 542 MONTHLY REPORT ON SUPPLY CHAIN MANAGEMENT ENDING 30 SEPTEMBER 2019 ██████████</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p> <p>b) That the extension of contract (VIP Protection for the Mayor) for Smart Sec (Pty) Ltd T/A Smart Secure be approved.</p>	CFO	Approved Implemented
<p>HGC: 543 REPORT ON REVENUE MANAGEMENT ██████████</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p>	CFO	Approved Implemented

	<p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>		
<p>HGE: 544 REPORT ON THE 2020/2021 DRAFT BUDGET</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>1. That the Council, acting in terms of section 24 of the Municipal Finance Management Act, (Act 56 of 2003) notes:</p> <p>1.1. The draft budget of the municipality for the financial year 2020/21 and the multi-year capital appropriations as set out in the following tables:</p> <p>1.1.1. Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in Table 18;</p> <p>1.1.2. Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in Table 19;</p> <p>1.1.3. Budgeted Financial Performance (revenue by source and expenditure by type) as contained in Table 21; and</p> <p>1.1.4. Multi-year capital appropriations by municipal vote and standard classification and associated funding by source as contained in Table A5.</p> <p>1.1.5. Consolidated budget schedules A1 to A10.</p>		

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.

2. 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 2020:

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

3. 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 2020





	<p>the tariffs for other services, as set out in tariffs policy.</p> <p>4. That the council, acting in terms of section 24 of the Municipal Finance Management Act, notes with effect from 25 March 2020 the draft budget related policies as discussed above.</p> <p>5. To give proper effect to the municipality's annual budget, the Council notes:</p> <p>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.</p> <p>5.2. That the Municipal Manager be authorised to sign all necessary agreements and documents to give effect to the budget.</p>		
<p>HGC: 561 REPORT ON DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS 2019/2020</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p> <p>RESOLVED:</p> <p>a) That the report be noted.</p> <p>b) That the Council approves the 100% increase of 4% as per the Gazette retrospectively from July 2019.</p> <p>c) That the Council accepts, retrospectively from 01 July 2019, a sitting allowance not exceeding R1103.23 to an appointed Councillor and Traditional Leader.</p>	<p>CFO</p>	<p>For noting Sent to COGTA</p>

	<p>d) That the Council accepts, retrospectively from 01 July 2019, the application of Upper limit of cell phone allowance for Councillors not exceeding R3400.</p> <p>e) That the Council approves the implementation of the Final Government Notice in all other upper limits when received.</p>		
<p>HGC: 562 REPORT ON GOVERNMENT NOTICE NO. 43122 ON UPPER LIMITS OF TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS</p>	<p>With Councillors ZC Khumalo and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the Upper Limits of Total Remuneration Packages payable to Municipal Managers and Managers directly accountable to Municipal Managers (Gazette Notice No. 43122), which was gazetted on 20 March 2020 be approved.</p> <p>b) That the Senior Managers be paid a remote allowance of 4 % as indicated in the Government Gazette retrospectively (from 1 July 2019).</p> <p>c) That the remuneration packages of Senior Managers be paid retrospectively (from 1 July 2019).</p>	CFO	Approved Implemented
<p><u>SOCIAL SERVICES AND DEVELOPMENT PLANNING REPORTS</u></p>			
<p>HGC: 545 REPORT ON THE 23RD-31ST OF DECEMBER 2019 DISASTER MANAGEMENT INCIDENTS</p>	<p>With Councillors ZS Nyide and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p>	HOD Social Services and Development Planning	Approved

	<p>b) That Council notes the report on the Disaster management incidents that occurred during the month of December 2019 and</p> <p>c) That Council further declares a state of Disaster in the District due to lack of resources and ability to cope.</p>		
<p>HGC: 546 ENVIRONMENTAL MANAGEMENT FRAMEWORK</p>	<p>With Councillors ZS Nyide and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the Harry Gwala District Environmental Management Framework be approved.</p>	HOD Social Services and Development Planning	Approved
<p>HGC: 547 REPORT ON DRAFT REVIEW OF THE POLICY FRAMEWORK FOR DISASTER RISK MANAGEMENT</p>	<p>With Councillors ZS Nyide and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p> <p>b) That the Draft Disaster Risk Management Framework be approved by Council.</p>	HOD Social Services and Development Planning	Approved
<p>HGC: 548 REPORT ON HARRY GWALA DISTRICT AGRICULTURAL YOUTH INDABA</p>	<p>With Councillors ZS Nyide and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p> <p>b) That the adopted resolutions of the Agricultural Youth Indaba be supported and approved.</p>	HOD Social Services and Development Planning	
<p>HGC: 549 PROGRESS MADE ON THE REVIEW OF THE 2019-2020 INTEGRATED DEVELOPMENT PLAN (IDP)</p>	<p>With Councillors ZS Nyide and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p>	HOD Social Services and Development Planning	APPROVED

<p>FOR 2020-2021 AND IDP ROAD SHOW PROPOSED DATES</p>	<p>a) That the Council notes the progress made in the review of the Integrated Development Plan for the 2020-2021 financial year as a single inclusive strategic document of the municipality.</p>		
<p>HGE: 550 REPORT ON CORONA VIRUS (COVID-19) PREPAREDNESS PLAN FOR HARRY GWALA DISTRICT MUNICIPALITY 2020</p>	<p>With Councillors ZS Nyide and ZP Gcume proposing and seconding respectively, it was; RESOLVED:</p> <p>a) That the report on the Coronavirus (COVID-19) Preparedness Plan be noted.</p> <p>b) That the Preparedness Plan be approved as well the Awareness Schedule noting that it will be amended as and when need arose.</p> <p>c) That an additional budget of R1 000 000.00 be approved that must be able available to ensure the plan is implemented accordingly.</p> <p>d) That the Council approves that Corporate Services Department recruits at least 10 interns / learners /Community Service in the form of community Service Environmental Health Practitioners (graduates) on a month to month contract in order for the effective delivery to complement the existing Staff under the Municipal Health Services unit.</p>	<p>HOD Social Services and Development Planning</p>	<p>Approved On going</p>
<p>HGE: 551 DRAFT HARRY GWALA DISTRICT 2020/2021 SPATIAL DEVELOPMENT FRAMEWORK REVIEW</p>	<p>With Councillors ZS Nyide and ZP Gcume proposing and seconding respectively, it was; RESOLVED:</p>	<p>HOD Social Services and Development Planning</p>	<p>Noted and advertised</p>

	<p>b) That the Draft Spatial Development Framework (SDF) be noted as a document that is:</p> <p>(i) Suitable for consideration as a draft HGDM SDF document by COGTA and;</p> <p>(ii) is ready to be seen, advertised and scrutinised by public (HGDM) community as part of the public participation process and;</p>		
<p>HGC: 552 REPORT FOR HARRY GWALA DISTRICT MARATHON 2019 ██████████</p>	<p>With Councillors ZS Nyide and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>	<p>HOD Social Services and Development Planning</p>	<p>For noting</p>
<p><u>WATER SERVICES</u></p>			
<p>HGC: 553 VARIATION ORDER APPLICATION FOR MAGCAKINI WATER SUPPLY SCHEME – CONSTRUCTION OF 2KM OF 90MM – 75MM DIAMETER LONG RISING MAIN KLAMBON & HDPE PIPELINE, 100KL PREFABRICATED TANK, PUMPHOUSE & MECHANICS ██████████</p>	<p>With Councillors BC Mncwabe and ZR Tshazi proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the variation order application be approved to the value of R 582 654.60 (incl. VAT), the total variation order required is 19,5% of the contract value.</p>	<p>HOD Water Services</p>	<p>Approved Implemented</p>
<p>HGC: 554 CUSTOMER COMPLAINTS ANALYSIS REPORT ██████████</p>	<p>With Councillors BC Mncwabe and ZR Tshazi proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>	<p>HOD Water Services</p>	<p>For noting</p>

HGC: 555 GREATER KOKSTAD: SMART METER DEVICES REPLACEMENT PROGRESS REPORT 	With Councillors BC Mncwabe and ZR Tshazi proposing and seconding respectively, it was; <p style="text-align: center;">RESOLVED:</p> a) The report be noted.	HOD Water Services	Approved Implemented
HGC: 556 REPORT ON FUNCTIONALITY OF WATER AND SANITATION SCHEMES 	With Councillors BC Mncwabe and ZR Tshazi proposing and seconding respectively, it was; <p style="text-align: center;">RESOLVED:</p> a) The report be noted.	HOD Water Services	Approved Implemented
INFRASTRUCTURE SERVICES			
HGC: 557 PROGRESS REPORT ON INTERGRATED WASTE MANAGEMENT PLAN 	With Councillors ZR Tshazi and SN Madziba proposing and seconding respectively, it was; <p style="text-align: center;">RESOLVED:</p> a) That the report be noted. a) That the Integrated Waste Management Plan be adopted as the final IWMP for the District.	HOD Infrastructure Services	Adopted
HARRY GWALA DEVELOPMENT AGENCY			
HGC: 558 2019/2020 REVISED SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN- HARRY GWALA DEVELOPMENT AGENCY 	With Councillors SN Madziba and BC Mncwabe proposing and seconding respectively, it was; <p style="text-align: center;">RESOLVED:</p> a) The report be noted. a) That the adjustments in the Service Delivery and Budget Implementation Plan for the last half of the 2019/2020 financial year be noted.	CEO	For noting

OTHER REPORTS			
HGC: 559 WOMEN'S CAUCUS REPORT	The Women's Caucus did not sit therefore they did not prepare a report.	Chairperson Women's Caucus	Noted
HGC: 560 MPAC REPORT	With Councillors ZP Gcume and NW Dladla proposing and seconding respectively, It was; RESOLVED: a) That the report be noted.	Chairperson MPAC	Noted
18TH OF MAY 2020			
HGC: 565 REPORT ON DETERMINATION OF UPPER LIMITS OF SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS 2019/2020	With Councillors MSD Mdunge and NW Dladla proposing and seconding respectively, it was; RESOLVED: a) That the report be noted. b) That the Council approves the 100% increase of 4% as per the Gazette retrospectively from July 2019. c) That the Council accepts, retrospectively from 01 July 2019, a sitting allowance not exceeding R1103.23 to an appointed Councillor and Traditional leader. d) That the Council accepts, retrospectively from 01 July 2019, the application of Upper limit of cell phone allowance for Councillors not exceeding R3400. e) That the Council approves the implementation of the Final Government Notice in all other upper limits.		MM/CFO
26TH OF JUNE 2020			
HGC: 586 REVIEWED AUDIT COMMITTEE CHARTER, AND ANNUAL AUDIT COMMITTEE WORKPLAN FOR 2020/2021 FINANCIAL YEAR	With Councillors WB Dlamini and ZS Nyide proposing and seconding respectively, it was; RESOLVED: a) That the Audit Committee Charter for 2020/2021 financial year be approved.		MM

	<p>b) That the Annual Audit Committee Work Plan for 2020/2021 financial year be approved.</p>	
<p>HGC: 587 THIRD QUARTER REPORT ON THE IMPLEMENTATION OF THE ANNUAL INTERNAL AUDIT PLAN FOR 2019/2020 FINANCIAL YEAR ████████████████████</p>	<p>With Councillors WB Dlamini and ZS Nyide proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That Council comments and notes the 3rd quarter progress report on the implementation of the internal audit plan.</p>	MM
<p>HGC: 590 THIRD QUARTER RISK MANAGEMENT REPORT FOR 2019/2020 FINANCIAL YEAR ████████████████████</p>	<p>With Councillors WB Dlamini and ZS Nyide proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>	MM
<p>HGC: 592 REPORT ON THE RISK MANAGEMENT AND FRAUD PREVENTION POLICIES ████████████████████</p>	<p>With Councillors WB Dlamini and ZS Nyide proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the following policies be approved:</p> <ul style="list-style-type: none"> ○ Risk Management Policy ○ Risk Management Strategy ○ Fraud Prevention Policy ○ Fraud Prevention Strategy ○ Fraud Prevention Plan ○ Whistleblowing Policy 	MM
<p>HGC: 593 REPORT ON THE HARRY GWALA DISTRICT MUNICIPALITY'S COMMUNICATIONS POLICY ████████████████████</p>	<p>With Councillors WB Dlamini and ZS Nyide proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the Communication Policy be approved.</p>	MM

<p>HGC: 594 RULES AND ORDERS OF VIRTUAL MEETINGS OF THE HARRY GWALA DISTRICT MUNICIPAL COUNCIL AND ITS COMMITTEES</p>	<p>With Councillors WB Dlamini and ZS Nyide proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the Rules and Orders for virtual meetings be adopted.</p> <p>b) That these Rules and Orders be incorporated as Annexure B in the Standing Rules and Orders adopted by the Council on 28 June 2017.</p> <p>c) That the Council notes that these Rules and Orders are to be used concurrently with the Standing Rules and Orders adopted by the Council on 28 June 2017, subject to modifications as outlined.</p>	<p>MM</p>
<p>HGC: 596 REPORT ON ASSET MANAGEMENT</p>	<p>With Councillors NW Dladla and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p> <p>b) That the write off and removal of the assets as per the attached list from the municipality's fixed asset register be approved.</p>	<p>CFO</p>
<p>HGC: 597 MONTHLY REPORT ON SUPPLY CHAIN MANAGEMENT</p>	<p>With Councillors NW Dladla and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p> <p>b) That the extension of contracts for Afirent for municipal fleet be approved for a period of three (3) months.</p>	<p>CFO</p>
<p>HGC: 600 REPORT ON THE ORGANIZATIONAL STRUCTURE 2020/2021</p>	<p>With Councillors NW Dladla and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p>	<p>HOD Corporat</p>

	<p>a) That the Organizational Structure for 2020/2021 financial year be approved.</p>	
<p>HGC: 601 REPORT ON ADMINISTRATION AND INFORMATION & COMMUNICATION TECHNOLOGY POLICIES, HUMAN RESOURCE POLICIES, HR STRATEGY WITH ITS IMPLEMENTATION PLAN AND AN EMPLOYMENT EQUITY PLAN FOR THE PERIOD STARTING IN 2017 - 2022</p>	<p>With Councillors NW Dladla and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the new, amended Human Resource Policies, Administration policies and ICT policies be approved (noting changes applicable in the 2019/2020 financial year) and procedures such as:</p> <ol style="list-style-type: none"> 1. Acting in Higher Position Policy 2. Annual Leave Policy 3. Attendance and Punctuality Policy 4. Bursary Policy 5. COVID-19 Policy (New Policy) 6. Death in Service Policy 7. Disciplinary and Grievance Policy 8. Dress Code Policy 9. Employee Wellness Policy 10. Employment Equity Policy 11. Employment Equity Plan 12. Experiential Training Policy 13. Family Responsibility Leave Policy 14. HIV/Aids Policy 15. Human Resource Strategy with its Implementation Plan 16. Incapacity: Due to Ill Health/Injury Policy 17. Incapacity: Due to Poor Performance Policy 18. Induction Policy 19. Injury on Duty Policy 20. Integrated Employee Health and Wellness Strategy 21. Internal Transfer Policy 22. Learnership Policy 23. Mentorship and Coaching Policy 24. Occupational Health and Safety Policy 25. Overtime Policy 26. Parental Leave Policy 27. Private Work and Declaration of Interest/s Policy 	<p>HOD Corporat</p>

28. Probationary Period Policy
29. Recruitment and Selection Policy
30. Scarce and Critical Skills Retention Policy
31. Sexual Harassment Policy
32. Sick Leave Policy
33. Skills Development Policy
34. Smoking Policy
35. Staff Appointment Policy
36. Standby Policy
37. Study Leave Policy
38. Subsidized Motor Vehicle Policy
39. Task Job Evaluation Policy
40. Termination of Service Policy
41. Travel and Subsistence Policy

ADMINISTRATION POLICIES

1. Records Management Policy
2. Fleet Management Policy
3. Mayor's, Deputy Mayor's and Speaker's Vehicle Policy

INFORMATION AND COMMUNICATION TECHNOLOGY

1. Information Systems and Security Policy
2. Change Management Policy
3. Change Management Procedure Manual
4. Disaster Recovery Plan
5. Business Continuity Plan
6. Master Systems Plan
7. Logical Access Policy
8. Logical Access Policy Procedure Manual
9. ICT Backup Plan
10. ICT Backup
11. Firewall Policy
12. Firewall Policy Procedure Manual
13. Helpdesk Procedure Manual
14. Server Room Maintenance Plan
15. ICT Service Level Agreement Policy

	<p>b) That the Human Resource Strategy, Integrated Health and Wellness Strategy and the Employment Equity Plan for the 2017 – 2022 period be approved.</p>	
<p>HGC: 602 REPORT ON CIRCULAR NO: 02/2020 SALARY AND WAGE INCREASE FOR THE PERIOD 1 JULY 2020 TO 30 JUNE 2021</p>	<p>With Councillors ZC Khumalo and ZR Tshazi proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p> <p>b) That the Salary and Wage increase for the period starting on the 1 July 2020 to 30 June 2021 be approved.</p>	HOD Corporat
<p>HGC: 603 WORKPLACE SKILLS PLAN 2020/2021 AND ANNUAL TRAINING REPORT 2019/2020</p>	<p>With Councillors NW Dladla and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the Workplace Skills Plan for 2020/2021 and the Annual Training Report for 2019/2020 be noted.</p>	HOD Corporat
<p>HGC: 604 REPORT ON MEASURES TAKEN IN ORDER TO CURB THE SPREAD OF COVID-19 IN THE WORKPLACE SINCE THE PRONOUNCEMENT OF ALERT LEVEL 5 LOCKDOWN ON 26 MARCH 2020 BY THE PRESIDENT OF SOUTH AFRICA</p>	<p>With Councillors NW Dladla and ZP Gcume proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the report be noted.</p>	HOD Corporat
<p>HGE: 605 2020/2021 HARRY GWALA DISTRICT MUNICIPALITY (HGDM) AND HARRY GWALA DEVELOPMENT AGENCY (HGDA) SERVICE DELIVERY AND BUDGET IMPLEMENTATION PLAN (SDBIP) AND PERFORMANCE AGREEMENTS FOR 2020/2021</p>	<p>With Councillors WB Dlamini and MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the Council approves the 2020/2021 Harry Gwala District Municipality and Harry Gwala Development Agency Service Delivery and Budget Implementation</p>	ALL HODS

	Plan (SDBIP) and also the Performance Agreements for 2020/2021 financial year.	
HGE: 606 2021/2022 DRAFT IDP FRAMEWORK AND PROCESS PLANS	With Councillors WB Dlamini and MSD Mdunge proposing and seconding respectively, it was; RESOLVED: a) That the 2021/2022 IDP Process Plan and IDP Framework be noted.	HOD Social Se
HGE: 607 REPORT ON THE REVIEWED AND AMENDED MUNICIPAL POLICIES FOR THE SOCIAL SERVICES & DEVELOPMENT PLANNING DEPARTMENT	With Councillors WB Dlamini and MSD Mdunge proposing and seconding respectively, it was; RESOLVED: a) That the reviewed and amended Policies be approved; <ol style="list-style-type: none"> 1. Municipal Health Services Tariff of Charges 2. Health and hygiene Education Strategy 3. Pauper Burial Policy 4. Municipal Health Services By-laws 5. Municipal Health Services Policy 6. Geographical Information System Policy and Manual 7. Disaster Management Financial Support Policy 	HOD Social Se
HGC: 608 VARIATION ORDER APPLICATION FOR MHLABASHANA WATER SUPPLY SCHEME – CONSTRUCTION OF 50KL ELEVATED STEEL TANK, TESTING AND EQUIPING OF 3 X BOREHOLES	With Councillors WB Dlamini MSD Mdunge proposing and seconding respectively, it was; RESOLVED: a) That the variation order application to the value of R 1 042 061.00 which is 20% of Contract Value including 15% VAT be approved.	HOD water Se
HGC: 609 REPORT ON DRAFT WATER SERVICES POLICIES FOR ADOPTION	With Councillors WB Dlamini MSD Mdunge proposing and seconding respectively, it was; RESOLVED:	HOD Water Se

	<p>a) That the Maintenance Management Policy be approved.</p> <p>b) That the policies that have been developed by the Water Services Department be approved as listed below:</p> <ul style="list-style-type: none"> o Service Level Standards, o Water Intermediaries Policy, o Customer Care Strategy, o Customer Care Service Charter, o Infrastructure Investment and Capital Projects Policy, o Non-Revenue Water Policy, o Municipal notices for gazzetted by-laws, and o Batho Pele Policy. 	
<p>HGC: 610 REVIEW OF WATER SERVICES DEVELOPMENT PLAN</p>	<p>With Councillors WB Dlamini MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the reviewed Water Services Development Plan and process audits as prepared by the Water Services Department be approved.</p>	<p>HOD Water Se</p>
<p>HGC: 611 BUSINESS PLAN DEVELOPMENT</p>	<p>With Councillors WB Dlamini MSD Mdunge proposing and seconding respectively, it was;</p> <p style="text-align: center;">RESOLVED:</p> <p>a) That the following (15) Business Plans be adopted and approved:</p> <ul style="list-style-type: none"> • Kokstad Town Rising and Pumps Station • Underberg Rising Main • Cabhana-Nazareth Water Supply Scheme • Centocow Water Supply Upgrade • Greater Njunga Water Supply Scheme • Kempsdale Dam Upgrading • Greater Mhlangeni Water Supply Scheme 	<p>HOD Water Se</p>

- | | | |
|--|---|--|
| | <ul style="list-style-type: none"> • Highflats Bulk Water and Sewer (Mhlabashane) Project • Khukhuleia Water Supply • Refurbishment and Augmentation of Springvale Villages • Refurbishment and Augmentation of Ebhayi/Gudlucingo Villages • Mgodl-Skeyi Villages Water Supply Scheme • Dr NDZ Villages refurbishment and Augmentation • Marrieskop Water Supply Intervention Schemes • Water Supply to Masamini-Mbuzweni Villages Intervention Schemes | |
|--|---|--|

COMPONENT B: INTER-GOVERNMENTAL RELATIONS

2.3. INTER-GOVERNMENTAL RELATIONS (IGR)

Co-operative governance in South Africa's system of government is enshrined in Chapter 3 of the Constitution. Co-operative governance is given statutory and institutional expression through Inter-governmental Relations (IGR). IGR is a constitutional requirement for achieving Co-operative Governance. Implementation of policies and government programs requires close co-operation between the spheres of government, especially at Executive level.

Co-operative Governance does not ignore differences of approach and viewpoints among partners, but it encourages healthy debates that results in collaborative efforts (Partnership Government). Thus, the spheres of government have a duty to support, assist and empower one another. Harry Gwala District municipality as a government entity is also obliged to comply with these prescripts in order to achieve synergy with its local municipalities. Amongst other key mandates of IGR is to encourage planning together in order to prevent duplication of projects. All Technical Forums of Harry Gwala District Municipality report to the Municipal Managers Forum. All matters discussed at the Technical Forums get discussed at the Municipal Managers Forum. The Municipal Managers Forum then reports to the Mayoral Forum and decisions taken at the Mayoral Forum are binding.

An itinerary of meetings was drawn up and distributed to all departments for meetings to be convened. The IGR structures are in operation, and most of the IGR meetings are sitting. The IGR unit is currently located in the Corporate Services Department under Administration and Support Directorate. They provide secretariat support to both the Municipal Managers and Mayoral Forums by taking minutes and compile agendas for both forums. IGR reports are also compiled for submission to key stakeholders such as COGTA, Office of the Premier and SALGA.

NATIONAL INTERGOVERNMENTAL STRUCTURES

The President's Coordinating Council (PCC) is the main coordinating body at national level. It consists of the President, the Deputy President, key Ministers, Premiers and the South African Local Government Association (SALGA). The PCC meets regularly to oversee the implementation of national policies and legislation, and to ensure that national, provincial and local development strategies are aligned to each other.

At national level, each department has an Inter-governmental Forum where Ministers meet with MECs and SALGA. These forums are called MinMECs and are also attended by heads of departments, as technical advisors. The purpose of MinMECs is to consult, coordinate implementation and align programs at national and provincial level.

PROVINCIAL INTER-GOVERNMENTAL STRUCTURES

The Premier in each province is responsible for coordinating relationships between national, provincial and local government in the province. A Premier's Inter-governmental Forum (PIF) consists of the Premier, the local government MEC, other MECs, Metro and District Mayors and other Mayors where necessary. The PIF meets regularly and consults on broad development in the province, as well as on the implementation of national and provincial policy and legislation. It also seeks to coordinate the alignment of provincial and municipal development planning and strategic planning. The PIF reports through the Premier to the PCC. PIF meetings are usually preceded by PAF (Provincial Advisory Forum) meetings where provincial heads of departments meet with all municipal managers. Harry Gwala DM has forged good working relations with the Eastern Cape (Alfred Nzo Municipality) to assist one another through resources in case there are disasters of high magnitude.

DISTRICT INTERGOVERNMENTAL STRUCTURES

Harry Gwala District municipality re-launched its IGR Structures on 22 November 2016. The following is the list of Political and Technical IGR Forums that were launched and the Chairpersonship was allocated:

Mayors Forum

Municipal Managers' Forum

Planning and Development Forum

Infrastructure Development Services Forum

District Area Finance Forum

Corporate Services Forum

District Communicators Forum

COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

PUBLIC MEETINGS

IDP PARTICIPATION

2.4 PUBLIC MEETINGS

Despite the legislative imperative, local government is, by essence, obliged to maintain effective communication with the communities. Likewise, the communities have a responsibility to participate

and be involved in the affairs of the municipality. At HGDM, engagement with communities is ensured through the following structures and mechanisms:

- IDP and budget road shows
- Council meetings
- Mayoral Izimbizo
- Print and air media
- Electronic media, notably the website and the municipal video system

IDP PARTICIPATION AND ALIGNMENT

The Municipal Manager has a delegated responsibility from the Mayor, to prepare the IDP for the District. During the IDP review, the following key elements were addressed within the confines of the approved IDP Process Plan and Framework Plan:

- Comments were received from the various role-players in the assessment of the IDP Review documentation.
- Strategic elements of the IDP were reviewed in terms of Council's new priorities, including the Spatial Development Framework.
- New information was included.
- The IDP was aligned with newly completed Sector Plans

The final IDP was tabled before Council in May 2019. There was consideration of community and stakeholder inputs, leading to the final IDP being approved by Council.

IDP Participation Alignment Criteria	Yes/ No
Does the municipality have impact, outcome, and output indicators?	No, Only output indicators
Does the IDP have priorities, objectives, KPIs and development strategies?	Yes
Does the IDP has the multi-year targets	Yes
Are these aligned and can they be calculated into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers?	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the Provincial KPIs on the 12 outcomes?	Yes
Were the indicators communicated to the public?	Yes

2.5 IDP PARTICIPATION MEETINGS

Nature and Purpose of the meeting	Date and venue of the meeting	Number of participating Councilors	Number of participating Administrators	Number of community members attending	Issue addressed Yes/NO	Date and manner of feedback given to the community
IDP/Budget Road Show (October November 2016)	Cogta Traditional House Offices (Ixopo) 02 October 2019	5 Councilors	17 Administrators	25 Amakhosi	Yes	In April 2020 Due to the outbreak of Covid 19 the Mayor could no longer do face to face engagement with the community instead the Mayor went to Igagasi and KZN radios to give feedback on the matters that were raised in October/November 2019 IDP Road-shows. The Mayor further tabled the draft budget to the communities. Members of the public phoned to
	Greater Kokstad LM@ Ward 8 community Hall: 10 October 2019	10 Councilors	8 Administrators	39 participants	Yes	Water and Sanitation Issues were addressed
	UMzimkhulu LM @ Clydesdale Hall: 24 October 2019	3 Councilors	5 Administrators	102 participants	Yes	
	Dr. Nkosazana Dlamini Zuma @ Bulwer Hall: 15 October 2019	8 Councilors	3 Administrators	197 participants	Yes	

						<p>seek clarity on some of the projects and the Mayor responded to their satisfactory.</p>
<p>April 2020 IDP/ Budget Road shows</p>	<p>During this period Harry Gwala District Municipality could not have the normal IDP/ Budget Road-shows. This is as a result of the outbreak of Covid-19 which led to total shutdown of a country by the RSA State President to minimize social contacts and the spread of the virus. However the Mayor did solicit views on the draft IDP/Budget from the public via air media i.e Igagasi and KZN FM.</p>					

COMPONENT D: CORPORATE GOVERNANCE

2.6 RISK MANAGEMENT

In the 2019/2020 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 processes are 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 Risk management Committees; developed human capacity and tools in order 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

1. **The Audit/Performance Committee**, which is an independent advisory committee of the Council.
2. **The Risk Management Committee**, which is the committee that is constituted by senior management and is responsible for assessing and managing the municipality's risks.

The Risk Management Committee is structured as follows:

- | | |
|---|-------------|
| i. Municipal Manager: | Chairperson |
| ii. Chief Financial Officer: | Member |
| iii. Executive Director Corporate Services: | Member |

iv. Executive Director Infrastructure Services:	Member
v. Executive Director Water Services:	Member
vi. Executive Director Social Services and Development Planning:	Member
vii. Chief operations officer	Member
viii. Risk Manager	Member
ix. Director IDP/PMS	Member

The Risk Champions provide assistance to 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.

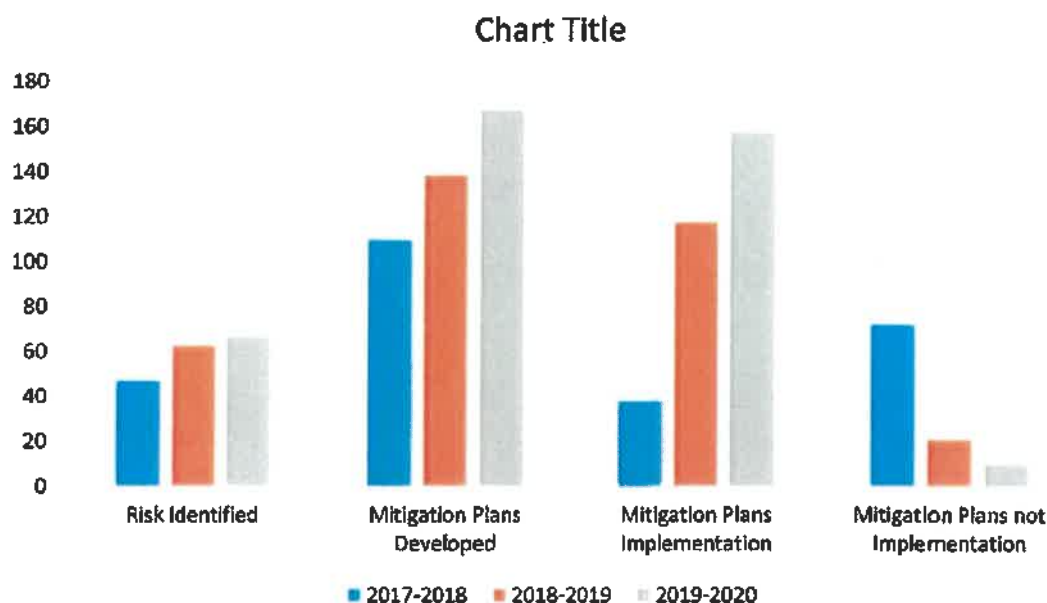
The Risk Champions work closely with the Risk Manager in identifying new and emerging risks, monitoring the implementation of the agreed risk treatment action plans and reporting to the Risk Management Committee.

In terms of the risk management strategy, the municipality reviews its risk register on an annual basis by performing risk assessments in order 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 staff 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 2019-2020 financial year.

Statistical Summary on the implementation of risk mitigation plans for the last 3 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 2019/2020 implementation of mitigation plans is 94%. 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.

15 STRATEGIC RISKS FOR 2019/2020

RISK NAME	RISK DESCRIPTION	INHERENT RISK EXPOSURE	RESIDUAL RISK EXPOSURE	RISK ACCEPTABILITY
Water Services	Inability to provide clean drinking water and proper sanitation facilities	High	High	Unacceptable
Infrastructure	Inadequate municipal office space	High	High	Unacceptable
Human Resource Management	Inadequate skills	High	High	Unacceptable
Office of the Municipal manager	Failure to manage an efficient and effective	High	High	Cautionary

	co-ordination of data recovery and continuity in the event of a disruption(Business Continuity)			
Finance	Failure to fund asset and meet financial obligation/Financial Unsustainability	High	Medium	Cautionary
Good governance	Non-adherence to the legislative prescripts that governs local government	High	Medium	Cautionary
Finance	irregular; Fruitless and Wasteful expenditure	High	Medium	Cautionary
Human Resource Management	Inadequate human capacity	High	Medium	Cautionary
Risk Management	Vulnerability to fraud and corruption	High	Medium	Cautionary
Revenue Management	Inability to collect revenue	High	Medium	Cautionary
Good Governance	Regressed audit opinion	High	Medium	Cautionary

Top 15 Operational Risks for 2019/2020

RISK NAME	RISK DESCRIPTION	INHERENT RISK EXPOSURE	RESIDUAL RISK EXPOSURE	RISK ACCEPTABILITY
Human Resource Management	Factionous employees created and paid	High	High	Unacceptable
Occupational Health and Safety	Conducive and unsafe environment	High	High	Unacceptable
Revenue Management	Inability to adequately safeguard cash	High	High	Unacceptable
Revenue Management	Inability to bill all customer debtors	High	High	Unacceptable

Expenditure Management	Ineffective expenditure management	High	High	Unacceptable
Salaries	Salary discrepancies	High	High	Unacceptable
Budget	Inadequate budgeting	High	High	Unacceptable
Municipal buildings maintenance	Ineffective maintenance of municipal buildings	High	High	Unacceptable
Infrastructure development	Failure to deliver infrastructure within reasonable time frame	High	High	Unacceptable
Spatial Development Framework	Non alignment of SDF with IDP	High	High	Unacceptable
Disaster Management	Inability to respond to major disaster/incidents	High	High	Unacceptable
Water governance: Policies and by-laws	Inability to enforce by-laws and policies	High	High	Unacceptable
Water governance: [Blue ; NO & Green drops]	Non-compliance with; Green and No drops	High	High	Unacceptable
Operation and maintenance	Inability to meet turnaround time	High	High	Unacceptable

9 FRAUD RISKS FOR 2019/2020

RISK NAME	RISK DESCRIPTION	INHERENT EXPOSURE	RISK	RESIDUAL RISK EXPOSURE	RISK ACCEPTABILITY
Human Resource Management	Over-claiming hours worked [Overtime]	High		High	Unacceptable
Human Resource Management	Fictitious employees created and paid	High		High	Unacceptable
Water Services	Illegal Connections	High		High	Unacceptable
Water Services	Theft of Plumbing	High		High	Unacceptable

	material and diesel			
Performance management system	Provision of incorrect POEs to inflate performance information	High	Medium	Cautionary
Finance	Theft of cash by employees or outsiders	High	Medium	Cautionary
Human Resource Management	Abuse of leave by employees	High	Medium	Cautionary
Finance	Invoicing for goods/services not supplied and payment thereof.	High	Medium	Cautionary
Finance	Claims by employees for mileage not undertaken / more than travelled	High	Medium	Cautionary
Information Communication and Technology	authorized staff accessing systems outside their access rights	High	Medium	Cautionary
Finance	Duplication Invoices to generate false payments	High	Medium	Cautionary

The top 15 risks operational risk, 12 Fraud Risk and 11 Strategic risks as listed above form part of the statistical report demonstrated above and are being addressed through the improvement of the control environment and monitored to ensure reduction of the residual risk exposure to acceptable levels.

2.7 ANTI-CORRUPTION AND FRAUD

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:

- 1) In terms of the fraud prevention and anti-corruption strategy, the municipality is in the process of appointing an external independent chairperson for the risk management committee. The risk committee is responsible for ensuring effective implementation of the fraud prevention strategy, this includes amongst other things, the attending to reported fraud allegations received or reported and facilitating and ensuring that all allegations are investigated and ensure implementation of the recommendations of the investigation report.
- 2) The municipality utilizes the NATIONAL and PROVINCIAL ANTI- CORRUPTION FRAUD HOTLINE and is also in the process of establishing a in-house TOLL FREE 24 HOURS ANTI-FRAUD & ETHIC HOTLINE, which will be accessible to staff and all members of the public to report any suspected fraud, corruption and unethical conduct by municipal officials; political office bearers; any member of the public in dealing with municipality; service providers; and any other third party agent representing the municipality.

Currently, all reported allegation are sent to and handled by the Office the Municipal Manager.

2.8 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 Act;
- 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 Y	Done on monthly bases	N Y	Not Yet

Municipal Health By- Laws				
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COMMENTS ON BY-LAWS

The water services by-laws were developed and they were gazzeted 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 2019-2020 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.

COMPONENT A: FINANCIAL SERVICES

During 2019-2020 debt recovery was handled as follows:

SERVICES	ACTUAL ACCOUNTS BILLED	% PROPORTION OF ACCOUNTS VALUE BILLED THAT WERE COLLECTED
Water B	R 5 814 847	12%
Water C	R31 981 660	66%
Sanitation	R10 660 553	22%

COLLECTION: Collection amount has decrease from R51m in 2018/2019 to R48.4m in 2019/2020. There is regression in revenue collection in the year 2019/2020 though there is a revenue strategy that the municipality is implementing as well as cleansed consumer data due to COVID 19 resulting in the municipality not to fully implement its credit control policy. The dilapidated infrastructure has negative impact on our billing and collection.

The indigent register have been updated with a total number of 1255 households reflecting a decrease from 3200 households when compared to 2018/2019 and this will also have a negative impact on the municipality's collection. The municipality reviewed its tariff structure in the current financial year.

Employee: Financial Services

Financial Performance Year 2019-2020: Financial Performance Budget and Treasury Office

Details	F/Y 2018/2019	F/Y 2019-2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operational Revenue	R 0	R 0	R 596 0000	R 0	R 0
Expenditure:					
Employees	R 21 816 933	R 29 727 986	R 23 337 261,00	R 23 648 537,50	R 311 276
Repairs and Maintenance	R 0	R 0	R 0	R 0	R 0
Other	R 25 735 759	R 33 290 778	R 28 558 222,00	R 40 060 395	- R 11,502,173
Total Operational Expenditure	R 47 552 692	R 63 018 764	R 51 895 483	R 63 708 933	-R 11 813 450
Net Operational Expenditure	R 47 552 692	R63 018 764	R 51 299 483	R 63 708 933	-R 12 409 450

Comments on the high level performance of Budget and Treasury

SUPPLY CHAIN MANAGEMENT UNIT

The municipality has its Supply Chain Management Unit in place. The supply chain management deals with the systematic processes associated with the needs analysis and acquisition of goods and services required by the Municipality in terms of Section 217 of the constitution stipulates that the municipality must establish a supply chain management system that is fair, transparent, equitable, competitive, efficient and cost-effective.

The supply chain activities are performed in line with the provisions of the Municipal Supply Chain Management Policy, Municipal Finance Management Act (No.56 of 2003), Preferential Procurement Policy Framework Act and its 2017 B-BBEE Regulations. Prospective suppliers or service providers wishing to do business with the council are invited to be registered on the municipal's list of accredited service providers/suppliers after the checking and evaluation of their application forms. Service providers also needs to be registered on Central Supplier Database before they can do business with the municipality. All procurement requests exceeding

R30 000 are advertised on the municipal website and notice boards for at least seven (7) days. Transactions above R200 000 are processed following the competitive bidding process. This approval includes the processing of bids by the Bid Specifications, Evaluation and Adjudication Committees. The municipality turnaround time for processing bids is 60 days from date of closing a bid. The bids are advertised in the newspapers, municipal website and notice boards. To add to the latter, the district municipality has reviewed and adopted the Supply Chain Management Policy on the 31 May 2019. This policy guides procurement of goods and services in a fair, transparent, competitive and efficient manner. The policy also includes subcontracting of goods and services to designated groups, which is blacks, youth, women and people with disabilities.

The procurement plan which is aligned to the SDBIP is approved and currently implemented. The SCM unit executes its responsibility to the extent that Capital projects which are pivotal in service delivery are implemented as planned and budgeted. Bid committees are fully functional and sit as per schedule of bid meetings. Deviations with reasons for deviation are approved by Council. Irregular expenditure is as follows from previous years. Irregular expenditure from previous years resulted from appointments that did not comply with SCM regulations. The irregular expenditure after investigation is written-off by Council.

2018/2019

Irregular Expenditure – Previous year Tenders	R 138 486 434, 43
Irregular Expenditure-Current year Tenders	R None
Irregular Expenditure – Current year Quotations	R None
	<u>R 138 486 434.43</u>

2019/2020

Irregular Expenditure – Previous year Tenders	R 54 777 575, 45
Irregular Expenditure-Current year Tenders	R None
Irregular Expenditure – Current year Quotations	R None
	<u>R 54 777 575. 45</u>

The municipality was able to make awards as per approved Procurement Plan during 2019/20 of an amount of **R249 045 123, 26**

The Council approved deviations amounting to **R23 082 350, 58**

The SCM unit at present needs human resources to perform its function effectively and efficient.

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.

The MFMA Act no.56 of 2003 section 71 requires the Municipality to submit a Financial Report within 10 working days of each month:

- The Municipality must submit two sets of reports namely; Data Strings, new electronic submissions and Manual submission which are submitted to the LG Portal and LG Database respectively.
- On a monthly basis, these Financial Reports are submitted to the Executive Committee for Reporting purposes.

The Municipality prepares the budget using new Regulations on MSCOA. The Implementation phase was successfully completed since the Municipality was transacting using version 6.2 of MSCOA and preparing a 2019/20 Budget in the new MSCOA 6.3 version.

The Municipality also participates in the internship programme which allows graduates in the commercial field to be exposed to Financial Management for a maximum of three years. This program has a total of five interns which 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 since other interns have been absorbed by the municipality.

ASSETS UNIT

Capital Expenditure

In the 2019/2020 financial year, the district managed an asset base of over R2, 3 billion 97% of which relates to water and sanitation infrastructure. The municipality incurred R228 million on construction of infrastructure projects in the 2019/2020 financial year. The municipality further completed infrastructure projects worth R184 million during the 2019/2020 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.

Movable of assets

During the 2019/2020 financial year, Harry Gwala District Municipality received a donation of yellow fleet plants from COGTA to the value of R5, 8 million.

Disposal of assets

Harry Gwala District Municipality received proceeds amounting R1.1 million on auctioned assets which were redundant and no longer in use. These assets were identified for disposal because of their age, the fact that they were broken and the repairs and maintenance costs was too high.

REVENUE MANAGEMENT UNIT

Revenue section is responsible for the 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 which is currently implemented. 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 due to the fact that indigents receive free 6kl of water which is reported as revenue foregone not as expenditure in the budget. The number of qualifying indigent applicants reflecting on the indigent register in 2018/2019 and 2019/2020 respectively were 1 575 and 1307. In 2018/2019 financial year, the revenue foregone because of 6kl of free water to qualifying indigent households was R919 674.00 and for 2019/2020 is R808 353.36.

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 12 454 urban households the majority of whom are indigent, the total number of consumers has decreased from 12 582 resulting from data cleansing and an update of municipal database.

The Harry Gwala District Municipality bills 6 538 water consumers on a flat rate basis and only 5 052 households are billed according to consumption that is determined by meter readings and 864 households are on prepaid. There are cases where estimation/interims and flat rate base billing is applied though it is not acceptable. In areas where there are no meter readers or where meters are faulty or covered we divert from consumption base method.

There is a growing need to improve the integrity of the data base of water consumers. The municipality debtor's data cleansing project is on its final stage.

It is estimated that 90% of the urban household 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 meter 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 break down more frequently. The municipality has embarked on programme to replace 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 service as well as used as prepaid in the case of households thereby ensuring that households; as they constitute the largest percentage of the total outstanding; pay before they use water. The municipality allocated R2, 5 m in 2017/18 budget year.

The communication strategy of the revenue enhancement strategy has not yielded the desired results as only campaigns were used which were at times poorly attended.

BILLING VERSUS COLLECTION

BILLING VS COLLECTION - THREE YEAR COMPARISON

Year	Total Billing	Interest	Vat	Net Billing	Receipts	Collection rate	Months
2017/2018	78 329 362,25	14 912 386,34	8 504 698,25	54 912 277,66	47 713 929,59	86,89	12
2018/2019	97 587 668,08	11 140 322,36	11 345 025,58	75 102 320,14	51 048 432,43	67,97	12
2019/2020	101 197 134,74	14 750 030,79	11 771 618,45	74 675 485,50	48 457 060,67	65,0%	12

COLLECTION ON SALE OF PREPAID TOKENS AT EXTENSION 7

Month	Collection
July	R78 994.64
August	R65 232.09
September	R72 087.06

October	R73 747.06
November	R74 485.14
December	R81 648.10
January	R77 720.25
February	R100 263.35
March	R148 613.25
April	R92 806.26
May	R107 892.01
June	R131 270.15
TOTAL	R1 123 663.07

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. A debt reduction strategy (appointment of panel of attorneys to assist on long outstanding debt collection) is in place and that it is currently pending implementation and that it covers extensively credit control and debt management issues.

OUTSTANDING DEBT AS AT END JUNE 2020

Description	2017/2018	2018/2019	2019/2020
Domestics	R156 472 953.38	R143 056 909.43	R165 486 055.15
Business	R9 289 262.42	R9 407 296.54	R14 477 370.75
Indigents		R14 407 527.94	R5 533 814.74
Government	R5 271 181.97	R7 677 298.90	R13 296 837.89
Municipalities	475 206 .67	879 147.46	R1 166 098.69
Other : churches, hotels, sports clubs, old age homes e.t.c	R3 762 973.67	R4 169 918.24	R3 297 348.58
Total Debt	R176 594 647.88	R177 643 479.69	R203 945 139.16
Growth	-R6 663 095.77	R1 048 831.81	R26 301 659.47
% Growth	-3.71%	0.59%	12.89%

EXPENDITURE MANAGEMENT UNIT

Improvement on payment made within 30 days

During the 2020 financial year there was an improvement on payments made within 30 days since the municipality has shown strength in financial management resulting in the avoidance of interest and penalties.

Available of funds to pay year-end accruals

The municipality closed the year with funds not linked to grants amounting to 14 million in the short-term investment. This amount will be channeled towards settling year-end obligations therefore reducing pressure of the current inflows and aiding towards a funded budget. The municipality managed to pay all third parties before year-end including SARS, PAYE, UIF.

VAT refunds

The municipality managed to receive the SARS refunds and only May and June returns were outstanding at year-end. These refunds are assisting the municipality to bridge the shortfalls and minimize cash flow problems.

COMPONENT B: WATER SERVICES AND SANITATION INFRASTRUCTURE

Employees: Water Services

Job Level	F/Y 2018-2019	FY 2019-2020		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	16	16	93	102
Grade B 1-5	9	16	40	181
Grade C 1-5	3	38	23	24
Grade D 1-5	4	0	18	15
Grade E 1-2	0	01	02	02
No grade	0	0	0	0
Total	32	41	176	324

Financial Performance Year 2019-2020: Water Services

Details	F/Y 2018-2019	FY 2019-2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operational Revenue	<i>R68 244 377</i>	R 82 840 603	R 82 840 603	R 68 244 377	R 14 596 226
Expenditure:					
Employees	<i>R82 063 694</i>	R 74 673 214	R 74 673 214	R 82 063 694	R 7 390 480
<i>Repairs and Maintenance</i>	<i>R37 547 539</i>	<i>25 546 407</i>	<i>30 652 443</i>	<i>30 876 688</i>	<i>224 245</i>
Other	<i>R31 526 834</i>	R 31 130 728	R 31 980 728	R 31 526 834	R 453 894
Total Operational Expenditure	<i>R151 138 067</i>	R 144 943 420	R 144 943 420	R 151 138 067	R 8 586 313
Net Operational Expenditure	<i>R82 893 690</i>	R 62 102 817	R 62 102 817	R 82 893 690	R 6 009 913

The Water Services Development Plan (WSDP), Water Conservation and Demand Management Plan (WCDMP) as well as Operations and Maintenance Plan (O&M Plan) have been prepared for

the municipality. Due to the multiyear projects that the municipality is dealing with, the implementation rate of these plans is rather slow.

The Maintenance Plan (O&M) is reviewed and updated annually to include new water and sanitation systems that have been completed and handed over to the Operation & Maintenance Unit. The maintenance schedules are signed off and records kept for updating the infrastructure asset register of the Municipality.

The Review of the Water Services Development Plan for 2019/2020 was prepared. This had been a successful exercise although the information on demographics and service levels need to reflect the current situation. This will be achieved once an assessment on these two business elements is concluded which is targeted for the financial year 2020/2021. The Harry Gwala DM has a credible WSDP which conforms to the Department of Water and Sanitation standard prescribed format and also that it has improved from 41% to 67% in terms of score ratings by the Department of Water and Sanitation. The document is accessible from the DWS website.

The Business Plans to implement Water Services Development recommended projects that are responding future developments of our towns and the provisioning of reliable bulk water supply to augment the rudimentary water supply schemes are being prepared with the following projects business plans already being approved by the Department of water and sanitation:

- 1. Centocow Community Water Supply (AFA) MIS 183977*
- 2. Cabhane River Valley St Barnabas Water Supply Scheme*
- 3. Makhoba Housing Water - Eradication of GKM Water Backlogs*
- 4. Kempsdale Dam Wall Raising*
- 5. Khukhulela Water Supply Scheme*

The Municipality bylaws were reviewed, interpreted, adopted by Council and gazetted in 2019/20. The other water services policies and plans which include Customer Care Charter, Customer Care Policy, Water Safety Plan and Waste Water Risk Abatement Plan had been reviewed. The Regulatory Performance Measurement System Action Plan, Water Conservation and Water Demand Management Strategy, Procedure Manual for calculating Non Revenue Water and Water Losses and Non-Revenue Water Working Paper File Document had been reviewed. Communities are being encouraged to familiarize themselves with these documents which are available in the HGDM website.

The Water Services Authority conducted community outreach programs on Water Conservation, Healthy and Hygiene Promotion, revenue enhancement as well as National Water Week activities. The latter serves as a powerful campaigning mechanism of re-iterating the value of water and the need for sustainable management of this scarce water resource. These campaigns seek to continue building the ongoing awareness creation within the broader Harry Gwala Community coupled with the responsibility that every citizen must take measures of ensuring the integrity of our water resources and its efficient use. These documents will enhance the manner in which district interacts with its communities, reduction in illegal connections and subsequently curb water losses.

In the 2019/20 Financial Year Water Services Authority maintained 144 water supply schemes which include rudimental water supply schemes with water sourced from boreholes and springs. The majority of these schemes are partial functioning due to unreliability or unsustainable water supply sources. The distribution of functional, dysfunctional and partial functioning water supply schemes is shown in the TABLE 1 below.

TABLE 1

Municipality Area	Fully Functional	Partially Functioning	Dysfunctional	Total
Number of Schemes	(79)	(48)	(9)	144

Limitations on annual Budget allocation for the operation and maintenance of water and sanitation schemes has the adverse effects on the functionality status of water services schemes in the HGDM.

Between the 17/18 and 18/19 financial year, the Harry Gwala DM has managed to reduce the water and sanitation backlog by 0.14 % and 2.7% respectively. TABLE B1.1 below illustrates the current status of access to water and sanitation in the district.

TABLE B1.1: Access to water as at June 2020

Municipality	Number of Households	Water Served Households (2019/2020)	Water Backlogs Households (2019/2020)	Percentage of Water Backlogs (2019/2020)
Ubuhlebezwe Local Municipality	26 801	16 988	9 813	36.61%
UMzimkhulu Local Municipality	49 616	39 480	10 136	20.43%
Greater Kokstad Local Municipality	17 842	17 813	29	0.16%
Dr. Nkosazana Dlamini Zuma Local Municipality	28 714	16 389	12 325	42.92%

Harry Gwala District Municipality	12 2973	90 670	32 303	26.27%
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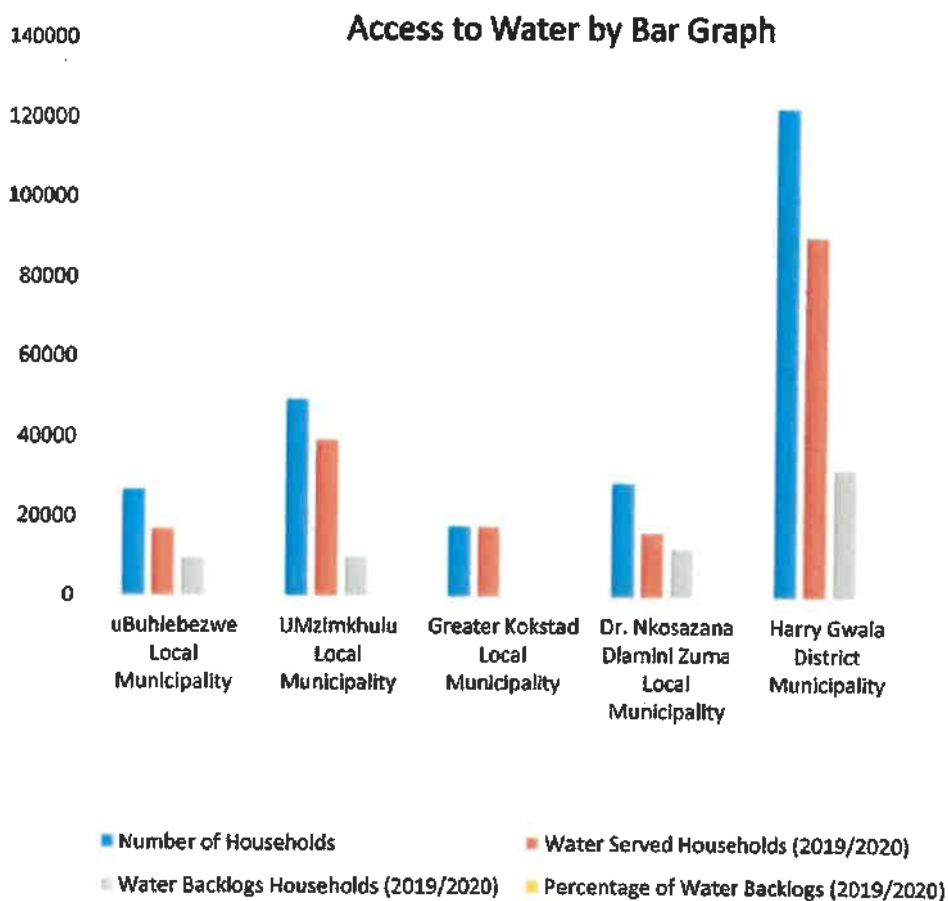
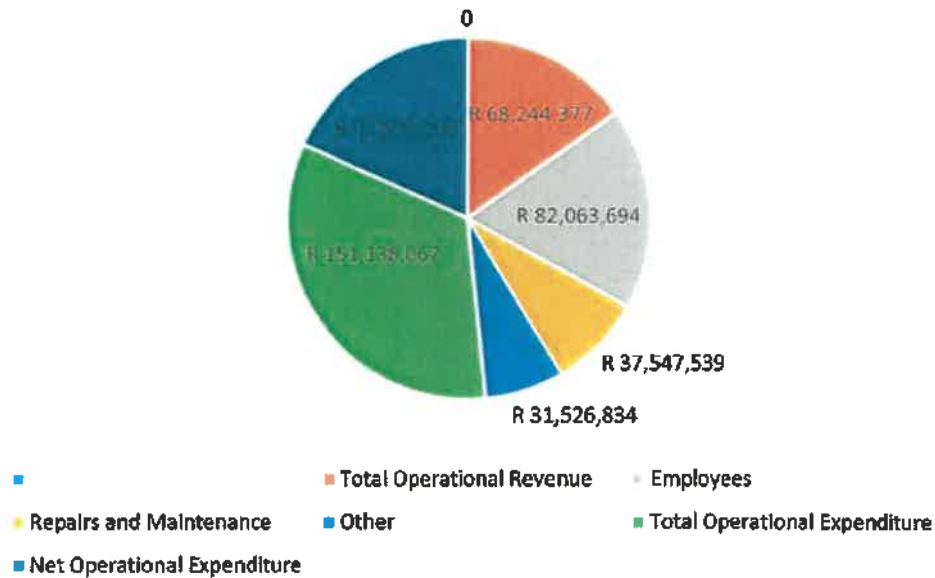


Figure 1 Access to water bar graph 2019-2020

WATER PROVISION BY SECTOR

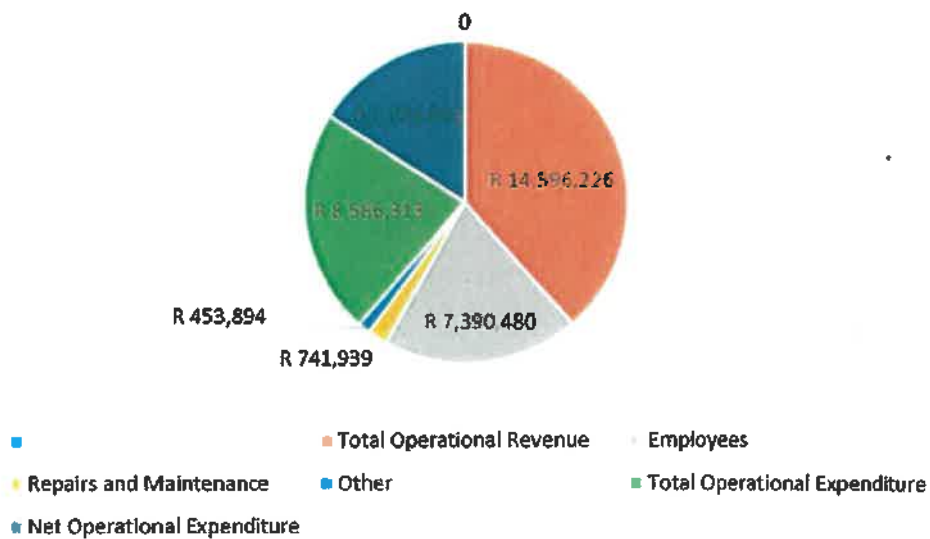
2019/2020 Actual Budget Allocation

F/Y 2019-2020 - ACTUAL BUDGET



2019/2020 Variance

F/Y 2019-2020 - VARIANCE ON ACTUAL BUDGET



Capital Expenditure Year 2019/20: Water and Sanitation Services

This report aims at summarizing the utilization of the 2019/20 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 2019/20 MIG allocation was R200 860 000. This report sets out to show the level of usage and implementation of the MIG funds in the year 2019/20 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 2019 to June 2020. 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.

Month	Total Monthly Payments
July 2019	R 851 988,95
August 2019	R20 814 644,92
September 2019	R 13 466 781,55
October 2019	R8 621 133,70
November 2019	R 16 413 607,97
December 2019	R 26 197 702,74
January 2020	R0,00
February 2020	R27 559 036,96
March 2020	R0,00
April 2020	R23 172 652,81
May 2020	R12 068 426,25
June 2020	R51 694 024,15
<i>PMU Operational costs (2.5%) included in the monthly expenditure</i>	<i>R 5,021,500.00 (2.5%)</i>
TOTAL	R 200 860 000,00

GRANT USAGE	2016-2017	2017-2018	2018-2019	2019/20
MIG Budget	R191,067,000.00	R204,545,000.00	R196, 587,000.00	R200 860 000,00
Expenditure	R191,067,000.00 (100%)	R 194,739,205.09 (95.2%)	R 160 040 749,20 (76.42%)	R200 860 000,00 (100 %)

NB: The 100 % expenditure of the MIG allocation was reached by end of June 2020.

The following schedule shows the extracts from the 2019/20 PMU Business Plan and the actual expenditure and status of projects executed in the 2019/20 financial year. The expenditure shown and the physical progress is the actual current progress as end 30th June 2020.

Project Description	2019/20 (R) Expenditure	June 2020)
Bulwer to Nkelabantwana and Nkumba Water	R 8 049 502,34	Under Construction currently sitting at 40 % completion
Khukhulela Water	R0,00	Under Design
Kwanomandlovu Water project	R 10 534 261,88	Under Construction currently sitting at 75% completion
Underberg Bulk Water Supply Upgrade Phase 2- Rising Main	R 7 545 253,35	Under Construction currently sitting at 40 % completion
Greater Khillmon Water Supply	R 1 596 921,41	Under Designs
Gala Reticulation	R 8 193 708,55	Under Construction currently sitting at 35 % completion
Stepmore Water Project	R 8 626 608,00	Under Construction currently sitting at 76 % completion
Horseshoe Sanitation Project	R 30 931 718,90	Under Construction currently sitting at 65 % completion
Kokstad Water & Sewer Upgrade (Sewer Emergency Intervention (Shayamoya And Extension 7)	R 9 933 406,18	Construction 100 % complete
Makhoba Bulk Water Supply	R 403 335,13	Under Construction currently sitting at 10 % completion
Umkhunya Water Projects	R 2 971 071,31	On hold due to family claim of the land
Ixopo Hopewell Water Supply	R 1 343 119,50	Under designs
Ixopo / Hopewell Sewer System	R 1 868 417,83	On the 14 days appeal period
Ncakubana Water Project	R 1 742 564,62	Under Construction currently sitting at 85 % completion

Greater Summerfield Water Supply	R 30 505 218,09	Under Construction currently sitting at 70 % completion
Greater Mngumeni Water Supply	R 9 910 736,60	Under Construction currently sitting at 65 % completion
KwaMeyi/ Theekloof Water Supply	R 11 343 919,36	Under Construction currently sitting at 98 % completion.
CoVID 19 Interventions. Drilling of boreholes and Spring Protection	R3 000 000,00	Completed
Eradication of Sanitation Backlog in Umzimkhulu	R 1 554 807,42	Completed
Ibisi Sewer Reticulation	R 2 024 513,00	Under designs
Chibini Water Supply	R 641 186,33	100% complete
Highflats town Bulk Water	R 360 964,30	Under Designs
Greater Mbhulelweni Water Supply	R 12 977 134,00	Under Construction currently sitting at 35 % completion

INTRODUCTION TO SANITATION PROVISION

Job Level	FY 2018/19	F/Y 2019-2020		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	16	0	0	0
Grade B 1-5	9	0	01	02
Grade C 1-5	3	0	03	04
Grade D 1-5	4	02	10	05
Grade E 1-2	0	01	03	0
No Grade	0		0	0
Total	32	03	18	11

Employees: Sanitation Services (Infrastructure)

Job Level	FY 2018/2019	F/Y 2019-2020		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	16	0	0	0
Grade B 1-5	9	0	01	03
Grade C 1-5	3	0	01	03
Grade D 1-5	4	02	10	03
Grade E 1-2	0	01	03	03
No Grade	0			
Total	32	03	16	12

Municipality	Number of Households	Sanitation Served Households (2019/2020)	Sanitation Backlogs Households (2019/2020)	Percentage of Sanitation Backlogs (2019/2020)
uBuhlebezwe Local Municipality	26801	24320	2481	9.26%
UMzimkhulu Local Municipality	49616	41033	8583	17.30%
Greater Kokstad Local Municipality	17842	17602	240	1.35%
Dr. Nkosazana Dlamini Zuma Local Municipality	28714	21100	7614	26.52%
Harry Gwala District Municipality	122973	104055	18918	15.38%

2019-2020 Sanitation Services

Chart Title

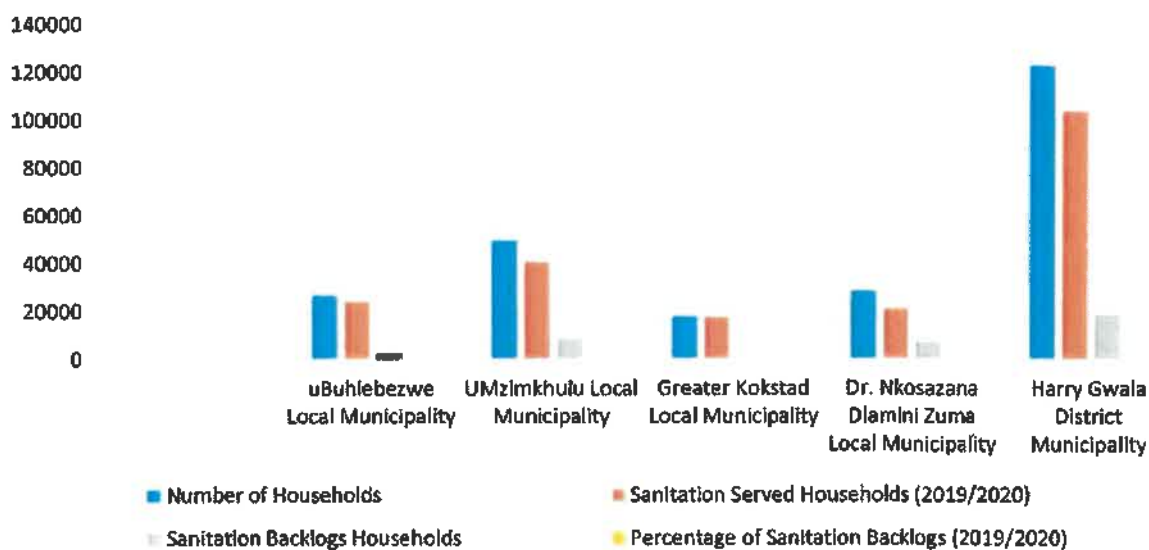


Figure 1 Access to water bar graph 2019-2020

2019-2020 Capital Expenditure for Sanitation Service Delivery Budget

Capital Projects	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget
Kokstad Bulk Water and Sewer Upgrade: Emergency Intervention in Shayamoya and Extension 7	R300 000,00	R10 325 135,07	R9 933 406,18	- R10 025 135,07
Horseshoe Sanitation Project new	R25 080 434,00	R 29 841 438,28	R30 931 718,90	-R4 761 004,28
Eradication of Sanitation Backlog in UBuhlebezwe (MIG)	R4 455 699,00	R 6 500 0000	R4 598 976,83	R2 044 301,00

Overall Comments on Water and Sanitation Services Performance

The Water Services Department is responsible for Planning, Design, Regulation through Policies & Bylaws, Water Quality and Operation & Maintenance of all Water & Sanitation projects and activities. It is also responsible for ensuring customer satisfaction through Customer Care Unit.

Within the Planning and Design Unit, the Department has managed to review the Water Services Development Plan (WSDP) which has been redeveloped in 2017/2018. Currently, the developed WSDP scores 66.72% in terms of compliance according to DWS ratings. The Harry Gwala DM will strive to improve more on its WSDP for the oncoming annual reviews.

Within the Operations and Maintenance Unit, the department has managed to reduce overtime expenditure for 2019/2020 by capping overtime hours to 40hrs on normal overtime and 20hrs on emergency overtime. The water services department still has a number of key vacant positions for its operations e.g in treatment facilities, reticulations plumbing, truck drivers and these are the major contributing factors for excessive overtime hours.

The maintenance policy was also developed and approved by relevant committees for 2019/2020. The maintenance policy and the existing maintenance plan will further assist the water services department in improving its water and sanitation operations for the coming years.

Within the Water Governance and Customer Care Unit, the department has managed to fully activate the Reasebetsa Customer Care System for 2021/20. The system captures and tracks customer complaints and also gives feedback to the complainant with reference number on progress for the complaint logged. This has improved customer relations and also keeps the complainant informed of their issues logged with the call-center. The Position of Director: Governance and Customer Care remained vacant for 2019/20 after the resignation of its Director and the position needs to be filled as it is the key driver for the operations of this unit.

For the COVID-19 outbreak the water services department as one of the essential services department played a key role in the distribution of 401 of the 450 static water tanks received from the Department of Corporative Governance and Traditional Affairs (COGTA). The tanks were distributed to the council wards of Greater kokstad LM, Ubuhlebezwe LM, Dr NDZ LM, Umzimkhulu LM. A total of 8 boreholes were also drilled, equipped with solar powered pumps, elevated tank and a tap for the Villages of Ubuhlebezwe LM and Umzimkhulu LM. These special programs were specifically implemented to address the COVID-19 outbreak.

The Harry Gwala District Municipality Council has adopted the Integrated Waste Management Plan –IWMP (Resolution HGC 557) on the 26 March 2020. The Waste Act requires that Municipalities must integrate their IWMPs into Integrated Development Plans (IDPs) in order to ensure that waste management services are streamlined with other essential basic services such as water and sanitation, housing and electricity provision. The compilation of this IWMP has been done in line with the “Guideline for the Development of Integrated Waste Management Plans (IWMP’s) (DEA, 2012) and in accordance with Section 12 of NEMWA with the contribution of all local municipalities within the Harry Gwala District and the KZN Department of Environmental Affairs.

The responsibility of the **District Municipality** regarding the above relates to:

- Ensure availability of relevant plans (IWMP) regarding waste management in all Local Municipalities.
- Provide support and guidance in the implementation of the IWMP’s

The municipality received an allocation amount of R 5 316 000 000 for the Expanded Public Works Programme and achieved 100% expenditure for 2019/20 financial year. 855 work opportunities were created by the district through Expanded Public Works Programme (EPWP), and number could have been more should the financial had not been affected by the Covid-19 Pandemic.

The municipality also received an allocation of R 20 000 000 for Regional Bulk Infrastructure (RBIG) and achieved 100% expenditure. HGDM has one project implemented by this grant called - Greater Bulwer Donnybrook Water Supply. The main focus on the project has been the construction of bulk pipeline from Ngudwini Dam to Emnywaneni during 2019/20 financial year.

Harry Gwala District Municipality received another grant called, Energy Efficiency Demand Side Management (EEDSM). The municipality received an allocation of R 7 000 000.00 for 2019/20 and achieved 100% expenditure. The objective of the grant is to reduce energy consumption and be able to monitor the usage by using energy monitoring systems. The municipality has retrofitted 26 buildings and installed 6 photovoltaic system that uses solar to generate energy including high mast within the district.

The municipality also received an allocation of R 2 357 000.00 and achieved 100% expenditure for the Rural Roads Asset Management Systems grant (RRAMS). The grant is funded by Department of Transport has successful implemented the programme with the support of all locals within Harry Gwala. The local municipalities are currently utilizing the system when doing their asset management or when there is a need for MIG road project application or road rehabilitations this system is used.

COMPONENT C: CORPORATE SERVICES DEPARTMENT

Employees 2019-2020: Corporate Services

Job Level	FY 2018-2019	FY 2019-2020		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	10	10	10	1
Grade B 1-5	9	3	9	0
Grade C 1-5	6	1	6	0
Grade D 1-5	10	2	10	3
Grade E 1-2	3	0	3	0
No grade				
Total	39	06	39	04

Financial Performance Year 2019-2020: Corporate Services

Details	FY 2018-2019	FY 2019-2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operational Revenue	R 230 587	0	0	0	0
Expenditure:	0	0	0	0	0
Employees	R 11 198 280	R 20 851 948	R 22 711 446	R 23 346 828	R -635 382
Repairs and Maintenance	R 726 266	R 345 000	R 152 000	R 218 241	R -66 241
Other	R 54 636 559	R 26 299 154	R 50 778 685	R 57 538 490	R -6 759 805
Total Operational Expenditure	R 66 561 105	R 47 496 102	R 73 642 131	R 81 103 559	R 7 328 946
Net Operational Expenditure	R-66 330 518	R-47 496 102	R-73 642 131	R-81 103 559	R-7 328 946

WEBSITES

COMMENTS ON MUNICIPAL WEBSITE CONTENT AND ACCESS

Harry Gwala DM developed policies that will ensure full compliance with the requirement of section 75 of the MFMA. In 2018/19 financial year, the municipality updated the content of the website and communities does have access to it. Below are documents that were uploaded onto the website:

Type of Document	Posted to the municipal website (Y/N)	Comments
The current annual and adjustments budgets, all budget-related documents and policies	Y	N/A
The previous annual report	Y	N/A
All service delivery agreements	Y	N/A
All performance agreements for section 57 managers	Y	N/A
All long-term borrowing contracts;	Y	N/A
All supply chain management contracts above a prescribed value	Y	N/A
An information statement containing a list of assets over a prescribed value that have been disposed of	N	N/A
Contracts having future budgetary implications	Y	N/A
Public-private partnership agreements listed in section 120 of the MFMA	N/A	N/A
All quarterly reports tabled in the council in terms of section 52 (d) of the MFMA	Y	N/A

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT)

ICT SYSTEMS PURCHASED

The Municipality purchased the following systems to ensure full functionality and adherence to audit requirements raised in the previous year:

- Off-site backup
- Telephone upgrade
- Network switches

- Laptops (HP and Dell)
- Software Licenses
- AD Monitor
- Fortigate Firewall

Off-site backup

The Municipality procured a new server Lenovo ThinkCentre SR650. The server was commissioned, clustered and installed at Harry Gwala District Main Server Room. The old server at the Main Office was moved to Kokstad to be used as a backup server. The off-site backup was completed. The testing of disaster recovery centre was conducted in March 2020.

Telephone upgrade

The Municipality uses telephones as one of its primary means of communication with the community, stakeholders, Service Providers, Councillors, Traditional Leaders, Local Municipalities, etc. Telkom is the main Service Provider who has been servicing the municipality for telephone services. With emerging technologies and challenges faced with the old telephone infrastructure, the ICT Unit embarked on a project of upgrading the municipal telephone infrastructure. A five-year Master Service Agreement has been signed between the Municipality and Telkom.

These benefits were realised after the upgrade:

- Centralized telephone management system (TELTRACE) on a single computer which will reside in the main office;
- Free telephone calls between Main Office and Satellite Offices;
- Free telephone calls – Satellite Office-to-Satellite Office; and
- A reduced municipal telephone bill.

Network switches

The Municipality procured 2 x 48 ports and 12 x 24 ports Power Over Ethernet (POE) switches. The replacement of these switches was triggered by the upgrade of telephone lines, which required all telephone handsets to be powered with Ethernet cables. These switches were installed in the Main Office and all Satellite Offices.

Procurement of computers

The Municipality procured 33 laptops, which most of them were for new employees and the rest were allocated to employees whose computers reached their useful life.

SOFTWARE LICENSES

Microsoft licenses

The municipality utilizes Microsoft software for the compilation of documents, sending/receiving of emails, compiling PowerPoint presentations, drawing up of spreadsheets and running of the computer operating systems. All the software needs to be licensed and the subscription of the Microsoft licenses is paid for on an annual basis. ION Consulting (Pty) Ltd is a licensed re-seller of Microsoft licenses and all our Microsoft licenses are procured via them. The anniversary date for Microsoft licensing is the 1st September every year.

The subscription cost varies and it is influenced by the following aspects:

- Rate of Exchange (ROE) – the weaker the strength of the South African Rand, the higher the cost of the license; and
- Number of users – an increase in the number of users causes an increase in the number of licenses required resulting in the slight increase of the cost of the subscription.

All Microsoft licenses were procured.

Veeam backup software (for backups)

Veeam backup software licenses are paid annually. The anniversary date of the licenses is 1st November of each year. The annual subscription fee for the backup software was procured.

Eset Endpoint Protection (Antivirus)

The Municipality utilizes an Antivirus program called Eset Endpoint Protection as a line of defense for the Municipality's computers and Windows servers. The Antivirus software license is also paid on an annual basis. The annual subscription fee for the backup software was procured.

AD Manager

The Municipality uses AD Audit Plus software to audit user access rights, and violations; to monitor user activities; and to extract audit of all activities in Municipal ICT environment.

Fortigate firewall and FortiCloud license

The Municipality utilizes Fortigate Firewall to restrict, prevent any unauthorized access and filter incoming and outgoing traffic within the municipal network. We also use FortiCloud to pull violation reports on our FortiCloud. The ICT Unit purchased 2 x Fortigate 101E firewalls (1 passive and 1 failover).

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.harrygwalaadm.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 has 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 Server Room Standards.

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

1. Information Systems and Security (ISS) Policy
2. Backup Plan
3. Master Systems Plan
4. User Access Management / Logical Access Management Policy
5. Firewall Policy
6. Disaster Recovery Plan
7. ICT Business Continuity Plan
8. Change Management Policy and Procedure
9. ICT Governance Framework
10. Server Room Maintenance Plan
11. ICT Risk Management Framework
12. Information Technology Scorecard
13. Information Technology RACI Matrix

Comments on the Performance of Human Resource

The positions of Section 54A and 56 Managers are filled. The vacancy rate in the municipality as per the approved organizational structure is depicted below:

- Total number of posts filled 365
- Vacant posts (funded) 29 as at 30 June 2020
- Frozen posts (unfunded) 407
- TOTAL IN STRUCTURE** **831**

The vacancy rate for 2019/2020 based on the funded vacant positions was 7%. The total staff turnover in 2019/2020 was 9.9% (including 13 interns).

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
- Prioritised 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, Councillors 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 6 May 2020.

In the 2019/2020 financial year, Harry Gwala District Municipality planned and implemented the following training and development interventions:

Training and Development Interventions

NAME OF THE LEARNING PROGRAMMES	NUMBER OF BENEFICIARIES	TYPE OF LEARNING INTERVENTION	TRAINING PERIOD
Disaster Risk Management Training	05	Learnership	July 2019- December 2019
Water and Wastewater Treatment NQF L3	19	Learnership	July 2019 – December 2019
Municipal Finance Management Programme	02	Learnership	12-15 August 2019 (one year programme)
HR in the Changing World of Work	01	Skills Programme	20-22 August 2019
Report Writing and Minute Taking Training	02	Skills Programme	04 September 2019
Essentials of Digital Media Management	02	Short Course	16-20 September 2019
Media and Stakeholder Engagement Programme	04	Skills Programme	10-12 September 2019
Leave Module & Basic Report Writer Course	02	Skills Programme	07- 10 October 2019
Supervisory skills Training	27	Skills Programme	08 – 10 October 2019 & 15-17 October 2019
Councillor Leadership Development Programme	15	Skills Programme	22-24 October 2019

IIA Conference	02	Conference	23-25 October 2019
COBIT Foundation	03	Short Course	28- 29 November 2019
Revenue Summit	05	Professional Body Conference	27-28 November 2019
Labour Relations symposium	05	Workshop	25-26 November 2019
The Safe Handling of Chlorine	42	Technical Training	11 December 2019
Talent Management Seminar	03	SALGA Conference	30-31 January 2020
SCM and Procurement Seminar	02	CIGFARO Conference	31 January 2020
Performance Management Training	05	Skills Programme	17-21 February 2020
Municipal Finance Management Programme	09	Learnership	24-28 February 2020
Evidence Based Policy Making & Implementation	01	Skills Programme	02-06 March 2020
Project Management Training Programme	09	Skills Programme	29 June 2020- 02 July 2020
Senior Managers Development Programme	01	Skills Programme	22-25 July 2020
RPL Trade Test for Plumbing	20	Trade Test	January 2020 -- on going project

Bursaries

NAME OF QUALIFICATION	NUMBER OF BENEFICIARIES	DEPARTMENT	NAME OF INSTITUTION
BCom Management Degree	01	Corporate Services	MANCOSA

Bachelor of Honours in Public Administration	02	Corporate Services	MANCOSA
Masters in Public Administration	01	Social Services and Development Planning	UNIVERSITY OF KWAZULU
Advanced Certificate in Management Studies	01	Budget and Treasury Office	MANCOSA
Bachelor of Public Administration	02	Corporate Services Social Services and Development Planning	MANCOSA
National Diploma in Public Management	01	Water Services	ESAYIDI TVET COLLEGE
Masters In Business Administration	01	Corporate Services	NELSON MANDELA UNIVERSITY BUSINESS SCHOOL
MPhil in Internal Auditing	01	Office of the Municipal Manager	UNIVERSITY OF PRETORIA

Employment Equity

The Employment Equity Plan for the period starting 1 October 2017 - 30 September 2022 was adopted by Council on 27 February 2018.

The Employment Equity Report of the HGDM was completed in the 2018/19 reporting period and was submitted to the Department of Labour on the 10th of January 2020.

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

- Africans 96.8 %
- Coloureds 2.4 %
- Indians 0.3 %
- Whites 0.5 %
- People with Disabilities 0.82%

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 timeously 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 thereof.

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

Employees: Social Services and Development Planning

Job Level	FY 2018-2019	FY 2019-2020		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3	1	0	0	0
Grade B 1-5	0	3	2	2
Grade C 1-5	2	1	9	10
Grade D 1-5	2	0	15	9
Grade E 1-2	5	1	5	1
No grade	1	0	1	0
Total	11	5	32	22

Financial Performance 2019-2020 Social Services and Development Planning

Details	F/Y 2018/2019	F/Y 2019-2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operational Revenue	R 0	R 0	R 596 0000	R 0	R 0
Expenditure:					
Employees	R 21 816 933	R 29 727 986	R 23 337 261,00	R 23 648 537,50	R 311 276
Repairs and Maintenance	R 0	R 0	R 0	R 0	R 0
Other	R 25 735 759	R 33 290 778	R 28 558 222,00	R 40 060 395	- R 11,502,173
Total Operational Expenditure	R 47 552 692	R 63 018 764	R 51 895 483	R 63 708 933	-R 11 813 450
Net Operational Expenditure	R 47 552 692	R63 018 764	R 51 299 483	R 63 708 933	-R 12 409 450

Comments on the Performance of Social Services and Development Planning in 2019-2020 Financial Year

DEVELOPMENT PLANNING UNIT

As the Municipal Systems Act and Spatial Planning and Land Use Management Act (SPLUMA) requires Municipalities to prepare Spatial Development Framework (SDF), HGDM managed to fulfil this legislative requirement by reviewing the SDF. The major emphasis in this review was placed on cross broader planning by considering development implication with our neighboring municipalities. This was enabled by the application of proposals from the Integrated Public Transport Network Plan (IPTNP) which aims to improve community movement from residential areas to areas of economic and social services within and outside the district.

The SDF also recognized the proposals of the Climate Response Strategy in it nodal and corridor planning. The HGDM managed to finalize the Environmental Management Framework (EMF) which will enable the HGDM and its Local Municipalities to identify environmental sensitive areas and mitigation measures for the purpose of fast tracking the service delivery processes. The approval of the Geographic Information Systems (GIS) Policy and Procedure Manual by Council will also minimize data accuracy risk within the municipality as the implementation of this policy will provide the Municipality with accurate data regarding the service backlog, location of municipal capital assets and identify areas where the municipality has made foot print with service delivery.

SPECIAL PROGRAMS UNIT

Youth Unit

The Harry Gwala District Municipality Youth Development Office has been involved in a number of Youth Development activities and programs during the course of the 2019/20 financial year. These activities include annual high school visits together with the District Youth Council where we distribute sanitary pads and CAO forms and booklets, all identified schools were visited during the month of August.

The office also had engagements with external stakeholders such as National Youth Development Agency and we have signed a memorandum of agreement to establish an NYDA District Service Center here in Harry Gwala District Municipality, the office will be situated in our Harry Gwala Development Agency facilities.

The office was also instrumental in engagements towards 2020-30 National Youth Policy, we sent young people from different youth formations to deliberate on the policy representing their various constituencies. We have also conducted unemployed graduates workshop together with the office of economic development in our district, the workshop was aimed at empowering graduates on how to shape their CVs and prepare themselves for interviews.

Sport and Development

Sport & Recreation Unit is responsible for the development of sport within the district as well as encouraging the culture of play within adults and young people of Harry Gwala District. The unit encourages communities to promote social cohesion amongst its citizens through sport activities. Sport has been witnessed as one of the main drivers of social cohesion amongst communities i.e. soccer world cup that took place in 2010. Sport and Recreation helps to reduce crime and create good behavior in young people. Sport is also used as a remedy of improving health to improve healthy lifestyles and reduce a number of diseases to people.

Programs performed by the unit:

- Rural Horse Riding Festivals
- Indigenous Games
- Mayoral Games
- SALGA KZN-DSR Games
- Harry Gwala District Marathon

Sport and Recreation Unit in Harry Gwala works in collaboration with the Provincial Department of Sport and Recreation and the Department of Education (School Sport) within the jurisdiction of Harry Gwala. Over the years, Harry Gwala District Municipality has improved on a number of sporting activities even though they are experiencing a lack of sport facilities within the District. The municipalities always participate in Provincial competitions like SALGA KZN-DSR Games, Indigenous Games, Rural Horse Riding and Marathon. Harry Gwala District displayed an improvement in some of sport codes i.e. Dance, Swimming, Football, Netball, Rugby, Tennis and Cricket in the past few years. The municipality is in a process of negotiating with different stakeholders to solicit assistance where there is a challenge (i.e. federations and the department of sport and recreation) Harry Gwala District Municipality is planning to solicit funds to construct facilities especially on sports that are predominantly played in urban areas e.g. swimming, rugby, tennis, and cricket.

Mayoral Games hosted annually are the base of selecting teams that represent the district during SALGA KZN-DSR Games. Harry Gwala District decided not to participate in the Provincial Indigenous Games due to insufficient budget within the municipality as well as poor performance displayed by Harry Gwala athletes.

UMzinkhulu municipality together with the department of sport and recreation decided to rescue the district by starting the means of sourcing funding to construct regional sport complex where a number of sport codes will be accommodated in phases.

Harry Gwala swimming team managed to obtain position 1 during SALGA KZN DSR Games 2019 that made Harry Gwala proud. Athletics and cricket also managed to obtain position 3

respectively during these games. These results displayed great improvement in Harry Gwala sport that caused the district to end up obtain position 4 in overall position.

Once again the federation of Netball in Harry Gwala managed to produce very good results and went on to the Netball Championships held in Cape Town where they produced number 1 in the country.

Harry Gwala District Municipality in conjunction with Kwa-Zulu Natal Department of Sport & Recreation and Nkosazana Dlamini Zuma Municipality hosts annual event, Harry Gwala Summer Cup Festival since 2010 (Horse Riding) that grows gradually each and every year.

Harry Gwala also hosts Marathon since 2015 and it attracts a number of participants from South Africa as a whole even from Countries outside the borders of South Africa i.e. Zimbabwe, Lesotho, Kenya, Zambia, Namibia, Malawi and etcetera. In 2020, Harry Gwala District Municipality was able to maintain its great prizes for the position 01 from both males and females were awarded with vehicles, furthermore included prizes for Government official as well councilors that participated in the Marathon.

In 2020, Harry Gwala District Municipality experienced challenges of insufficient budget, that challenge forced municipal leadership to source funding from other Institutions in order to host marathon in 2020. The Department of Sport and Recreation together with local municipalities (UMzimkhulu and UBuhlebezwe) rescued the district municipality by taking upon themselves to carry all the costs of the marathon. In 2020, prizes had to change from previous years where position 1 both males and female participants were awarded with vehicles. The prizes were changed to be prize money where both participants were awarded with prize money. A number of concerns were raised by participants requesting that prizes be changed from vehicles to cash.

SOCIAL SERVICES UNIT

The Municipal Health Services are proud winners of the Best Performing Municipality in the National Environmental Health Norms and Standards for the provision of the Municipal Health services which was audited by the National Department of Health for all Districts in the country for the year 2019.

Through our Municipal Health Services as a municipality we strive to educate our communities on Environmental Health issues such as prevention of communicable diseases and methods that are easily available in the purification of their water sources whilst they wait for portable water provision from Water Services. Over and above that the Municipality is bounded by the Constitution of South Africa which states that everyone has a right to a clean and safe environment. With an annual budget of R 300 000 which allows the unit to take 200 randomized

water samples to quality control annually, monitor communicable diseases, assist with burials of pauper/ destitute furthermore implement the Health and hygiene Strategy which allows vigorous education of our communities which in a year we conduct 4 on any matter related to the Environment which they may be exposed to. Law enforcement is also a fundamental factor in protecting the Harry Gwala citizens whereby annually we inspect 200 business premises for compliance purposes.

Currently both units are faced with the COVID 19 pandemic and are working tirelessly in protecting our communities through door to door education, decontamination of public spaces in collaborations with the Local Municipalities and other law enforcement.

As government we have a responsibility of creating a habitable environment for all our people. With the changing weather patterns that are direct results of global warming due to climate change, we felt it was proper to be proactive through our fully functional Disaster management centre and the programmes hereunder such as disaster management awareness campaigns that target the most vulnerable educating and equipping them on preventative measures they can take to protect their families and should a disaster / an incident strike who to contact and what steps to follow.

Our District is known to be prone to strong winds, heavy rains, storms, hail storms, snow and lightning, which in many cases turn to displace many communities. In the 2019-2020 financial year we were able to respond to all reported incidents and Disasters with a budget of R1 150 000.00 furthermore the Municipality engaged with human Settlement to speed up the disaster management temporary housing backlog incurred since 2018 where some of our communities lost their homes and others were partially damaged. 278 partially damaged homes were all given building material, 320 totally damaged homes have already started receiving temporary houses and due to lockdown there's 240 temporary houses that are yet to be built. The Municipality continues equipping the Disaster Management Centre with latest technological features that are able to communicate with our disaster management volunteers in our villages, local municipalities, neighbouring municipalities and all other relevant stakeholders in case there are major incidents or disasters that could occur.

Social Services is a makeup of two units namely Disaster Management and Municipal health Services, and during the 2018/2019 financial year the directorate set out to achieving 5 planned targets and in order to meet some of its regulated objectives which was achieved.

INTEGRATED DEVELOPMENT PLAN AND PERFORMANCE MANAGEMENT UNIT (IDP/PMS)

The unit prides itself for achieving an unqualified audit opinion from the Auditor General in the 2018-2019 Annual Performance Report. To improve these findings the municipality further beefed up the unit by employing a performance management specialist in the 2019-2020 financial year.

The credibility of the IDP, Provincially continue to be above 70% and the unit is working in ensuring that in future it improves to be above 80%

COMPONENT E: OFFICE OF THE MUNICIPAL MANAGER

Employees: OFFICE OF THE MUNICIPAL MANAGER

Job Level	FY 2018-2019	FY 2019-2020		
	No. of Employees	No. of Funded Posts	No. of Employees	No. of Vacancies
Grade A 1-3		0	0	0
Grade B 1-5		4	1	3
Grade C 1-5		14	9	5
Grade D 1-5		9	9	2
Grade E 1-3		4	3	1
No grade		1	1	0
Total		31	23	11

Financial Performance Year 2019-2020: OFFICE OF THE MUNICIPAL MANAGER

Details	FY 2018-2019	FY 2019-2020			
	Actual	Original Budget	Adjustment Budget	Actual	Variance Budget
Total Operational Revenue	R 0	R 0	R 0	R 0	R 0
Expenditure:					
Employees	R 8 044 925	R 12 199 614	R 9 745 240,00	R 10 178 779,68	-R 433 540
Repairs and Maintenance	R 0	R 0	R 0	R 0	R 0
Other	R 7 974 961	R 4 935 947	R 3 621 314,00	R 5 819 723,89	-R 2 198 410
Total Operational Expenditure	R 16 019 886	R 17 135 561	R 13 366 554	R 15 998 504	-R 2 631 950
Net Operational Expenditure	R 16 019 886	R 17 135 561	R 13 366 554	R 15 998 504	-R 2 631 950

Comments on the Performance of the Office of the Municipal Manager in 2019-2020 Financial Year

Communications Unit

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

Newsletter

The Municipality has a news-letter which captures progress on the implementation of the various municipal programs including infrastructure projects.

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.harrygwalaadm.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.

Media Monitoring

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

LEGAL SERVICES UNIT

The Legal Services Unit deals with the municipal legal issues as and when they arise. The following were attended to during 2019/2020 financial year:

- Reviewal of Rules and Orders of Virtual Meetings of Council and its Committees;
- Reviewal and drawing up of agreements between the municipality and other parties;
- Attending court cases involving the municipality;
- Writing reports to the Executive Council and the Municipal Managers' Forums;
- Attending workshops which are of interest to the municipality;
- Receipt of summonses, applications and other legal documents from the Sheriff involving the municipality;

- Briefing attorneys representing the municipality;
- Provision of and/or seeking legal advices to assist the municipality and the public.

Cases dealt with are the following:

1. Mdlebeni Trading (Pty) Ltd and Harry Gwala District Municipality

This company instituted action against the municipality pursuant to a contractual dispute. Pleadings have closed. The dates for pre-trial and trial have not yet been agreed upon.

2. Bhungane Built Environment and Harry Gwala District Municipality

This matter was set down for trial commencing on 14th November 2019. Settlement has been reached except for the taxed legal costs which were due to be paid by 20th July 2020.

3. Unltrade t/a Isidingo Security Services

Pleadings have closed and a pre-trial conference has been held. A trial date has yet to be arranged.

4. Town and Around Civils and Harry Gwala District Municipality

Applicant approached the High Court for the review of the decision of the municipality to disqualify or reject this company's bid as unresponsive for lack or want of compliance with the mandatory requirements. Judgment was handed down in favour of the municipality and Applicant was ordered to pay legal costs.

In this case Applicant further sought an order in the form of an interdict against the municipality and Ingonyama Nicon to prevent Respondents from implementing the tender pending the outcome of an internal appeal and the review by the court. Judgment was handed down in favour of Applicant and the municipality was ordered to pay legal costs.

Payments of legal costs in terms of both court orders have not yet been made.

5. Themba Louis Mahlaba and Harry Gwala District Municipality

Mr Mahlaba, through L. M. Nhlabathi Incorporated Attorneys, sought to enforce an unsigned memorandum of lease agreement in respect of Ellerton farm, also known as Mngeni or Home farm. After engagements, Mr Mahlaba withdrew his instructions to the aforesaid attorneys and signed the new agreement. This agreement terminated on 30th June 2020.

6. Telegenix Trading 249 CC t/a RJN Projects and Harry Gwala District Municipality

Plaintiff issued, filed and served summons pursuant to a contractual breach by the municipality. The matter was settled out of court and payment was made on 26th February 2020.

7. Ofafa Ward 3 Residents and Harry Gwala District Municipality

Residents, through Xaba Attorneys, sought some answers in respect of Ofafa Water Supply Project's non-completion and/or dysfunctionality. The letter was forwarded by Director: Legal Services to Head of Department: Infrastructure for a response.

8. Exquisite Cyassound JV and Harry Gwala District Municipality

On or about 24th October 2018, a letter of appointment was issued to Plaintiff for the co-ordination of Harry Gwala District Municipality Sports Development Programme and Cultural Activities. On 20th August 2019, the municipality sought to terminate the contract. Sandile Dlomo Incorporated Attorneys delivered, through the Sheriff, a notice of intention to institute legal proceedings against the municipality. The matter was settled before summons could be issued.

9. Kulu Civils and Project Management CC and Harry Gwala District Municipality

Notice of Motion was issued, filed and served pursuant to a contractual dispute. Applicant sought to get a High Court order compelling the municipality to pay sums of money to the service provider. The municipality did not oppose the application and on 8th June 2020 the application was upheld with costs. Payment has been made.

10. Timothy Tod Collins and Sipho Reginald Dlamini

In this matter, both parties instituted applications for Protection Orders against each other. The matter was postponed sine die because Dr Collins was admitted to hospital. To date the matter has not been re-instated.

11. Qondokuhle Anderson Mdladla versus Harry Gwala District Municipality

In this matter, Plaintiff issued, filed and served summons suing for unlawful arrest and detention at Donnybrook Police Station. The municipality issued, filed and served its Notice of Intention to Defend as well as its Plea. To date, Plaintiff has not taken the matter any further.

12. State versus David Nagel and Lindelani Ndlovu

This is a matter relating to the theft of a diesel engine at Mnyameni Water Scheme. The matter was disenrolled at Umzimkhulu Magistrate's Court pending further evidence. To date there has been no

breakthrough in terms of who the perpetrators were.

13. State versus Anthea Adams and 12 Others

This is a matter that is before the Commercial Crimes Court in Durban, involving, inter alia, the municipality's erstwhile employees and some service providers. On 2nd March 2020, this matter was postponed until 30th March 2020. The matter has now been scheduled to go on trial on 28th September 2020.

Operation Sukuma Sakhe is a call for the people of KwaZulu-Natal to stand up to overcome the issues that have destroyed communities such as HIV and AIDS, TB, poverty, unemployment, crime, substance abuse, and other social ills. It is about communities working together to rebuild the fabric of society, in partnership with multiple stakeholders through a multi-sectoral, integrated service delivery model.

OSS is coordinated and implemented at various levels including, the ward, local municipality, district and provincial level. Using the OSS model, KZN is able to institutionalise the coordination and integration of service delivery. Integration and coordination enable partnerships to occur, allowing those involved to achieve certain goals for maximum benefit

Office of the Premier gave a mandate to all districts, to ensure that the following is in place, to ensure successful implementation of the Operation Sukuma Sakhe and HIV and AIDS Programme: The structure constitutes the District Task-Team (DTT), Local Task-Teams (LTTs), Ward Task-Teams (WTTs), Political Champion (MEC), Administrative Champion (HOD) District Convener.

The HIV and AIDS coordination is done through working hand-in-hand with the Department of Health which is the key department in the implementation of the HIV and AIDS programme. Other key stakeholders include with other government departments, Civil Society (PLHIV Sector) and NGOs

Focus programmes include: Poverty Alleviation, HIV & AIDS, TB & STIs as well as all health matters,

Employment Creation, Youth Development, Drug & Substance Abuse and other social ills, Orphaned & Vulnerable Children and other vulnerable groups (e.g. Senior Citizens, Women, Farm Workers & People Living with disabilities), Illiteracy & other educational programmes, Food Security & social relief, Economic Development and Provision of critical registration documents (e.g. birth certificates and IDs). Areas of infrastructure focus include: Community halls, Schools, Clinics, Crèches, Churches or any other suitable infrastructure, depending on the area

The implementing process involves: Household Profiling (HHP), reporting of findings to WTT, Referral of cases to relevant department/entity, Provision of interventions, Capturing of HHPs in NISIS at the Office of the Premier (OTP), Operation MBO (To cover the general community and fast track service delivery)

During the financial year under review, the Municipality in partnership with its Local Municipalities and the Department of Cooperative Governance and Traditional Affairs have hosted the following activities:

- Two Local OSS Operation Mbo and one District Operation Mbo.
- Harry Gwala District OSS stakeholder engagement with MEC Champion
- Sectoral dialogue on Women's empowerment
- Dialogue on the abduction of Young Girls
- OSS Cabinet Wednesday in Greater Kokstad Municipality
- Planting Season
- Operation Khawuleza and Launch of Transport Month
- 3 HIV and AIDS Awareness conducted
- Functional DTT and District AIDS Council with full support of Political Leadership. Members of civil society being represented in the Council
- Continuous reporting to the Provincial AIDS Council and PTT
- Vibrant and visible PLHIV sector
- Extensive awareness campaigns on HIV, TB, STIs and teenage pregnancy conducted in communities, schools and churches wherein the district partnered with various stakeholders.
- Condom distribution enhanced through support of a Health Promoter based in the District (appointed by Office of the Premier)
- Geospatial mapping done by KZN treasury in Greater Kokstad Municipality (relevant stakeholders and civil society were present)

Challenges

- WAC functionality is hindered by poor participation.

INTERNAL AUDIT UNIT

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

Quarter 1: 21 August 2019

Quarter 2: 29 November 2019

Quarter 3: 17 March 2020

Quarter 4: 15 June 2020

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

COMPONENT A: INTRODUCTION TO MUNICIPAL WORKFORCE

4.1 Employee total turnover and vacancies

The information cited hereunder is as per the organizational structure approved on 28 June 2019.

EMPLOYEES					
Description	FY 2018/19	FY 2019/20			
	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	17	23	19	8	34.8%
Budget & Treasury Services	73	90	54	23	25.6%
Water Services	176	556	205	351	63.1%
Corporate Services	39	68	39	10	14.7%
Social Services and Development Planning	31	60	32	29	48.0%
Infrastructure Services	16	34	16	15	44.1%
Total	352	831	365	436	52.5%

Vacancy Rate as per the categories stated below: 2019/20			
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	0	0%

Highly skilled supervision: levels 9-12 (excluding Finance)	120	26	21.7%
Highly skilled supervision: levels 9-12 (Finance posts)	24	6	25%

COMPONENT 8: 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(l)(c), to ensure fair, efficient, effective and transparent personnel administration..." This component cites the range of workforce management and progress made in the development of workforce policies and management practices during FY 2019 /2020.

4.2 POLICIES AND PLANS

HR Policies and Plans				
	Name of Policy	% Complete	% Reviewed	Date Adopted by Council or Comment on Failure to Adopt
1)	Acting in higher position	100%	N/A	Adopted on the 26 June 2020.
2)	Annual leave policy	100%	N/A	Adopted on the 26 June 2020.
3)	Bursary policy	100%	N/A	Adopted on the 26 June 2020.
4)	COVID-19 Policy	100%	New	Adopted on the 26 June 2020.
5)	Death in Service	100%	N/A	Adopted on the 26 June 2020.
6)	Disciplinary & Grievance policy	100%	N/A	Adopted on the 26 June 2020.
7)	Employee wellness policy	100%	N/A	Adopted on the 26 June 2020.
8)	Experiential training policy	100%	N/A	Adopted on the 26 June 2020.
9)	Family responsibility leave	100%	N/A	Adopted on the 26 June 2020.
10)	HIV and AIDS policy	100%	N/A	Adopted on the 26 June 2020.

11)	Induction policy	100%	N/A	Adopted on the 26 June 2020.
12)	Internal transfer policy	100%	N/A	Adopted on the 26 June 2020.
13)	Internship policy	100%	N/A	Adopted on the 26 June 2020.
14)	Learnership policy	100%	N/A	Adopted on the 26 June 2020.
15)	Occupational health and safety policy	100%	N/A	Adopted on the 26 June 2020.
16)	Overtime policy	100%	N/A	Adopted on the 26 June 2020.
17)	Parental leave	100%	N/A	Adopted on the 26 June 2020.
18)	Probation leave	100%	N/A	Adopted on the 26 June 2020.
19)	Recruitment and selection policy	100%	N/A	Adopted on the 26 June 2020.
20)	Scarce & Critical skill policy	100%	N/A	Adopted on the 26 June 2020.
21)	Sexual harassment policy	100%	N/A	Adopted on the 26 June 2020.
22)	Sick leave	100%	N/A	Adopted on the 26 June 2020.
23)	Skills development policy	100%	N/A	Adopted on the 26 June 2020.
24)	Staff appointment policy	100%	N/A	Adopted on the 26 June 2020.
25)	Standby policy	100%	N/A	Adopted on the 26 June 2020.
26)	Study leave policy	100%	N/A	Adopted on the 26 June 2020.
27)	Subsidized motor vehicle scheme	100%	N/A	Adopted on the 26 June 2020.
28)	Termination of service policy	100%	N/A	Adopted on the 26 June 2020.
29)	Travel and subsistence policy	100%	N/A	Adopted on the 26 June 2020.
30)	Attendance and Punctuality Policy	100%	N/A	Adopted on the 26 June 2020.

31)	Dress Code Policy	100%	N/A	Adopted on the 26 June 2020.
32)	Employment Equity Policy	100%	N/A	Adopted on the 26 June 2020.
33)	Incapacity: Due to Ill Health/Injury Policy	100%	N/A	Adopted on the 26 June 2020.
34)	Incapacity: Due to poor performance Policy	100%	N/A	Adopted on the 26 June 2020.
35)	Injury on duty Policy	100%	N/A	Adopted on the 26 June 2020.
36)	Mentorship and Coaching Policy	100%	N/A	Adopted on the 26 June 2020.
37)	Private Work and Declaration of Interest/s Policy	100%	N/A	Adopted on the 26 June 2020.
38)	Smoking Policy	100%	N/A	Adopted on the 26 June 2020.
39)	Task Job Evaluation Policy	100%	N/A	Adopted on the 26 June 2020.
	Strategies/ Plans			
1)	Integrated Employee Health & Wellness Strategy	100%	N/A	Adopted on the 26 June 2020.
2)	HRM & HRD Strategy and Implementation Plan	100%	N/A	Adopted on the 26 June 2020.
3)	Employment Equity Plan	100%	N/A	Adopted on the 26 June 2020.
4)	COVID-19 Plan	100%	N/A	Adopted on the 26 June 2020.

4.3 INJURIES, SICKNESS AND SUSPENSIONS

There were 11 (eleven) days lost when three of our employees were injured at work. There was no permanent and fatality in the 2019/2020 financial year. Some employees required proper medical attention (Hospitalization) whilst some only required basic medical attention. Those employees had to be referred to a registered Medical Practitioner for assessment.

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	11	03	27.3%	3.7
Temporary disablement	0	0		
Permanent disablement	0	0		
Fatal	0	0		
Total	11	03	27.3%	3.7

Number of days and Cost of sick leave (excluding Injuries on Duty)				
Salary band	Total Sick Leave Days	No. of employees using sick leave	Total no. of employees in post	Average sick leave per employee (Days)
Lower skilled (Levels 1-2)	39	11	94	3.5
Skilled (Levels 3-5)	77	16	103	5
Highly skilled production (Levels 6-8)	184	22	63	8.4
Highly skilled supervision (Levels 9-12)	186	27	65	7
Senior management (Levels 13-15)	98	19	34	5
Municipal Manager and Section 56 Managers	21	2	6	10.5
Total	597	97	365	7

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 2019/2020.

DISCIPLINARY CASES

Disciplinary Action Taken on Cases of Financial Misconduct				
EMPLOYEE	ISSUE	STATUS	DATE	COMMENT
Director: Expenditure	Financial Mismanagement	Arbitration	July 2020	N/A
Chief Accountant: Expenditure	Gross Dishonesty	Resigned	November 2019	N/A
Senior Clerk: Salaries	Financial Mismanagement	Arbitration	August 2020	N/A
Cashier	Gross Dishonesty	Arbitration	July 2020	N/A
ISD Officer	Gross Dishonesty	Disciplinary Process	July 2020	N/A

SUSPENSIONS

Number and Period of Suspensions				
Position	Nature of alleged misconduct	Date of suspension	Details of disciplinary action taken or status of case and reasons why not finalized	Date finalized
Plumber	Insubordination	4 May 2020	Finalizing Investigation	N/A
Superintendent: Water Treatment	Insubordination	4 May 2020	Finalizing Investigation	N/A

DISMISSALS / DISCIPLINARY CASES IN PROGRESS

Position	Nature of alleged misconduct	Disciplinary action taken	Date dismissed
Creditors Officer	Abuse of municipal vehicle	Yes	In progress
ISD Officer	Financial Misconduct	Yes	In progress

4.4 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 (Levels 1-2)	Female	0	0	0	0
	Male	0	0	0	0
Skilled (Levels 3-5)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled production (Levels 6-8)	Female	0	0	0	0
	Male	0	0	0	0
Highly skilled supervision (Levels 9-12)	Female	0	0	0	0
	Male	0	0	0	0
Senior management (Levels 13-15)	Female	0	0	0	0
	Male	0	0	0	0
Municipal Manger and Section 56 Managers	Female	0	0	0	0
	Male	0	0	0	0
Total		0	0	0	0

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 Work Place Skills Plan. In the 2019/2020 financial year, 87% of the training budget was utilized. The under expenditure was caused by the Councilor commitments. It is worth noting that the current budget is inadequate to train the affected staff.

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

Financial Competency Development: Progress Report						
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	1	1	2	1	2	1
Chief Financial Officer	1	1	2	0	2	1
Senior Managers	3	2	6	2	3	3
Any other officials	18	0	18	18	0	18
Supply Chain Management Officials						
Heads of SCM Unit	1	0	1	1	0	1
SCM Senior Managers	0	0	0	0	0	0
Total	24	4	29	22	7	24

Management level	Gender	Employees as at beginning of 2018/2019	Learnerships		Skills Programs		Other Forms of Training		Total	
					Bursaries	Other short Courses	Original Budget	Actual	Original Budget	Actual
		No.	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual	Original Budget	Actual

Municipal Manager & Section 56 Managers	Female	3			50000	60000	10000	0	60000	60000
	Male	2			20000	0	10000	0	30000	0
Legislators, Senior Officials and Managers	Female	14			150000	199907	15000	10072	165000	209979
	Male	23			100000	164292	15000	5999	115000	170291
Professionals	Female	21			55000	58000	20000	19051	75000	77051
	Male	31			20000	25000	10000	7812	21000	32812
Technicians And Associate Professionals	Female	35			10000	0	5000	0	15000	0
	Male	29			10000	0	5000	0	15000	0
Clerks	Female	15			45000	48200	10000	0	55000	48200
	Male	11			20000	8000	25000	16744	45000	36744
Service and Sales Workers	Female	19			20000	0	15000	0	35000	0
	Male	30			50000	15000	10000	0	60000	15000
Plant and Machine Operators and Assemblers	Female	15			10000	0	10000	0	20000	0
	Male	21			20000	0	15000	0	35000	0
Elementary occupations	Female	38			20000	0	10000	0	30000	0
	Male	53			30000	0	15000	0	45000	0
Sub-total	Female	160			360000	366107	95000	29123	455000	395230
	Male	200			270000	212292	90000	30555	360000	242847
Total		360			630000	578399	185000	59678	841500	638077
Total budget for training and development 2018/19								R750 000		
% and R value of municipal salaries (original budget) allocated for workplace skills plan										

Skills Development Expenditure (R'000)										
Original Budget & Actual Expenditure on Skills Development										
Management level	Gender	Employees as at beginning of 2019/2020	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	3	0	0	50000	40 000	11 000	0	61 000	40 000
	Male	3	60 000	58 000	35 000	0	15 000	0	110 000	50 000
Legislators, Senior Officials and Managers	Female	27	30000	0	70 000	86 100	15 000	14370	115 000	100 470
	Male	32	60 000	58000	110 000	108 000	15 000	12000	185 000	178 000
Professionals	Female	29	40 000	40 000	95 000	67 879	5000	6842	100 000	114 721
	Male	17	50 000	40 000	50 000	48 300	10000	0	110 000	88 300
Technicians and Associate Professionals	Female	9	0	0	75 965	90 000	20 000	21 700	95 965	111 700
	Male	41	0	0	60 000	47 350	15 000	10 000	75 000	57 350
Clerks	Female	39	40 000	80 000	70 000	90 150	10 000	0	120 000	190 150
	Male	10	42 000	0	55 000	65 000	10000	6842	107 000	71 842
Service and Sales Workers	Female	3	20 000	20 000	50 000	0	0	0	70 000	20 000
	Male	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	Female	0	0	0	0	0	0	0	0	0
	Male	10	0	0	20 000	0	0	0	20 000	0

Elementary occupations	Female	63	0	0	10 000	0	40 000	39 946	50 000	39 946
	Male	84	0	0	10 000	0	57000	32 400	62 000	32 400
Sub-total	Female	173	130000	140 000	370965	374129	101 000	82585	591965	616987
	Male	197	212000	156 000	367000	300923	100000	61242	689000	497892
Total		370	342000	296000	737965	675052	201000	143827	1280965	1114879
Total budget for training and development 2019/20								R1114879		
% 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 (Levels 1-2)	Female	None
	Male	None
Skilled (Levels 3-5)	Female	None
	Male	None
Highly skilled production (Levels 6-8)	Female	None
	Male	None
Highly skilled supervision (Levels 9-12)	Female	None
	Male	None
Senior Management (Levels 13-15)	Female	None
	Male	None
Municipal Manager and Section 56 Managers	Female	None
	Male	None
Total		None

Employees whose salary levels exceed the grade determined by job evaluation				
Occupation	No. of employees	Date of appointment	No. appointed	Reason for appointment when no established post exists
N/A	N/A	N/A	N/A	N/A

Job evaluation process is currently underway thus the table above is not applicable.

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 are no positions that were upgraded in the 2019/2020 financial year because the municipality is waiting for the job evaluation processes to be finalized, currently the Job Evaluation Preliminary results are being audited by the Provincial Audit Committee.

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 BACKGROUND

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 realisation 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 through 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

5.2 Component A: Statement of Financial Performance

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

- ✓ 103% of Operating Revenue Budget Earned, 94% of Capital Budget Spent, 97% of Operating Expenditure Budget Spent

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

Description	2019/20				2018/19				Restated Audited Outcome		
	1	2	3	4	5	6	7	8		9	10
R (thousands)	Original Budget	Budget Adjustments (lilo, MFMA s28)	Final adjustments budget	Actual Outcome	Unauthorized 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	Amounts to be recovered
Revenue By Source											
Services charges - water revenue	62 635	(14 922)	47 703	49 324		1 617	103,4%	78,7%			
Services charges - sanitation revenue	25 757	(6 398)	19 359	21 139		1 780	108,2%	82,1%			
Interest earned - external investments	10 831	(3 554)	7 077	5 905		(1 171)	83,4%	55,6%			
Interest earned - outstanding debtors	9 658	-	9 658	12 923		3 265	133,8%	133,3%			
Transfers recognised - operational	366 004	11 727	377 730	380 076		2 346	100,5%	103,0%			
Other revenue:	766	-	766	2 061		1 295	268,9%	268,9%			
Gain on disposal of PPE	-	-	-	5 883		5 883	#DIV/0!	#DIV/0!			
Total Revenue (excluding capital transfers and contributions)	475 451	(13 154)	462 297	477 292		14 993	103,2%	100,4%			
Expenditure By Type											
Employee related costs	195 623	1 434	197 057	196 524	533	(533)	99,7%	100,5%	7 466		(7 466)
Remuneration of councillors	7 574	-	7 574	7 702	(128)	128	101,7%	101,7%	-		-
Debt repayment	25 315	-	25 315	40 231	(14 916)	14 916	158,9%	158,9%	-		-
Depreciation & asset impairment	37 492	42 218	79 710	71 033	8 677	(8 677)	89,1%	199,5%	(2 611)		2 611
Finance charges	3 510	658	4 168	4 294	(116)	116	102,8%	122,0%	-		-
Bulk purchases	15 000	8 134	23 134	22 780	355	(355)	98,5%	151,9%	(1 245)		1 245
Other materials	15 163	(8 969)	8 295	5 772	2 522	(2 522)	69,6%	38,1%	-		-
Contracted services	100 122	60 670	160 792	142 010	18 782	(18 782)	88,3%	141,8%	(13 389)		13 389
Transfers and grants	14 000	-	14 000	14 000	-	-	100,0%	100,0%	-		-
Other expenditure	54 091	2 757	56 847	55 573	1 275	(1 275)	97,8%	102,7%	13 166		(13 166)
Loss on disposal of PPE	-	-	-	-	-	-	-	-	-		-
Total Expenditure	487 890	109 082	578 883	539 368	16 985	(16 985)	97,1%	111,7%	3 415		(3 415)
Surplus/(Deficit)	7 561	(122 157)	(114 896)	(62 616)		31 960	72,1%	-1092,7%			
Transfers recognised - capital	275 839	3 870	279 709	262 515		(17 194)	93,9%	85,2%			
Surplus/(Deficit) after capital transfers & contributions	283 899	(119 286)	165 113	179 899		14 786	109,0%	83,5%			
Surplus/(Deficit) after taxation	283 399	(119 286)	165 113	179 899		14 786	109,0%	83,5%			
Attributable to minorities	-	-	-	-		-	-	-			
Surplus/(Deficit) attributable to municipality	283 399	(119 286)	165 113	179 899		14 786	109,0%	83,5%			
Surplus/(Deficit) for the year	283 399	(119 286)	165 113	179 899		14 786	109,0%	83,5%			

Functional Performance of Operational Services

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

Description	2019/20			
	Original Budget	Budget Adjustments (I.Lo. MFMA s28)	Final adjustments budget	Actual Outcome
R thousand	1	2	3	4
Revenue - Standard				
<i>Governance and administration</i>	367 364	(3 554)	363 811	353 739
Executive and council			-	
Budget and treasury office	367 364	(3 554)	363 811	353 739
Corporate services			-	
<i>Economic and environmental services</i>	-	596	596	596
Planning and development		596	596	596
<i>Trading services</i>	383 823	(6 326)	377 599	383 473
Electricity			-	
Water	295 533	(10 003)	285 530	310 534
Waste water management	88 392	3 677	92 069	74 939
Other			-	-
Total Revenue - Standard	751 289	(9 284)	742 006	739 807
Expenditure - Standard				
<i>Governance and administration</i>	174 259	22 771	197 030	191 852
Executive and council	30 094	(5 904)	24 199	25 722
Budget and treasury office	76 953	9 353	86 307	76 587
Corporate services	67 212	19 322	86 534	89 543
<i>Economic and environmental services</i>	63 019	(11 123)	51 895	63 709
Planning and development	63 019	(11 123)	51 895	63 709
Road transport			-	
Environmental protection			-	
<i>Trading services</i>	239 613	97 355	327 968	394 347
Water	80 431	55 820	136 251	121 069
Waste water management	150 182	41 535	191 717	193 278
Other			-	
Total Expenditure - Standard	467 890	109 003	576 893	539 908
Surplus/(Deficit) for the year	283 399	(118 286)	165 113	179 899

Grants Performance

2019/2020 OPERATIONAL GRANTS PERFORMANCE

Description	2019/20	Budget Year 2020/21						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
RECEIPTS:								
Operating Transfers and Grants								
National Government:	321 592	366 004	391 730	391 730	391 730	(0)	0,0%	391 730
Energy Efficiency and Demand Side Management Grant	-	-	-	7 000	-	7 000	0,0%	-
Equitable Share	318 074	345 309	345 309	345 309	345 309	(0)	0,0%	345 309
Expanded Public Works Programme Integrated Grant	2 518	5 316	5 316	5 316	5 316	-	0,0%	5 316
Integrated National Electrification Programme Grant	-	7 000	7 000	-	7 000	(7 000)	-100,0%	7 000
Local Government Financial Management Grant	1 000	1 000	1 000	1 000	1 000	-	0,0%	1 000
Municipal Disaster Relief Grant	-	-	596	596	596	-	0,0%	596
Municipal Infrastructure Grant	-	5 022	20 147	20 147	20 147	-	0,0%	20 147
Rural Road Asset Management Systems Grant	-	2 357	2 358	2 358	2 358	-	0,0%	2 358
Water Services Infrastructure Grant	-	-	10 004	10 004	10 004	-	0,0%	10 004
Other transfers and grants (insert description)								
Other grant providers:	-	400	400	-	400	(400)	-100,0%	400
Parent Municipality	-	-	-	-	-	-	-	-
Unspecified	-	400	400	-	400	(400)	-100,0%	400
Total Operating Transfers and Grants	321 592	366 404	392 130	391 730	392 130	(400)	-0,1%	392 130

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.

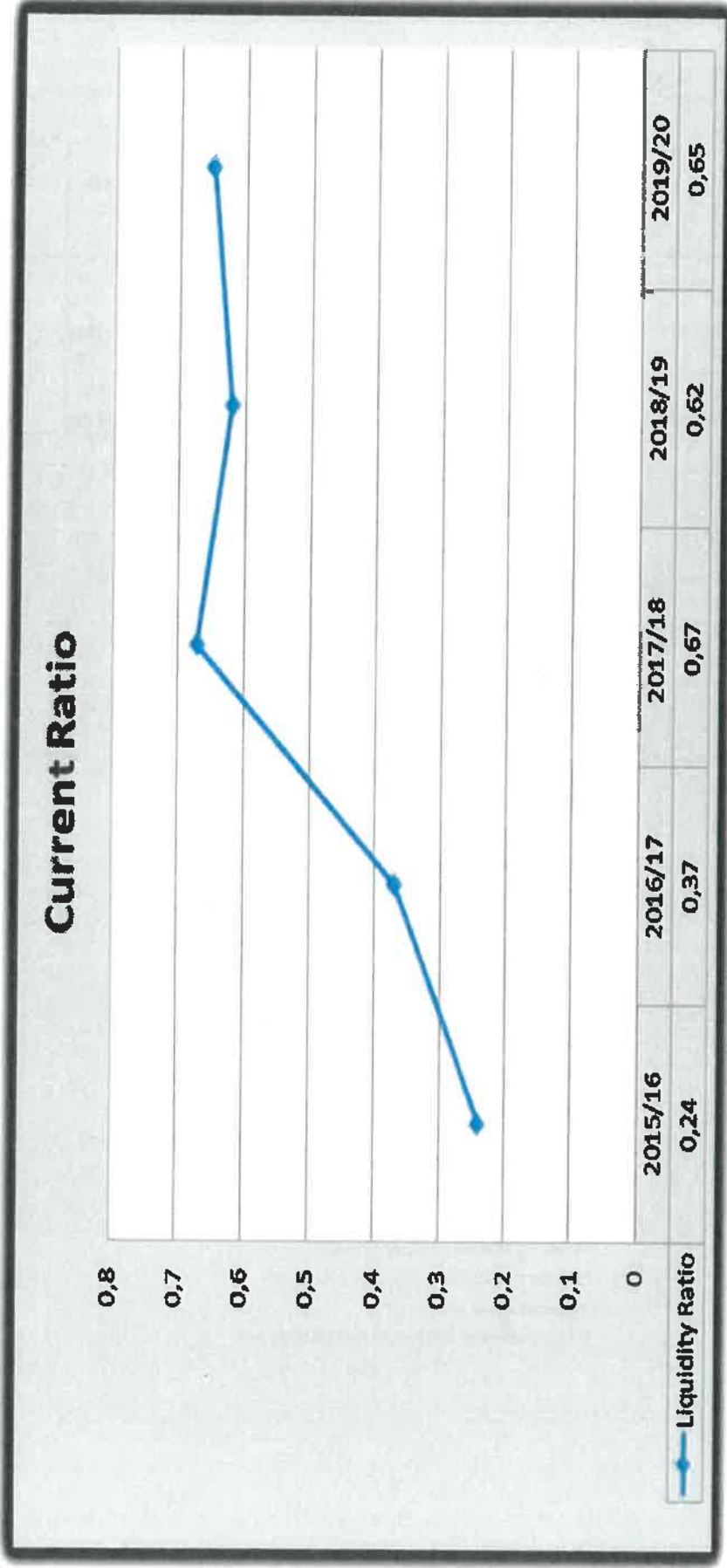
Asset Management

CAPITAL EXPENDITURE OF 5 LARGEST PROJECTS

Name of Project	Budget Year 2019/20				
	Original Budget	Adjusted Budget	YearTD actual	YTD variance	YTD variance %
R thousands					
KWAMEYI / TEERKLOOF	10 950	10 693	10 765	(72)	0%
Minqumeni Water Supply	13 550	8 865	8 991	(126)	0%
UMKHUNYA WATER PROJECTS	20 340	2 584	2 584	(0)	0%
GREATER SUMMERFIELD	25 650	33 093	27 179	5 914	0%
HORSESHOE SANITATION PROJECT	25 080	29 841	23 664	6 178	0%

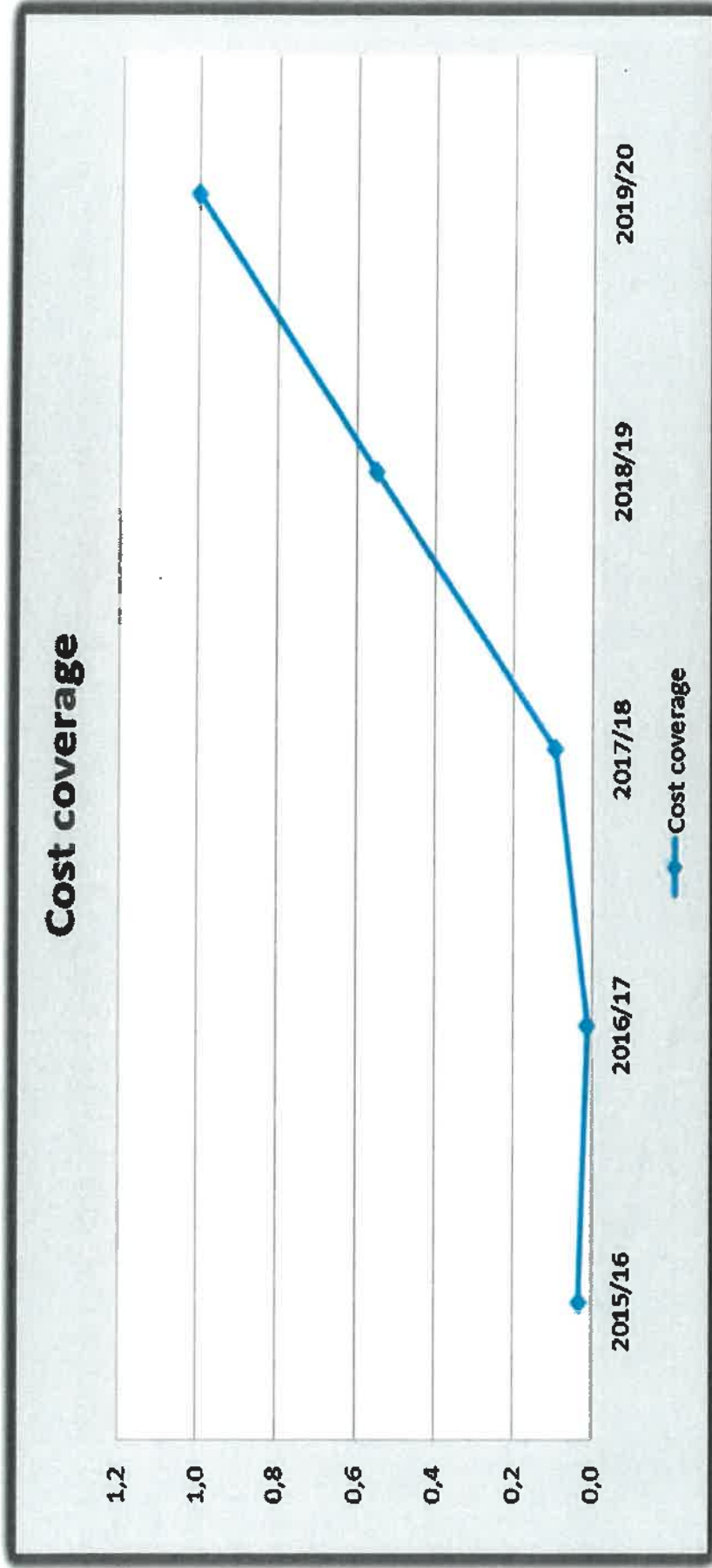
Name of Project A	KWAMEYI / TEERKLOOF
Objective of the Project	Provision of Water Services to Community of Ncatubana
Delays	The project is implemented on phases due to budget limit
Future Challenges	The project is implemented on phases due to budget limit
Anticipated Citizen Benefit	1000 Households will benefit after the completion of a project
Name of Project A	Minqumeni Water Supply
Objective of the Project	Provision of Water Services to Community of Minqumeni
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	19856 Households will benefit after the completion of a project
Name of Project A	UMKHUNYA WATER PROJECTS
Objective of the Project	Provision of Water Services to Community of Koksaid
Delays	The project is implemented on phases due to budget limit
Future Challenges	Budget Constraints or limited
Anticipated Citizen Benefit	9619 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	Horseshoe Sanitation
Objective of the Project	Provision of Sanitation to Community of Koksaid
Delays	The project is implemented on phases due to budget limit
Future Challenges	Budget Constraints or limited
Anticipated Citizen Benefit	10 000 Households will benefit after the completion of a project

Financial Ratio's based on key financial indicators



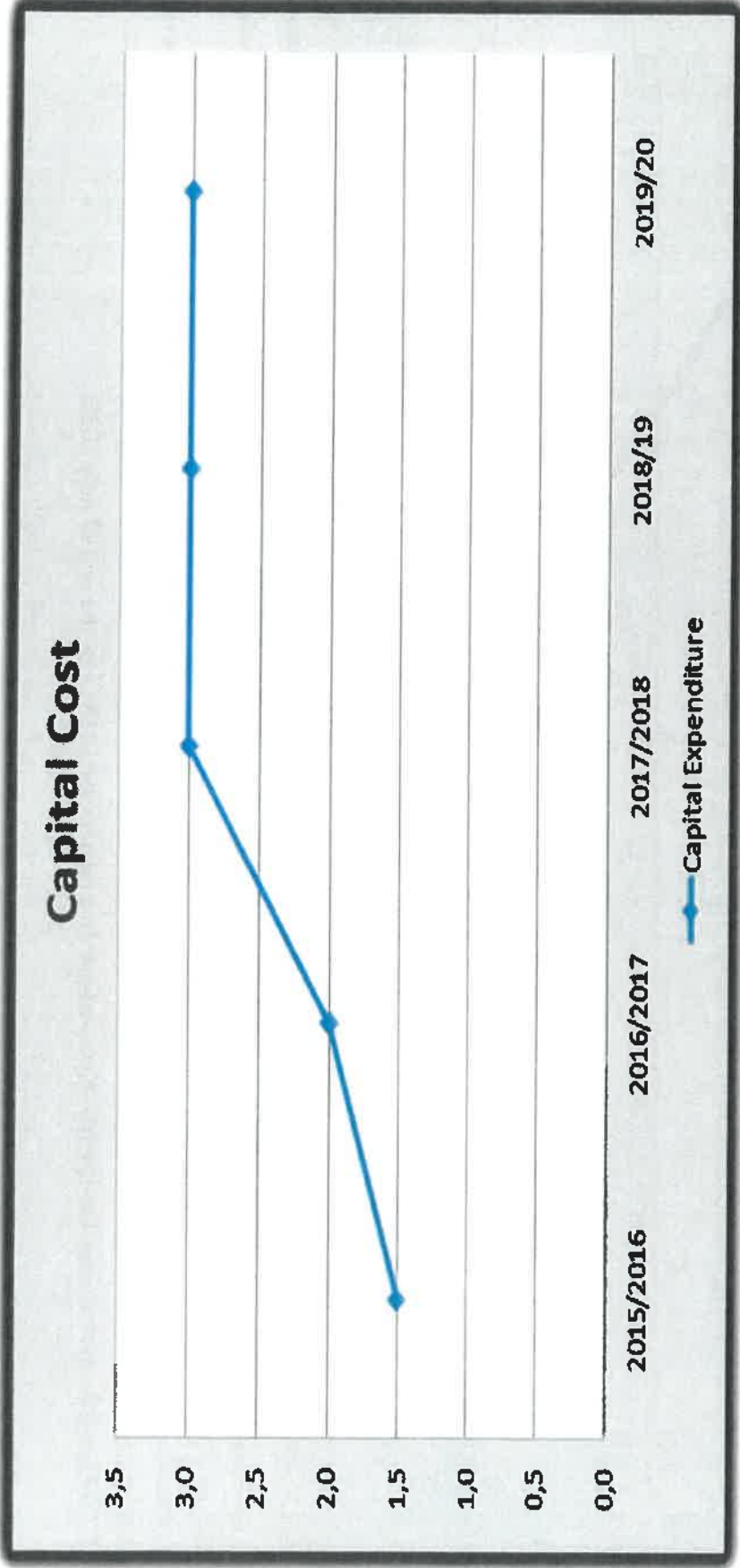
Liquidity ratio measures the municipalities ability to pay its bills and is calculated by dividing the monetary assets (due within one year) by the municipality's current liabilities.

The graph above shows great improvement in 2017/18 and slightly decreased in 2018/19 then in 2019/20 the graph shows an improvement again, 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.



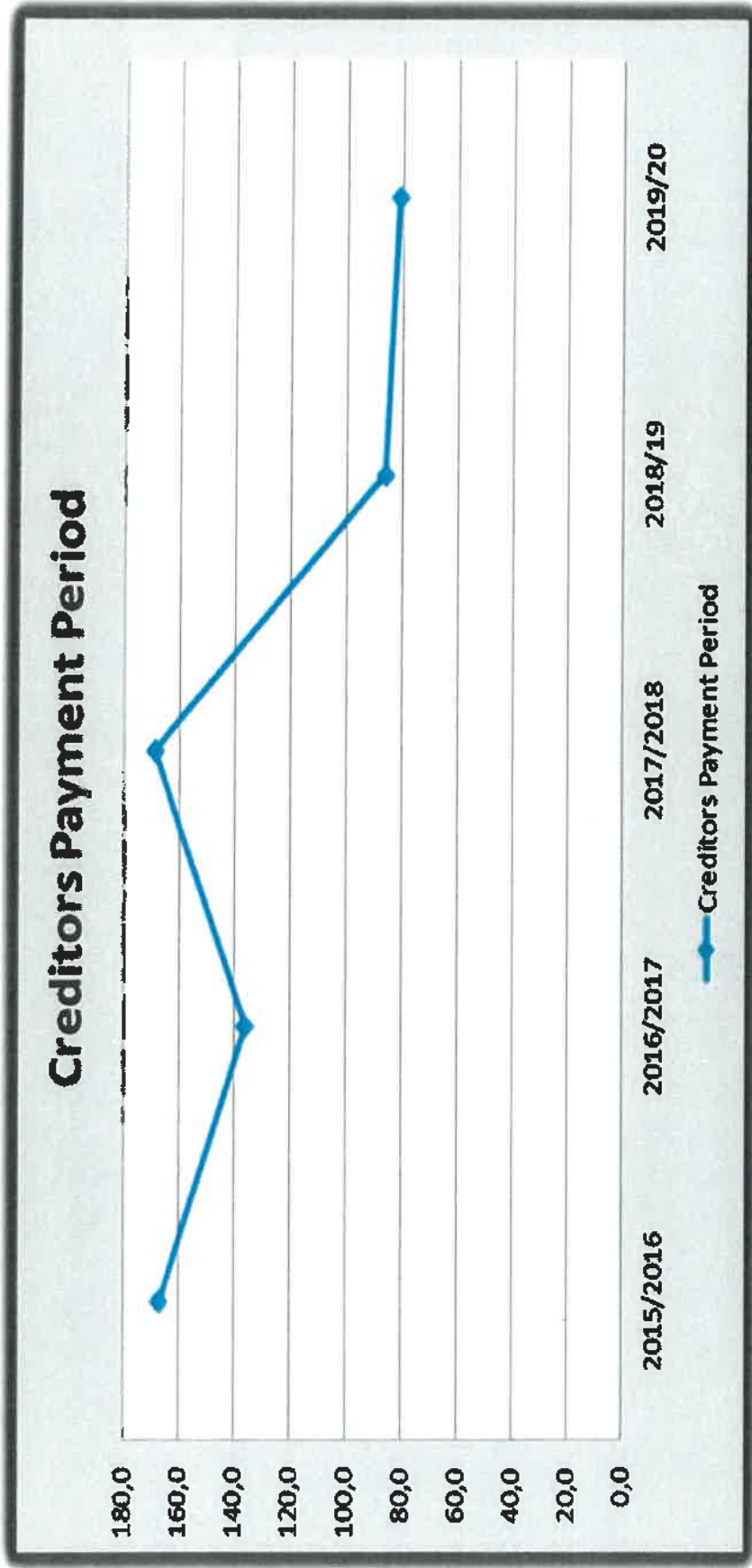
Cost coverage explains how many month expenditure can be covered by the cash and other liquid assets available to the municipality excluding utilisation of grants.

The ratio has been on a positive trend with the municipality being able to sustain its operations for a period of up to two months without any cash inflows in 2015/16, However since regressed on this positive trend calling from much more stringent financial management measures. In 2019/20 financial year the ratio has slightly improved due to a higher cash balance at the end of June 2020.



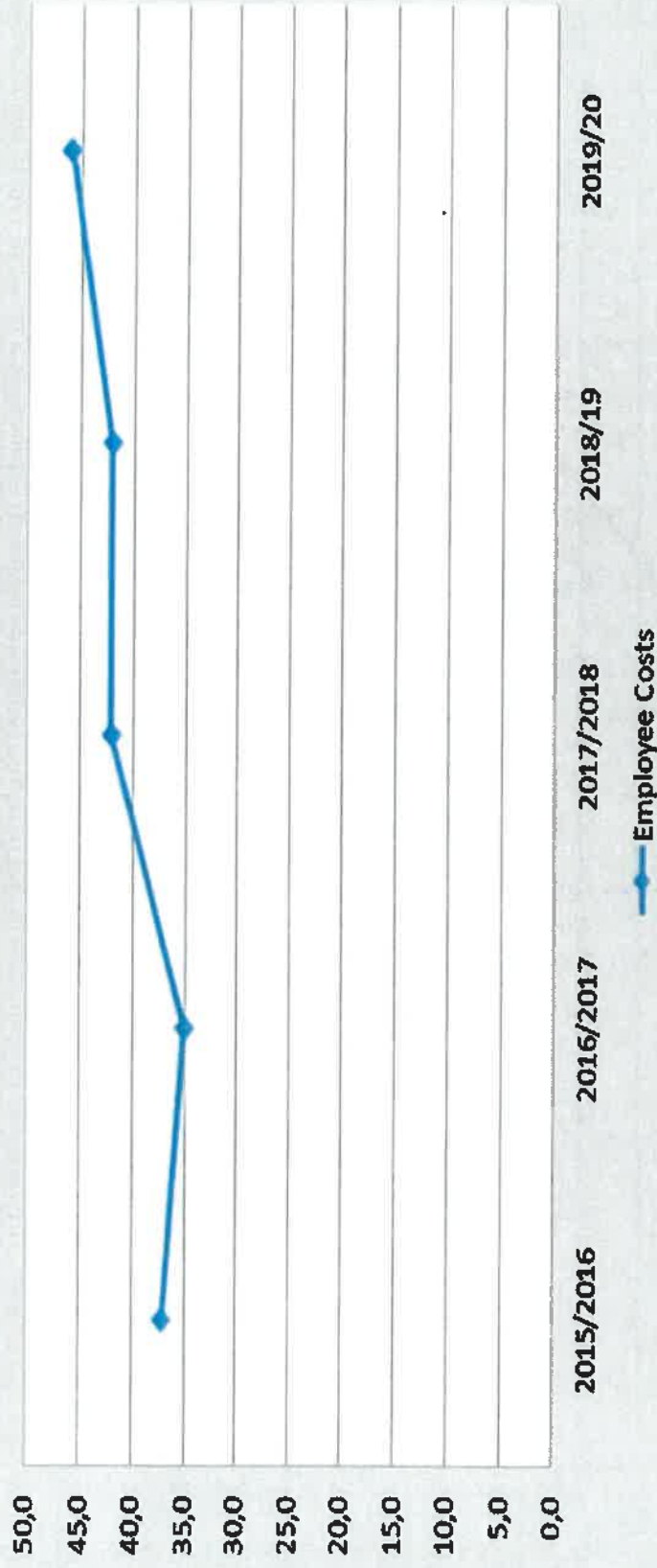
Capital Charges to operating expenditure ratio is calculated by dividing the sum of capital interest and principle paid by the total operating expenditure.

This trend has declined in the year 2015/16 and the year under review due to the high increase in operating expenditure reduction in the capital outstanding balance. The ratio increased from 2% in 2016/17 to 3% in 2018/19 and in 2019/20 the ratio still sitting at 3% due increase in the outstanding long term liabilities and finance charges, this is as a result of additional vehicles obtained under a finance lease.

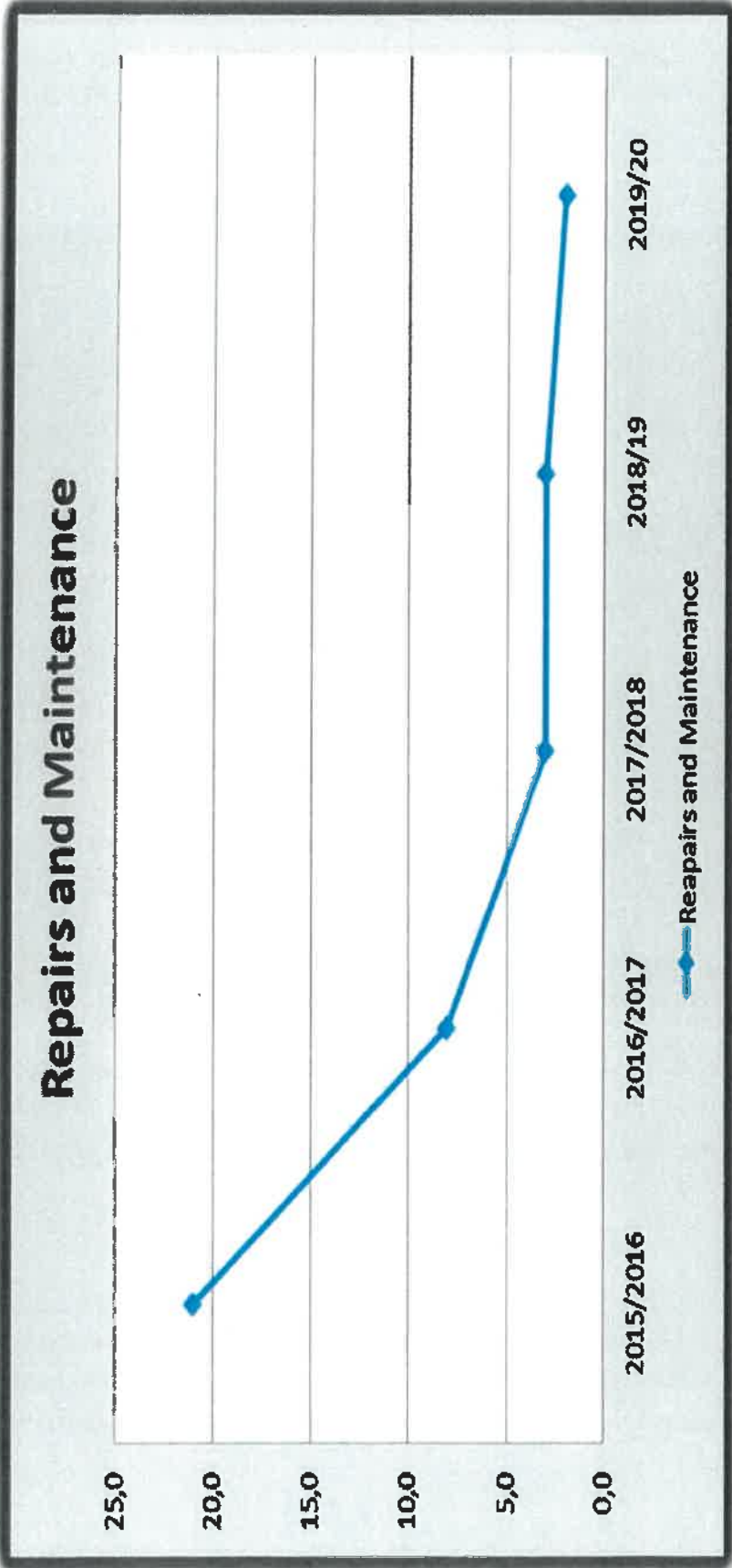


Creditor System Efficiency- The proportion of creditors paid within terms(i.e 30 days). The ratio is calculated by outstanding trade creditors divided by creditor purchases. The ratio has deteriorated in 2017/18 due to late payments of suppliers as a result of financial difficulties facing the municipality. The municipality therefore is having challenges in paying the suppliers within 30 days. In 2018/19 and 2019/20 there is great improvement in creditors payment period compared to previous financial year even though the municipality is still having challenges in paying its suppliers within 30 days.

Employee Costs



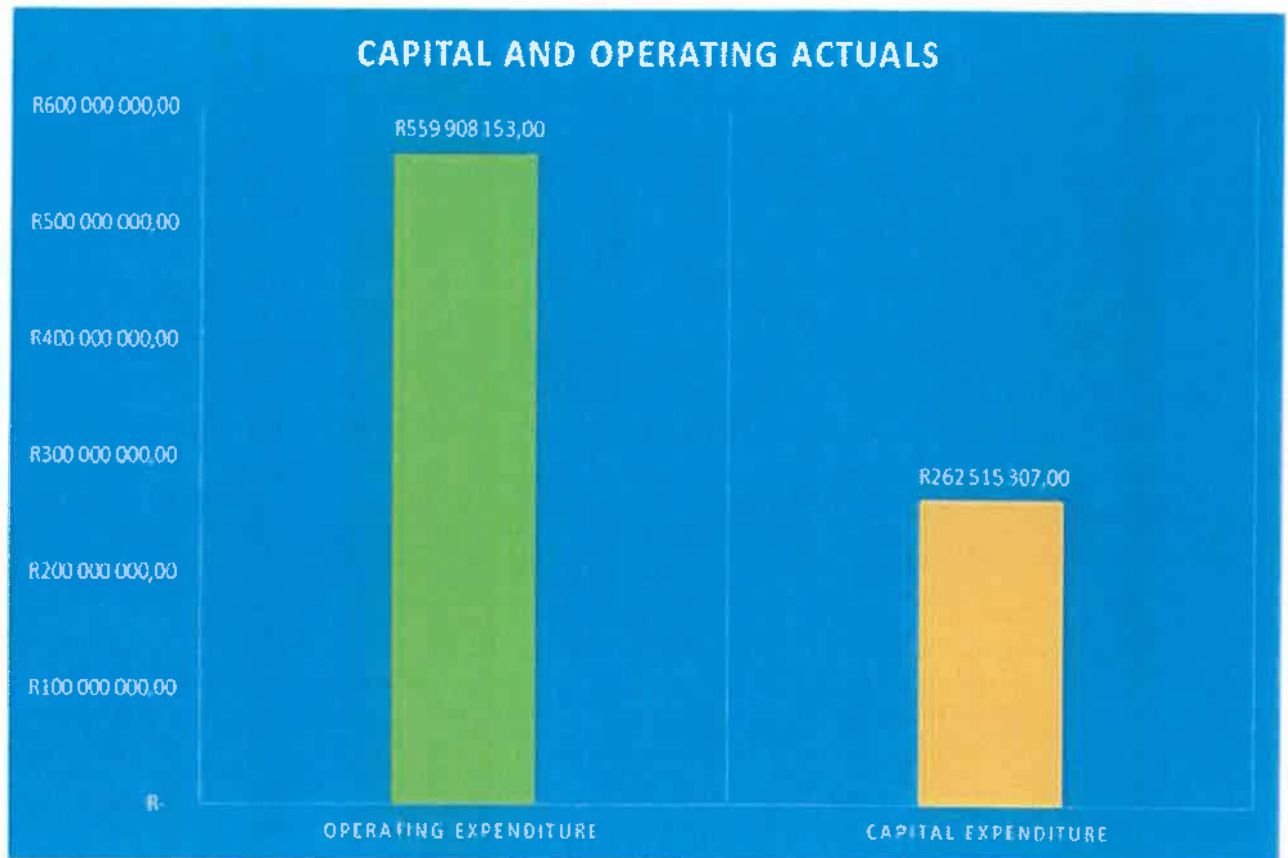
Employee Cost measures what portion of the revenue was spent on paying employee costs. It is calculated by dividing the total employee cost by the difference between total revenue and capital revenue. An increase trend can be noticed in the employee related costs which could pose financial risks if the increase in own revenue does not keep up with increasing costs.



Repairs and maintenance represents the proportion of operating expenditure spent and is calculated by dividing the total repairs and maintenance by 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 2016/17 meaning the municipality is spending less money on maintaining its infrastructure.

5.3 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 which is mainly funded from National Grants Transfers. The municipality spent 94% of its Capital Budget.



While operating expenditure for the year under review was 97%, the Capital expenditure reflected 94%, it should however be borne in mind that there exists a category of capital expenditure projects in the operating expenditure which therefore increases this expenditure as presented.

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 the greater than 90% expenditure trend on water & sanitation infrastructure in the capital budget under trading services.

5.4 Component C: Cash flow Management and Investment

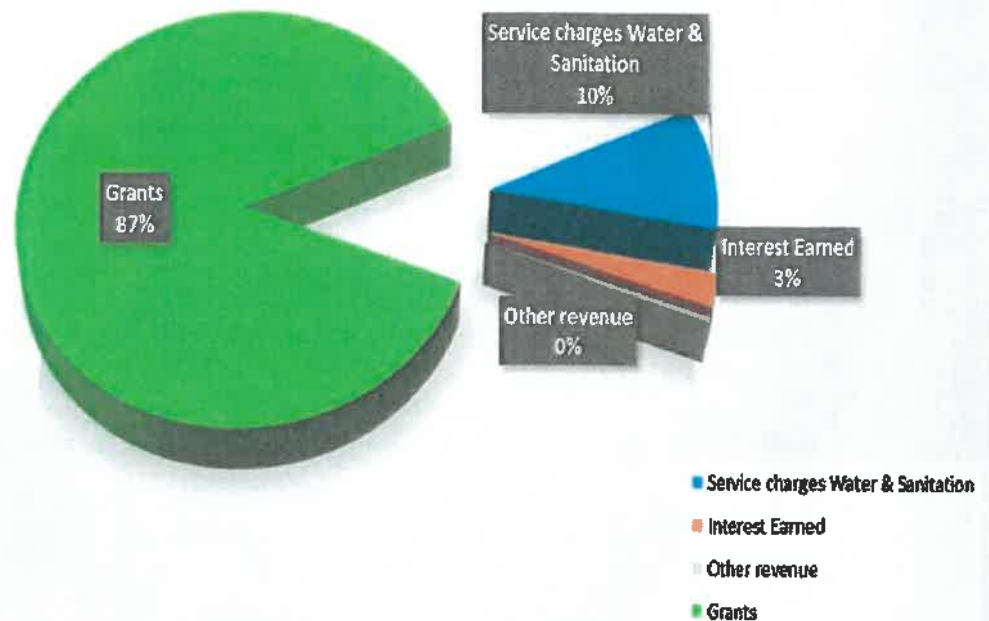
COMMENT ON CASH FLOW OUTCOMES

In 2015/16 financial year the cash flow position was at risk to the municipality and again in 2016/17, 2017/18 it went up showing a great improvement, however, in 2018/19 financial year cash flow drop down to R58, 3million but still in a positive balance. Lastly in 2019/20 financial year the cash flow drops but at a positive balance.

✓ 2015/16	R 5, 8million
✓ 2016/17	R 24, 4million
✓ 2017/18	R 96, 9million
✓ 2018/19	R 58, 3million
✓ 2019/20	R 40, 6million

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

Cash receipts distribution



DC43 Harry Gwala - Supporting Table SC6 Monthly Budget Statement - transfers and grant receipts - M01 July

Description	2019/20	Budget Year 2020/21						
	Audited Outcome	Original Budget	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %	Full Year Forecast
R thousands								
RECEIPTS:								
Operating Transfers and Grants								
National Government:	321 582	366 004	391 730	391 730	391 730	(0)	0,0%	391 730
Energy Efficiency and Demand Side Management Grant	-	-	-	7 000	-	7 000		-
Equitable Share	318 074	345 309	345 309	345 309	345 309	(0)	0,0%	345 309
Expanded Public Works Programme Integrated Grant	2 518	5 316	5 316	5 316	5 316	-	0,0%	5 316
Integrated National Electrification Programme Grant	-	7 000	7 000	-	7 000	(7 000)	-100,0%	7 000
Local Government Financial Management Grant	1 000	1 000	1 000	1 000	1 000	-	0,0%	1 000
Municipal Disaster Relief Grant	-	-	596	596	596	-	0,0%	596
Municipal Infrastructure Grant	-	5 022	20 147	20 147	20 147	-	0,0%	20 147
Rural Road Asset Management Systems Grant	-	2 357	2 358	2 358	2 358	-	0,0%	2 358
Water Services Infrastructure Grant	-	-	10 004	10 004	10 004	-	0,0%	10 004
Other grant providers:	-	400	400	-	400	(400)	-100,0%	400
Parent Municipality	-	-	-	-	-	-	-	-
Unspecified	-	400	400	-	400	(400)	-100,0%	400
Total Operating Transfers and Grants	321 582	366 004	392 130	391 730	392 130	(400)	-0,1%	392 130
Capital Transfers and Grants								
National Government:	335 775	275 639	279 709	279 709	279 709	-	0,0%	279 709
Equitable Share	47 223	-	-	-	-	-	-	-
Integrated National Electrification Programme Grant	-	-	-	-	-	-	-	-
Municipal Infrastructure Grant	152 755	195 839	180 713	180 713	180 713	-	0,0%	180 713
Regional Bulk Infrastructure Grant	70 000	20 000	20 000	20 000	20 000	-	0,0%	20 000
Rural Road Asset Management Systems Grant	2 226	-	-	-	-	-	-	-
Water Services Infrastructure Grant	63 571	60 000	49 996	49 996	49 996	-	0,0%	49 996
Provincial Government:	-	-	15 000	15 000	15 000	-	0,0%	15 000
Specify (Add grant description)	-	-	15 000	15 000	15 000	-	0,0%	15 000
District Municipality:	-	-	14 000	-	14 000	(14 000)	-100,0%	14 000
Specify (Add grant description)	-	-	14 000	-	14 000	(14 000)	-100,0%	14 000
Total Capital Transfers and Grants	335 775	275 639	279 709	279 709	279 709	(14 000)	-5,0%	279 709
TOTAL RECEIPTS OF TRANSFERS & GRANTS	657 357	642 242	671 839	671 439	671 839	(14 400)	-2,1%	671 839

COMMENT ON GRANT RECEIPTS

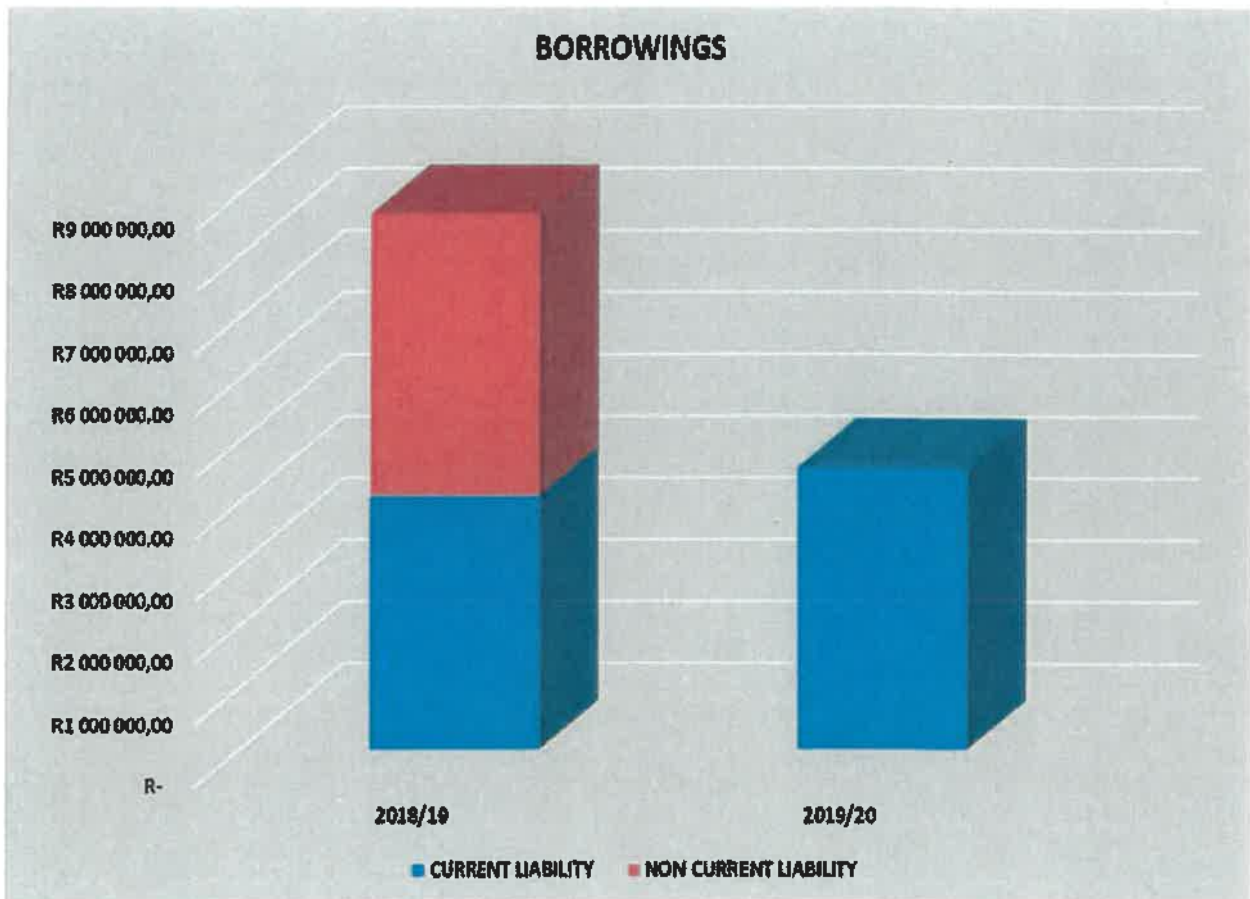
Operating Transfers and Grants: Budgeted operating include grants such as the Financial Management Grants that contribute the overall institutional arrangement such as Rural household's infrastructure grants, equitable share etc.

Capital Transfers and Grants: All capital grants received were 100% of the adjusted budget.

Grants receipts reflected 100% of the total receipts.

5.4.1 Borrowing and Investments

The municipality's borrowing is only constituted of the ABSA loan as the last DBSA loan was fully redeemed in the 2014/15 financial year. The long term debt instruments are used to fund the Water & Sanitation capital infrastructure only in compliance with the MFMA requirements. Finance leases are also used to finance other assets when it is prudent to do so.



COMMENT ON BORROWINGS & INVESTMENTS

The balance on the long term loans has decreased by 47% in the past year showing great commitment by the municipality to extinguish its long term debt obligation. The total debt owing at year end was R4, 5million.

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.

5.4.2 Public Private Partnerships

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

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and council on Harry Gwala District Municipality

HARRY GWALA DISTRICT MUNICIPALITY

CONSOLIDATED AUDIT REPORT

2018-2019 FINANCIAL YEAR

B. 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 set out on pages 2 To 8, which comprise the consolidated and separate statements of financial position as at 30 June 2019, the consolidated and separate statement of financial performance, consolidated statement of changes in net assets, consolidated and separate cash flow statement and the consolidated statement of comparison of budget information with actual information for the year then ended, as well as the 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 consolidated and separate financial position of the Harry Gwala District Municipality as at 30 June 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2018 (Act No. 1 of 2018) (Dora).

Basis for opinion

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with sections 290 and 291 of the International Ethics Standards Board for Accountants' *Code of ethics for professional*

accountants and, parts 1 and 3 of the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA codes) as well as the 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 codes.

5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Emphasis of matters

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

Significant uncertainties – Contingent Liabilities

7. With reference to note 39 to the consolidated and separate financial statements, the municipality and its entity is a defendant in various claims received from suppliers. The ultimate outcome of these matters cannot presently be determined and no provision for any liability that may result was made in the financial statements.

Material losses - water

8. As disclosed in note 48 to the consolidated and separate financial statements, material water losses of R9,02 million (2017-18: R9,11 million) were incurred by the municipality, which represents 31,9% (2017-18: 38,2%) of total water distributed.

Restatement of corresponding figures

9. As disclosed in note 41 to the consolidated and separate financial statements, the corresponding figures for 30 June 2018 were restated as a result of errors in the financial statements of the municipality at, and for the year ended, 30 June 2019.

Other matter

10. I draw attention to the matter below.

Unaudited disclosure notes

11. In terms of section 125(2)(e) of the MFMA, the municipality and its entity is required to disclose particulars of non-compliance with the MFMA 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, we 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 the 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 unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities 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 an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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.

C. Report on the audit of the annual performance report
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Introduction and scope

16. In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report material findings on the reported performance information against predetermined objectives for selected objective presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.

17. My procedures address the reported performance information, which must be based on the approved performance planning documents of the municipality. I have not evaluated

the completeness and appropriateness of the performance indicators included in the planning documents. My procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.

18. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected objective presented in the annual performance report of the municipality for the year ended 30 June 2019:

Objective	Pages in the annual performance report
Objective 1 – to improve the coverage, quality. Efficiency and sustainability of water and sanitation in all urban and rural communities	x – x

19. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
20. I did not raise any material findings on the usefulness and reliability of the reported performance information for this objective.

Other matters

21. I draw attention to the matters below.

Achievement of planned targets

22. The annual performance report on pages x to x includes information on the achievement of planned targets for the year.

Adjustment of material misstatements

23. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information

of the selected objective. As management subsequently corrected the misstatements, I did not raise any material findings on the usefulness and reliability of the reported performance information.

D. Report on the audit of compliance with legislation

Introduction and scope

24. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the compliance of the municipality with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
25. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

26. Reasonable steps were not taken to prevent unauthorised expenditure of R62,57 million incurred during the year by the municipality, as disclosed in note 45 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by inadequate budgeting for bulk purchases, inventory consumed and operational costs.
27. Reasonable steps were not taken to prevent irregular expenditure of R138,49 million incurred during the year by the municipality, as disclosed in note 47 to the consolidated and separate financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by awarding contracts without following proper procurement processes.
28. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Consequence management

29. Some of the unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.
30. Some of the irregular and fruitless and wasteful expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(b) of the MFMA.

Procurement and contract management

31. Some of the construction contracts were awarded to contractors that were not registered with the CIDB in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A).

E. Other information

32. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported in this auditor's report.
33. My opinion on the consolidated and separate financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion thereon.
34. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. The other information I obtained prior to the date of this report is the Mayor's foreword and the accounting officers report. The audit committee's report is expected to be available to me after 12 December 2019.
36. If based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement on this other information, I am required to report that fact. I have nothing to report in this regard.
37. When I do receive and read the audit committee report, 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.

F. Internal control deficiencies

38. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable

legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted the findings on compliance with legislation included in this report.

39. Leadership did not exercise adequate oversight and monitoring over compliance with laws and regulations.
40. Non-compliance could have been prevented, had management updated their compliance checklists with all the required legislative requirements relating to expenditure, consequence management and procurement and contract management.

G. Other reports

41. I draw attention to the following engagements conducted that had, or could have, an impact on the matters reported in the consolidated and separate financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the consolidated and separate financial statements or my findings on the reported performance information or compliance with legislation.
42. In terms of proclamation number R10 of 2017, Government Gazette 40594 of 3 February 2017, the Special Investigating Unit is investigating various irregularities regarding the procurement of goods and services from 10 service providers which covers the period 1 January 2010 to 3 February 2017. These investigations were still in progress at the date of this report.
43. The entity requested a independent consultant to investigate an allegation of possible financial misconduct by the former accounting officer, which covers the period 14 May 2018 to 7 September 2018. The investigation is still in progress at the date of this report.
44. The municipality requested two independent consulting firms to investigate allegations relating to possible misappropriation of funds and payments to fictitious employees. The two investigations covered the periods 1 July 2014 to 30 June 2017, and the period prior to 31 January 2017. These investigations were completed at the date of this report and resulted in criminal proceedings against the implicated employees. These proceedings are currently in progress.

Pietermaritzburg
12 December 2019



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated and separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

Communication with those charged with governance

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

Auditor-General of South Africa

Harry Gwala District Municipality
and its Municipal Entity (The
group)

Audit Report 2019-20

Report of the auditor-general to 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 ... to ... which comprise the consolidated and separate statement of financial position as at 30 June 2020, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the 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 2020, and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa, 2019 (Act No. 16 of 2019) (DORA).
3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the consolidated and separate financial statements section of this auditor's 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 matters below. My opinion is not modified in respect of these matters.

Restatement of corresponding figures

7. As disclosed in note 43 to the consolidated and separate financial statements, the corresponding figures for 30 June 2019 were restated as a result of errors in the financial statements of the group at, and for the year ended 30 June 2020.

Significant uncertainties – Contingencies

8. With reference to note 41 to the consolidated and separate financial statements, the municipality is a defendant in various claims. The ultimate outcome of these matters cannot presently be determined and no liability had been raised in the financial statements.

Unauthorised, irregular, fruitless and wasteful expenditure written-off

9. As disclosed in notes 48, 49 and 50 to the consolidated and separate financial statements, council wrote-off unauthorised expenditure of R476,37 million; irregular expenditure of R598,53 million; and fruitless and wasteful expenditure of R4,04 million; respectively, after investigations were performed in this regard for the municipality.

Material impairments and losses – Consumer debtors

10. As disclosed in note 7 to the consolidated and separate financial statements, the municipality recognised a debt impairment of R169,94 million (2018-19: R150,71 million) as the recoverability of these amounts was doubtful.
11. As disclosed in note 39 to the consolidated and separate financial statements, losses of R21,31 million (2018-19: R28,01 million) were incurred by the municipality because of a write-off of irrecoverable consumer debtors.

Material losses – Water

12. As disclosed in note 52 to the consolidated and separate financial statements, water losses of R9,55 million (2018-19: R9,02 million) were incurred by the municipality. These losses were because of illegal connections, infrastructure vandalism, ageing infrastructure, and water supplied to informal settlements, and not billed.

Other matter

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

Unaudited disclosure note

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

Responsibilities of the accounting officer for the consolidated and separate financial statements

15. The accounting officer is responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with the SA Standards on 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.
16. 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 unless the appropriate governance structure either intends to liquidate the group or to cease operations, or has no realistic alternative but to do so.

Auditor-general's responsibilities for the audit of the consolidated and separate financial statements

17. 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 an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.
18. 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

Introduction and scope

19. In accordance with the Public Audit Act, 2004 (Act, No. 25 of 2004) (PAA) and the general notice issued in terms thereof, I have a responsibility to report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected objective presented in the annual performance report. I performed procedures to identify material findings but not to gather evidence to express assurance.

20. My procedures address the usefulness and reliability of the reported performance information, which must be based on the municipality's approved performance planning documents. I have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. My procedures do not examine whether the actions taken by the municipality enabled service delivery. My procedures also do not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, my findings do not extend to these matters.
21. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the for the "basic service delivery" objective presented in pages x to x of the municipality's annual performance report for the year ended 30 June 2020.
22. I performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. I performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.
23. I did not identify any material findings on the usefulness and reliability of the reported performance information for the "basic service delivery" objective.

Other matters

24. I draw attention to the matters below.

Achievement of planned targets

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

Adjustment of material misstatements

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

Report on the audit of compliance with legislation

Introduction and scope

27. In accordance with the PAA and the general notice issued in terms thereof, I have a responsibility to report material findings on the municipality's compliance with specific matters in key legislation. I performed procedures to identify findings but not to gather evidence to express assurance.
28. The material findings on compliance with specific matters in key legislation are as follows:

Expenditure management

29. Reasonable steps were not taken to prevent irregular expenditure of R70,68 million disclosed in note 50 to the consolidated and separate financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with supply chain management (SCM) regulation 29(2).
30. Reasonable steps were not taken to prevent fruitless and wasteful expenditure of R2,32 million, as disclosed in note 49 to the consolidated and separate financial statements, as required by section 62(1)(d) of the MFMA. The majority of the fruitless and wasteful expenditure was caused by interest and penalties charged on overdue accounts.
31. Money owed by the group was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.

Procurement and contract management

32. Sufficient appropriate audit evidence could not be obtained that quotations were only accepted from bidders whose tax matters had been declared by the South African Revenue Services to be in order, as required by SCM regulation 43.

Other information

33. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report. The other information does not include the consolidated and separate financial statements, the auditor's report and the selected objective presented in the annual performance report that have been specifically reported on this auditor's report.
34. My opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and I do not express an audit opinion or any form of assurance conclusion on it.

35. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements and the selected objective presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
36. 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

37. I considered internal control relevant to my audit of the consolidated and separate financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the findings on compliance with legislation included in this report.
38. Leadership did not fully implement the action plan and exercise adequate oversight and monitoring resulting in repeat compliance findings. In addition, management did not take adequate steps to ensure that preventative controls were appropriately implemented in that compliance checklists were not diligently applied and frequently updated as and when necessary.

Other reports

39. I draw attention to the following engagements conducted which had, or could have, an impact on matters reported in the group's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of my opinion on the group financial statements or my findings on the reported performance information or compliance with legislation.

Investigations

40. In terms of Proclamation number R10 of 2017, issued in Government Gazette 40594 dated 3 February 2017, the Special Investigating Unit of South Africa finalised its investigations into various irregularities. These investigations related to the procurement of goods and services from 10 service providers which covered the period 1 January 2010 to 3 February 2017 with the recommendations being implemented at the date of this report.

41. An independent consulting firm was appointed to investigate allegations relating to possible misappropriation of funds at the municipality. This investigation covered the period 1 July 2014 to 30 June 2017. The investigation resulted in criminal charges being opened with the South African Police Services.
42. An independent consulting firm was appointed to investigate allegations relating to payments made to fictitious employees at the municipality. This investigation covered the period 1 July 2014 to 30 June 2017. The investigation resulted in disciplinary hearings being implemented against the implicated employees and in the subsequent resignation and dismissal of effected employees.

Pietermaritzburg

22 April 2021



**AUDITOR - GENERAL
SOUTH AFRICA**

Auditing to build public confidence

Annexure – Auditor-general’s responsibility for the audit

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

Financial statements

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

consolidated and separate financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion

Communication with those charged with governance

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

APPENDICES

Appendix A: Councilors; committee allocation and council attendance

LIST OF COUNCILLORS

COUNCILLOR	POSITION
Cllr. ME Ndobe	Mayor
Cllr. NH Duma	Deputy Mayor
Cllr. TN Jojozi	Speaker
Cllr. BP Nzimande	Member
Cllr. N Mavuka	Member
Cllr. LG Seja	Member
Cllr. WB Dlamini	Member
Cllr. SS Mavuma	Member
Cllr. VW Zaza	Member
Cllr. P Shange	Member
Cllr. TG Soni	Member
Cllr. BC Mncwabe	Member
Cllr. Z Nyide	Member
Cllr. BC Caluza	Member
Cllr. ZC Khumalo	Member
Cllr. NW Dladla	Member
Cllr. BZ Magaqa	Member
Cllr. BL Marnce	Member
Cllr. SN Madziba	Member
Cllr. ZR Tshazi	Member
Cllr. S Nkala	Member
Cllr. TC Dlamini	Member
Cllr. SV Zulu	Member
Cllr. V Xotongo	Member
Cllr. S Phakathi	Member

ALLOCATION OF COUNCILLORS

EXECUTIVE COMMITTEE

COUNCILLOR	POSITION
Cllr. ME Ndobe	Chairperson (Mayor)
Cllr. NH Duma	Member (Deputy Mayor)
Cllr. N Mavuka	Member

Cllr. BP Nzimande	Member
Cllr. LG Seja	Member

SOCIAL SERVICES AND DEVELOPMENT PLANNING COMMITTEE

MEMBERS	POSITION
Cllr NH Maphasa-Duma	Chairperson
Cllr TG Soni	Member
Cllr BC Mncwabe	Member
Cllr NW Dladla	Member
Cllr ZR Tshazi	Member
Cllr V Ncukana	Member

INFRASTRUCTURE SERVICES COMMITTEE

MEMBERS	POSITION
Cllr N MAVUKA	Chairperson
Cllr SN MADZIBA	Member
Cllr NW DLADLA	Member
Cllr BZ MAGAQA	Member
Cllr BL MARNCE	Member
Cllr SJ PHAKATHI	Member
Cllr ZS NYIDE	Member
Cllr VW ZAZA	Member

MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

MEMBERS	POSITION
Cllr SV Zulu	Chairperson
Cllr V Xotongo	Member
Cllr SS Mavuma	Member
Cllr WB Dlamini	Member
Cllr BL MARNCE	Member
Cllr TG Soni	Member
Cllr LA Nzimande	Member

FINANCE & CORPORATE SERVICES COMMITTEE

MEMBERS	POSITION
Cllr NH Maphasa-Duma	Chairperson

(Deputy Mayor)	
Cllr SV Zulu	Member
Cllr SJ Phakathi	Member
Cllr WB Dlamini	Member
Cllr V Xotongo	Member
Cllr ZD Nxumalo (Mayor)	Member
Cllr SS Mavuma	Member
Cllr MSD Mdunge	Member
Cllr LA Zondi	Member
Cllr SB Sibeni	Member
Cllr ZP Gcume	Member

CORPORATE SERVICES COMMITTEE (AFTER RESHUFFLING)

MEMBERS	NUMBER OF MEETINGS SCHEDULED
Cllr ZD Nxumalo	Chairperson
Cllr ZP Gcume	Member
Cllr LA Zondi	Member
Cllr SB Sibeni	Member

FINANCE SERVICES COMMITTEE (AFTER RESHUFFLING)

MEMBERS	POSITION
Cllr ZD Nxumalo	Chairperson
Cllr SS Mavuma	Member
Cllr LA Zondi	Member
Cllr MSD Mdunge	Member

AUDIT COMMITTEE

MEMBER	POSITION
Mr. S Hlophe	Chairperson
Ms S Gumbi	Member
Mr. D Mncwabe	Member
Mr. B Stobie	Member

LOCAL LABOUR FORUM

NAME	POSITION
Councillor BP Nzimande	Chairperson
Councillor WB Dlamini	Employer Component
Councillor NH Maphasa Duma	Employer Component
Councillor N Mavuka	Employer Component
Ms N Lungwengwe	Executive Director: Corporate Services
Mr M Mkatu	Chief Financial Officer
Ms NC James	Executive Director: Social Services, Development and Planning
Mr D Gqiba	Executive Director: Water Services
Mr T Magqazana	Labour Component
Mr S Mthalane	Labour Component (resigned 2017/18)
Mr V Nyide	Labour Component
Mr M Mkhwanazi	Labour Component
Mr S Ngwane	Labour Component

HARRY GWALA DISTRICT MUNICIPALITY COUNCILLORS ATTENDANCE RECORDS JULY 2019- JUNE 2020

COUNCIL MEETINGS

Councillors	No. of scheduled meetings	Meetings not Attended & Dates of the meeting	Meetings attended
1. Cllr. ZD Nxumalo	16	02 25 February 2020 30 August 2019	15
2. Cllr. N H Maphasa -Duma	16	03 25 September 2019 08 November 2019 26 June 2020	09
3. Cllr. TN Jojozi	16	0	16
4. Cllr. WB Dlamini	16	02 25 September 2019 08 November 2019	14
5. Cllr. BP Nzimande	16	02 18 May 2020 14 February 2020	14
6. Cllr. N Mavuka	16	02 27 November 2019 01 August 2019	14
7. Cllr. ZS Nyide	16	0	16
8. Cllr. SS Mavuma	16	0	16
9. Cllr. NW Dladla	16	0	16
10. Cllr. TG Soni	16	0	16
11. Cllr. V Xotongo	16	0	16

12.	Cllr. VW Zaza	16	03 27 May 2020 26 March 2020 25 February 2020
13.	Cllr. LA Zondi	16	0
14.	Cllr. ZC Khumalo	16	0
15.	Cllr. ZP Gcume	16	0
16.	Cllr. SJ Magaqa	16	01 26 June 2020
17.	Cllr. SN Madziba	16	01 26 June 2020
18.	Cllr. BC Mncwabe	16	0
19.	Cllr. SV Zulu	16	04 18 May 2020 26 June 2020 25 February 2020 27 November 2019
20.	Cllr. L Nzimande	16	0
21.	Cllr. ZR Tshazi	16	0
22.	Cllr MSD Mdunge	16	0
23.	Cllr. BZ Magaqa	16	0
24.	Cllr. BL Marnce	16	0

25.	Clr. SJ Phakathi	16	0	16
26.	Clr B Sibeni	16	02 18 May 2020 26 June 2020	14

EXECUTIVE COMMITTEE

COUNCILLOR	NO. OF SCHEDULED MEETINGS	MEETINGS ATTENDED	MEETINGS NOT ATTENDED & DATE
Clr ZD Nxumalo	15	13	01 20 February 2020 21 January 2020
Clr NH Maphasa-Duma	15	14	01 26 SEPTEMBER 2019
Clr N Mavuka	15	10	05 09 February 2020 21 January 2020 27 November 2019 19 November 2019 22 August 2019
Clr BP Nzimande	15	15	0

Clr LA Zondi	15	13	02 22 MAY 2020 06 FEBRUARY 20
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SOCIAL SERVICES AND DEVELOPMENT PLANNING COMMITTEE -COUNCILLORS ATTENDANCE FOR 2019/2020 FINANCIAL YEAR

MEMBERS	TOTAL NUMBER OF MEETINGS	NUMBER OF MEETING PRESENT	DAYS ABSENT	DATE ABSENT
Clr NH Maphasa-Duma	09	09	N/A	N/A
Clr TG Soni	09	03 due to committee reshuffling she left the committee during the month of October 2019	06	25 October 2019 07 November 2019 06 December 2019 05 February 2020 10 March 2020 10 June 2020
Clr BC Mncwabe	09	03 due to committee reshuffling she left the committee during the month of October 2019	06	25 October 2019 07 November 2019 06 December 2019 05 February 2020 10 March 2020 10 June 2020
Clr NW Dladla	09	06 due to committee reshuffling she joined the committee during the month of October 2019	03	11 July 2019 16 August 2019 17 September 2019
Clr ZR Tshazi	09	06 due to committee reshuffling she joined the committee during the month of October 2019	03	11 July 2019 16 August 2019 17 September 2019
Clr V Ncukana	09	05 due to committee reshuffling she joined the committee during	04	11 July 2019 16 August 2019 17 September 2019 05 February 2020

		the month of October 2019		
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**INFRASTRUCTURE SERVICES COMMITTEE -COUNCILLORS ATTENDANCE FOR 2019/2020
FINANCIAL YEAR**

MEMBERS	NUMBER OF MEETINGS SCHEDULED	MEETINGS ATTENDED	MEETINGS NOT ATTENDED
Cllr N MAVUKA	08	06 25 July 2019 27 August 2019 27 September 2019 08 November 2019 05 February 2020 10 June 2020	02 01 October 2019 08 April 2020
Cllr SN MADZIBA	08	03 25 July 2019 05 February 2020 10 June 2020	05 27 August 2019 27 September 2019 01 October 2019 08 November 2019 08 April 2020
Cllr NW DLADLA	08	02 25 July 2019 27 August 2019 Due to committee reshuffling, she was no longer a member of the Committee after August 2019	N/A
Cllr BZ MAGAQA	08	02 25 July 2019 27 August 2019	N/A

		Due to committee reshuffling, he was no longer a member of the Committee after August 2019	
Cllr BL MARNCE	08	0 Due to committee reshuffling, he was no longer a member of the Committee after August 2019	N/A
Cllr SJ PHAKATHI	08	04 27 September 2019 08 November 2019 05 February 2020 10 June 2020 due to committee reshuffling he joined the committee during the month of September 2019	02 01 October 2019 08 April 2020
Cllr ZS NYIDE	08	02 .27 September 2019 08 November 2019 due to committee reshuffling, she joined the committee during the month of September 2019	04 01 October 2019 05 February 2020 08 April 2020 10 June 2020
Cllr VW ZAZA	08	04 27 September 2019 08 November 2019 05 February 2020 10 June 2020 due to committee reshuffling, he joined the	02 01 October 2019 08 April 2020 10 June 2020

		committee during the month of September 2019	
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MUNICIPAL PUBLIC ACCOUNTS COMMITTEE -COUNCILLORS ATTENDANCE FOR 2019/2020 FINANCIAL YEAR

MEMBERS	NUMBER OF MEETINGS SCHEDULED	MEETINGS ATTENDED	MEETINGS NOT ATTENDED
Cllr SV Zulu	04	02 10 July 2019 12 November 2019	02 13 February 2020 03 June 2020
Cllr V Xotongo	04	01 10 July 2019 Due to committee reshuffling, he was no longer a member of the Committee after September 2019	N/A
Cllr SS Mavuma	04	01 10 July 2019 Due to committee reshuffling, he was no longer a member of the Committee after September 2019	N/A
Cllr WB Dlamini	04	02 10 July 2019 03 June 2020	02 12 November 2019 13 February 2020
Cllr BL MARNCE	04	01 12 November 2019	03 10 July 2019

			13 February 2020 03 June 2020
Cllr TG Soni	04	02 12 November 2019 03 June 2020 due to committee reshuffling, she joined the committee during the month of September 2019	01 13 February 2020
Cllr LA Nzimande	04	02 12 November 2019 03 June 2020 due to committee reshuffling, he joined the committee during the month of September 2019	01 13 February 2020

FINANCE & CORPORATE SERVICES COMMITTEE

MEMBERS	NUMBER OF MEETINGS SCHEDULED	MEETINGS ATTENDED	MEETINGS NOT ATTENDED
Cllr NH Maphasa-Duma (Deputy Mayor)	08	01 15 August 2019 Due to committee reshuffling, she was no longer a member of the Committee after August 2019	01 18 July 2019
Cllr SV Zulu	08	01	01

		15 August 2019 Due to committee reshuffling, he was no longer a member of the Committee after August 2019	18 July 2019
Clr SJ Phakathi	08	01 15 August 2019 Due to committee reshuffling, he was no longer a member of the Committee after August 2019	01 18 July 2019
Clr WB Dlamini	08	01 15 August 2019 Due to committee reshuffling, she was no longer a member of the Committee after August 2019	01 18 July 2019
Clr V Xotongo	08	0 Due to committee reshuffling, she was no longer a member of the Committee after August 2019	02
Clr ZD Nxumalo (Mayor)	08	02	0

		<p>25 September 2019 10 October 2019</p> <p>Due to committee reshuffling, he joined the committee during the month of September 2019. In November 2019 Corporate and Finance were separated.</p>	
Clr SS Mavuma	08	<p>02</p> <p>25 September 2019 10 October 2019</p> <p>Due to committee reshuffling, he joined the committee during the month of September 2019. In November 2019 Corporate and Finance were separated.</p>	0
Clr MSD Mdunge	08	<p>02</p> <p>25 September 2019 10 October 2019</p> <p>Due to committee reshuffling, he joined the committee during the month of September 2019. In November 2019 Corporate and Finance were separated.</p>	0
Clr LA Zondi	08	<p>02</p>	0

		<p>25 September 2019 10 October 2019</p> <p>Due to committee reshuffling, he joined the committee during the month of September 2019. In November 2019 Corporate and Finance were separated.</p>	
Clr SB Sibeni	08	<p>02</p> <p>25 September 2019 10 October 2019</p> <p>Due to committee reshuffling, she joined the committee during the month of September 2019. In November 2019 Corporate and Finance were separated.</p>	0
Clr ZP Gcume	08	<p>02</p> <p>25 September 2019 10 October 2019</p> <p>Due to committee reshuffling, she joined the committee during the month of September 2019. In November 2019 Corporate and Finance were separated.</p>	0

CORPORATE SERVICES COMMITTEE

MEMBERS	NUMBER OF MEETINGS SCHEDULED	MEETINGS ATTENDED	MEETINGS NOT ATTENDED
Cllr ZD Nxumalo	04	02 29 May 2020 19 June 2020	02 14 November 2019 18 February 2020
Cllr ZP Gcume	04	04 14 November 2020 18 February 2020 29 May 2020 19 June 202	0
Cllr LA Zondi	04	04 14 November 2019 18 February 2020 29 May 2020 19 June 2020	0
Cllr SB Sibeni	04	03 14 November 2019 18 February 2020 19 June 2020	01 29 May 2020

FINANCE SERVICES COMMITTEE

MEMBERS	NUMBER OF MEETINGS SCHEDULED	MEETINGS ATTENDED	MEETINGS NOT ATTENDED
Cllr ZD Nxumalo	06	05 14 February 2020 12 March 2020 April 2020	01 12 November 2019

		21 May 2020 12 June 2020	
Cllr SS Mavuma	06	06 12 November 2020 14 February 2020 12 March 2020 April 2020 21 May 2020 19 June 2020	0
Cllr LA Zondi	06	05 12 November 2019 14 February 2020 April 2020 21 May 2020 12 June 2020	01 12 March 2020
Cllr MSD Mdunge	06	05 12 November 2019 14 February 2020 12 March 2020 April 2020 21 May 2020 19 June 2020	0

Appendix B: Committee and committee purpose

- a) Executive Committee Council
- b) Finance and Corporate Services Committee
- c) Social Services and development Planning Committee
- d) Infrastructure Services Committee
- e) Water Services Committee
- f) Municipal Public Accounts Committee
- g) Audit Committee

(a) Executive committee

It is the Principal Committee and also 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.

(b) 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.

(c) 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 functions of the Municipal Council and advising the Executive Committee on all policy matters ensuring appropriate systems and procedures.

- Receive reports and evaluate progress on Human Resources, Administrative and Communication issues.
- Make recommendations on legislation and policies relating to Human Resources, Administrative Finance and Communication matters.
- Matters related to the job evaluation and grading of staff.
- Performance Management that is cascaded to employees below Section 56 Managers.
- Implementation of new structures and strategies.
- Ensuring that administrative systems and processes of Sisonke District Municipality are in line with National principles e.g. Batho Pele principles.
- Deliberate on all finance related matters.
- Deliberate on Communication matters.

- Assist the Executive Committee in the allocation if applicable, the distribution of grants made to the District Municipality such as LGSETA grants.
- Monitoring of Workplace Skills Plan and all other related programmes.
- Assist the Executive Committee in water tariffs related matters by developing revenue enhancement strategy.
- Policy decisions relating to:
 - The recruitment, selection and appointment of persons as staff members.
 - The monitoring, measuring and evaluating performance of staff.
 - The dismissal and retrenchment of staff
 - Conditions of service for employees
 - Labour Relations matters
 - Human Resources Development
 - Transformation and diversity management
- Any other matters related to:
 - General Administration
 - Security Services
 - Organisational Development
 - Committees Management an Administration
 - Registry Services
 - Information Communication Technology Management
 - Communication

(d) 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.**
- **Revitalisation of declining towns.**
- **Encouragement livable 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.**

(e) 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 deliberations, provided that such persons may not vote on any matter.

(f) 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.

(g) Infrastructure services committee

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

The object of the Infrastructure Committee is to assist the Executive Committee to promote service delivery with the District Municipality.

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. The functions of the Infrastructure Committee are tabulated as follows:

- Bulk electricity supply which includes for the purposes of such supply, the transmission, distribution and where applicable the generation of electricity.
- Bulk sewage reticulation infrastructure (including bulk water reticulation and domestic waste water) and solid waste disposal.
- Solid waste disposal infrastructure relating to the determination of waste of waste disposal strategy.
- Establishment operation and control of waste disposal sites, bulk waste transfer facilities and waste disposal facilities.
- Municipal roads which form an integral part of a road transport system for the area of the district, municipality as a whole. Any other municipal public works allocated to the municipality.
- The Infrastructure Committee shall advise the Executive Committee on all fiscal and other incentives designed to promote infrastructure development.
- 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.**

(h) 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 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

Third Tier Administrative Structure		
Departments	Directorate	Director/Manager (Title and name)
Corporate Services	ED: Corporate Services	Ms. N. Lungwengwe
Human Resource Management	Director: HR	Mrs. P. Cele
Administration	Director: Administration	Mr. T. Ndaba
Social Services and Development Planning	ED: Social and Development Planning	Ms. NC James (the position was vacated in May 2019)
IDP / PMS	Director: IDP / PMS	Mr. Z. Mtolo
Planning and Development	Director: Development Planning	Mr. L Zondi
Special Programmes	Director: Special Programmes	Mr. R. Langa
Social Services	Director: Social Services	Ms. T.T Mahlaba
Water & Sanitation	ED: Water & Sanitation	Mr. D. Gqiba
Operations and Maintenance	Director: O & M	Mr. SK Ngcobo
Design and Planning	Director: Design & Planning	Mr. S. Ngcobo
Governance	Director: Governance	Ms. N. Nkabane (the position was vacated in May 2019)
Infrastructure	ED: Infrastructure	Mr. B. Makwakwa
Project Management Unit	Director: Project Management Unit	Mr. M Mpepeto
Municipal Works	Director: Municipal Works	Mrs. H Ngcobo
Professional Services	Director: Professional Services	Mr. M Cele
Budget and Treasury Office	ED: Budget and Treasury Office	Mr M Mkatu
Supply Chain Management	Director: SCM	Ms. T. Dandala
Income and Expenditure	Director: Income & Expenditure	Mr. X Dlamuka (Acting)
Budgeting and Reporting / Accounting Support / Financial Systems	Director: Budgeting and Reporting / Accounting Support / Financial Systems	Ms. A Nongalo

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 TO THE COUNCIL OF HARRY GWALA DISTRICT MUNICIPALITY FOR THE YEAR ENDED 30 JUNE 2020

1. Objective

For the Audit Committee to present the 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 2020.

2. 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 fulfill 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.

3. Audit Committee membership and attendance

As at 30 June 2020 the Audit Committee comprises 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 2020. The Audit Committee held 4 meetings overall for this reporting period:

Names	Role	Meetings held	Meetings attended
Mr SZ Hlophe	Chairperson	4	4
Ms S Gumbi	Member	4	4
Prof B Stobie	Member	4	3
Mr D Mncwabe	Member	4	4

4. 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 conduct 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 2020.
- **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 done by Internal Audit within the municipality. As at 30 June 2020 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 ending 30 June 2020. 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 and towards the 4th quarter due to the Covid 19 pandemic and the resultant lockdown.

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. Considering the full implementation of MSCOA and SOLAR system we will recommend that an applications control audit be conducted in 2021/2022 financial year.

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 course of the year.

The Audit Committee reviewed the AFS for the year ended 30 June 2020, before submission to AG. As a result of lockdown due to Covid 19 pandemic, Local Government was granted an extension to submit the AFS by 31 October 2020. This extension gave us adequate time to prepare and review AFS, it also afforded us time to resolve most issues or findings that AG raised in 18/19 financial year. 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.

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

We noted improvement in overall performance of the Municipality, we also note that some targets could not be met due to lockdown which took place on the 4th quarter of the reporting period.

5. Investigations

There were no investigations underway during this period.

6. 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 instill 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



Silas Hlophe
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 2019		
Position	Name	Description of Financial interest
Mayor	Clr ME Ndobe	N/A
Member of Executive Committee	Clr N H Duma	N/A
Member of Executive Committee	Clr N Mavuka	N/A
Member of Executive Committee	Clr BP Nzimande	N/A
Member of Executive Committee	Clr LG Seja	N/A
Municipal Manager	Mrs. N Dlamini	N/A
Chief Financial Officer	Mr. M Mkatu	N/A
Section 56 officials	Mr. B Makwakwa Mr. D Gqiba Ms. N Lungwengwe	Yes N/A N/A

Appendix K: Revenue collection performance**K (1). Revenue collection performance by category**

TOTALING CATEGORY DESC	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOTAL
BASIC SEWERAGE	143,318.19	141,941.64	140,902.73	140,542.06	139,990.07	4,592,184.41	5,298,879.10
BASIC WATER	301,500.19	299,984.08	298,185.82	297,558.75	296,538.82	15,615,772.64	17,109,540.30
DEPOSIT	14,043.25	5,883.77	2,247.53	5,401.23	2,160.50	45,653.30	75,389.58
INTEREST	1,030,428.17	1,216,476.59	1,198,357.79	800,392.88	853,295.00	37,883,374.19	42,982,324.62
SEWERAGE SERVICES	1,413,867.95	1,107,169.59	1,028,032.10	840,034.51	841,580.05	32,902,176.07	38,132,860.27
SUNDRIES	-	-	20,934.98	-	-	745,289.07	766,224.05
WATER	5,404,918.62	3,903,262.87	3,412,574.88	2,631,380.73	2,458,187.76	55,467,936.91	73,278,261.77
TOTALING CATEGORY	8,308,076.37	6,674,718.54	6,101,235.83	4,715,310.16	4,591,752.20	147,252,386.59	177,643,479.69

K (2). Revenue collection performance by source

DEBTOR TYPE DESC	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOTAL
DOMESTIC	4,209,574.37	4,165,002.45	3,888,228.26	3,530,684.64	3,230,169.01	111,497,140.04	130,520,798.77
BUSINESS	814,529.80	573,018.90	641,265.16	313,810.66	348,941.97	7,829,090.79	10,520,657.28
INDIGENTS	562,447.16	573,183.10	531,843.99	458,886.12	613,184.97	22,169,913.64	24,909,458.98
CHURCH	20,850.70	27,141.76	13,194.65	14,574.12	10,670.59	354,167.46	440,599.28
MUNICIPAL	108,819.99	39,367.15	54,844.70	29,585.02	64,338.58	582,192.02	879,147.46
EDUCATION	177,724.40	172,585.27	76,913.42	108,890.81	64,125.85	797,745.00	1,397,984.75
DEPARTMENT OF HEALTH	890,594.44	652,885.29	469,011.12	8,441.95	8,378.65	169,128.83	2,198,440.28
KZN WILDLIFE	27,439.25	619.67	708.13	518.41	675.20	6,141.24	36,101.90
PARA-STATAL	18,381.65	18,030.66	18,182.10	1,935.73	3,142.59	108,080.33	167,753.06
DEPARTMENT OF WELFARE	20,630.96	7,326.29	13,705.85	6,320.49	5,960.19	21,915.73	75,859.51
OLD AGE HOMES AND ORPHANAGES	35,226.83	43,357.52	44,342.15	35,756.98	49,619.28	1,371,912.98	1,580,215.74
SPORTS CLUBS	16,102.94	8,863.88	15,702.52	6,976.28	6,633.95	525,976.66	580,256.23
DEPARTMENT OF PUBLIC WORKS	1,138,582.62	178,612.86	108,053.93	52,505.23	39,042.09	357,608.04	1,874,404.77
DEPARTMENT OF TRANSPORT	155,858.66	153,382.38	156,214.67	113,282.06	111,559.62	518,693.19	1,208,990.58
DEPARTMENT OF SOCIAL DEVELOPMENT	53,099.30	12,966.06	23,906.07	3,353.13	243.48	3,603.43	97,171.47
HOTELS	12,367.62	10,902.60	11,017.76	7,623.70	6,735.43	233,848.93	282,496.04
DEPARTMENT OTHER	32,508.82	26,840.09	26,845.94	18,680.83	24,068.68	664,187.04	793,131.40
DEPARTMENT OF AGRICULTURE	3,275.23	2,215.41	2,623.90	272.36	354.27	4,732.25	13,473.42
DEPARTMENT OF EDUCATION	6,445.85	5,863.30	228.09	913.78	1,166.89	3,160.14	17,778.05
GOVERNMENT	0.24	-	18.75	45.68	-	-	64.67
INDUSTRIAL	3,615.54	2,553.90	4,384.67	2,252.18	2,740.91	33,148.85	48,696.05
DEBTOR TYPES	8,308,076.37	6,674,718.54	6,101,235.83	4,715,310.16	4,591,752.20	147,252,386.59	#####

Appendix L: Conditional grants received: excluding MIG

Description	BUDGET YEAR 2019/2020					
	MAJOR CONDITIONS	Adjusted Budget	YearTD actual	YearTD budget	YTD variance	YTD variance %
Operating Transfers and Grants						
Energy Efficiency and Demand Side Management Grant	To procure for equipment and energy electrification	R 7 000 000,00	R 7 000 000,38	R 7 000 000,00	R 0,38	R 0,00
Expanded Public Works Programme Integrated Grant	To provide poverty and income relief through temporary work of the unemployed to carry out social useful activities	R 5 316 000,00	R 5 316 000,00	R 5 316 000,00	R -	R -
Local Government Financial Management Grant	Internship, Budget and Treasury capacity building and preparation of annual Financial Statements	R 1 000 000,00	R 1 000 000,00	R 1 000 000,00	R -	R -
Municipal Disaster Relief Grant	To provide disaster relief equipment and material for COVID 19	R 596 000,00	R 596 000,00	R 596 000,00	R -	R -
Rural Road Asset Management Systems Grant	To set up rural road asset management systems and collect road and traffic data in line with the road Infrastructure framework	R 2 358 000,00	R 2 358 000,00	R 2 358 000,00	R -	R -
		R16 270 000,00	R16 270 000,38	R16 270 000,00		

Appendix M: Capital expenditure: including MIG

M (1): Capital expenditure- new assets programme

The municipality does not have new assets

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

Capital Infrastructure Refurbishment/Updgrade in Kokstad:(Kokstad Development)	CRU	R 7,552,608.67	R 7,552,608.67		R 7,124,294.36	WSIG
Capital Infrastructure Refurbishment Upgrade In Kokstad: Upgrade of CBD Pipeline		R 7,552,608.67	R 7,552,608.67		R 4,653,579.47	WSIG
Nokweja/Mashumi Supply scheme Upgade	Water	-	R 5,330,240	R - 5,330,240	R 2,894,841.75	WSIG

Capital Infrastructure Refurbishment Upgrade in Kokstad: Upgrade of Mamiesha Developments	R 7,552,608.67	R 7,552,608.67		R 5,960,135.21	WSIG
KwaSpheni Water Supply Scheme	R 10 000 000	R 10 000 000	-	12 519 621,51	WSIG
Mariathal, Mandilini and Esperance Water Supply Project Phase 4	R 4,086,764.00	R 3,000,000	-R13 086 764.00	R 2,518,073.71	WSIG
Capital Infrastructure Refurbishment Upgrade in Umzimkhulu	R 8,266,470.00	R 5,906,086	-R 2 360 384	R 3,390,044.90	WSIG
KwaSpheni Water Supply Scheme	R 24,170,156.69	R 3,616,500	R 20 553 656.69	R 2,951,077.76	WSIG
Capital Infrastructure Refurbishment Upgrade in Ubuhlebezwe: Upgrade of Jolivet Water Supply	R 6,973,184.00	R 6 884 822.00		R 4,619,003.24	WSIG
Capital Infrastructure Refurbishment Upgrade in Ubuhlebezwe: Upgrade of Mhlabashana Water Supply	R 5 731 335.50	R 4 390 000.00		R 4,389,552.71	WSIG
Water Supply for Identified Villages under Umzimkhulu Jurisdiction	R 7,666,470.00			R 3,618,024.83	WSIG
Capital Infrastructure Refurbishment Upgrade in Dr. NDZ (Underberg)	R 7,918,425.00			R 7,596,667.55	WSIG
Capital Infrastructure Refurbishment Upgrade in Umzimkhulu (Riverside)	R 8,266,470.00			R 2,281,800.59	WSIG
uMzimkhulu Sanitation				R 5,469,258.17	WSIG

Capital Infrastructure Refurbishment Upgrade in Dr. NDZ	R 7,918,425.00			R 3,997,164.58	WSIG
NDZ, Kokstad and Ubuhlebezwe Sanitation			-R11 358 961.52	R 11,358,961.52	WSIG
KwaSpheni, Maxhini, Ntekaneni and Seaford	R 1,000,000.00	R 3,616,500		R 244,090.00	WSIG

Appendix N: Capital programme by project current year

Project Description	Budget	Adjusted Budget	Variance	Expenditure 2019/200	Source of Funding
Bulwer to Nkelabantwana and Nkumba Water	R 10 180 000,00	R 9 952 934,00	R227 066,00	R8 866 215,92	MIG
Khukhulela Water	R 200 000,00	R -	R200 000,00	R0,00	MIG
Kwanomandlovu Water Project	R 2 000 000,00	R 10 185 911,00	-R8 185911,00	R10 534 261,88	MIG
Underberg Bulk Water Supply Upgrade Phase 2-rising Main	R 5 000 000,00	R 4 624 771,00	R375 229,00	R7 545 253,35	MIG
Greater Khilimon Water Supply	R 5 000 000,00	R 2 127 508,00	R2 872 492,00	R1 596 921,41	MIG
Gala Reticulation	R 3 500 000,00	R 8 217 561,00	-R4 717 561,00	R8 193 708,55	MIG
Stepmore Water Project	R 8 750 000,00	R 8 202 745,00	R547 255,00	R8 626 608,00	MIG
Horseshoe Sanitation Project	R25 080 434,00	R 29 841 438,00	-R4 761 004,00	R31 687 635,79	MIG
Kokstad Water & Sewer Upgrade (Sewer Emergency Intervention (Shayamoya And Extension 7)	R 300 000,00	R 9 014 276,00	-R8 714 276,00	R9 933 406,18	MIG
Makhoba Bulk Water Supply	R 2 596 205,00	R 398 546,00	R2 197 659,00	R403 335,13	MIG

Umkhunya Water Projects	R 20 340 174,00	R 2 583 540,00	R17 756 634,00	R2 971 071,31	MIG
Ixopo Hopewell Water Supply	R 2 500 000,00	R -	R2 500 000,00	R1 343 119,50	MIG
ECTIF & UPGRADE NIX TOWN SEWER SYSTEM	R 11 550 000,00	R2 262 713,00	R9 287 287,00	R1 868 417,83	MIG
Ncakubana Water Project	R 11 532 789,00	R 1 651 172,00	R9 881 617,00	R1 742 564,62	MIG
Greater Summerfield Water Supply	R 25 550 000,00	R 33 093 265,00	-R7 543 265,00	R30 505 218,09	MIG
Greater Mngumeni Water Supply	R 13 550 000,00	R 8 990 531,00	R4 559 469,00	R9 910 736,60	MIG
KwaMeyi/ Theekloof Water Supply	R 10 950 000,00	R 10 764 538,00	R185 462,00	R11 343 919,36	MIG
CoVID 19 Interventions. Spring Protection	R -	R 270 000,00	-R270 000,00	R1 137 677,75	MIG
CoVID 19 Interventions. Drilling of boreholes.	R -	R 2 700 000,00	-R2 700 000,00	R128 170,00	
Eradication of Sanitation Backlog in Umzimkhulu	R -	R -	R0,00	R1 554 807,42	MIG

Ibisi Sewer reticulation	R 2 150 000,00	R 1 821 944,00	R328 056,00	R2 024 513,00	MIG
Chibini Water Supply	R 2 470 830,00	R 2 970 829,00	-R499 999,00	R641 186,33	MIG
Highflats town Bulk Water	R 20 000 000,00	R313 882,00	R19 686 118,00	R360 964,30	MIG
Greater Mbhulelweni Water Supply	R 5 275 000,00	R 12 964 375,00	-R7 689 375,00	R10 023 950,08	MIG
Water Intervention in Kokstad – rising Main	R -	R 4 619 758,00	-R4 619 758,00	R4 619 757,82	
Bulwer Dam Intervention Water Supply Scheme	R 10 000 000,00	R 12 910 517,00	-R2 910 517,00	R3 515 004,73	
Greater Bulwer Donnybrook Water Supply	R0,00-	R14 847 094,29	-R 14 847 094,29	R14 847 094,29	
NIX Sanitation	R0,00	R0,00	R0,00	R4 598 976,83	
Retention	R0,00	R0,00	R0,00	R6 692 313,54	
PMU				R3 643 190,40	

Appendix O: Capital programme by project by ward current year

PROJECT DESCRIPTION	EXPENDITURE 2019/20	SOURCE OF FUNDING	WARD	PROGRESS TO DATE
Underberg Bulk Water Supply: Construction of 1,5km Rising Main	R7 545 253.35	MIG	3	The project is currently under construction and all the materials have

				been delivered to site.
Kokstad Bulk Water and Sewer Upgrade	R9 933 406.18	MIG	1	The contractor has completed portion 1 and on portion 2 is currently on defects liability period.
Kokstad Rising Main.	R4 619 757.82	MIG	All wards	The project is currently in the process of appointing a service provider for the construction works.
CoVID 19 Interventions : Drilling of Boreholes and Spring Protection	R1 265 847.75	MIG	Various wards	The project is currently on practical Completion
Mqatsheni Stepmore Water Project (AFA) MIS 201756 (AFA) MIS 224919	R8 626 608.00	MIG	1	The project is currently under construction sitting at 80 % completion.
Eradication of Sanitation Backlog in Ubuhlebezwe	R4 598 976.83	MIG	All wards	The project is currently on planning stage.
Greater Umzimkhulu Sanitation Project	R1 554 807.42	MIG	All Wards	The project is on planning stage.
Horseshoe Sanitation Project- New (AFA) MIS 224972	R31 687 635.79	MIG	1	4 contracts are currently under construction.

Makhoba Housing Bulk (Argylle)	R403 335.13	MIG	5	2 Contracts in Argyle and Springfontein currently under Construction.
Santombe (Mnqumeni) Water Supply - Phase 4	R9 910 736.60	MIG	12,13, & 14	2 contracts currently under construction.
Greater Kilimon Water Supply Project	R1 596 921.41	MIG	1	Currently under designs
Greater Mbhulelweni Water Supply	R10 023 950.08	MIG	3	6 Contracts currently under construction.
Umkhunya Water Supply Schemes (AFA) MIS 224801	R2 971 071.31	MIG	5	On Hold- due to land claim.
Greater Nomandlovu Water Supply Project Phase 2	R10 534 261.88	MIG	11	Currently under Construction sitting at 75 Completion.
Bulwer-Nkelabantwana-Nkumba Water Supply Project	R8 866 215.92	MIG	10	3 Contracts currently under construction.
Greater Summerfield Water Project	R30 505 218.09	MIG	15	Under Construction. M and E contract currently under defects liability period, Water Treatment Plant and 2 x Reticulation projects in Thembeni and

				Madakeni under construction
Ncakubana Water Supply Scheme	R1 742 564.62	MIG	1	The project is currently under construction and sitting at 96 % progress
KwaMay-Theekloof Water Supply Project (Ward 11,13 and 14)	R11 343 919.36	MIG	11,13 & 14	2 x Contracts on practical completion and 1 on advert for the appointment of contractor.
Reticulation & Upgrade of Fairview and Ixopo town Sewer	R1 868 417.83	MIG	4	On advert for the appointment of Contractor.
Gala Donnybrook Water Supply	R8 193 708.55	MIG	6 and 7	2 x Contracts under construction sitting at 30 % completion.
PMU	R3 643 190.40	MIG		
TOTAL EXPENDITURE ON MIG 2017/2018FY	R200 860 000.00			

Capital Infrastructure Refurbishment/Updgrade in Kokstad:(Kokstad CRU Development)	R 7,124,294.36	WSIG	1&3	65% Construction
Capital Infrastructure Refurbishment Upgrade in Kokstad: Upgrade of CBD Pipeline	R 4,653,579.47	WSIG	1&3	67% Construction
Nokweja/Mashumi Water Supply scheme Upgade	R 2,894,841.75	WSIG	13	97% Construction
Capital Infrastructure Refurbishment Upgrade in Kokstad: Upgrade of Mamiesa Developments	R 5,960,135.21	WSIG	1&3	70% Construction
KwaSpheni Water Supply Scheme	12 519 621,51	WSIG	5	5% Construction
Mariathal, Mandilini and Esperance Water Supply Project Phase 4	R 2,518,073.71	WSIG	4	Site Establishment
Capital Infrastructure Refurbishment Upgrade in Umzimkhulu (Magcakini)	R 3,390,044.90	WSIG	6	80% Construction
KwaSpheni Water Supply Scheme	R 2,951,077.76	WSIG	5	100%
Capital Infrastructure Refurbishment Upgrade in	R 4,619,003.24	WSIG	7	86% Construction

Ubuhlebezwe: Upgrade of Jolivet Water Supply					
Capital Infrastructure Refurbishment Upgrade in Ubuhlebezwe: Upgrade of Mhlabashana Water Supply	R 4,389,552.71	WSIG	10,13	59% Construction	
Water Supply for Identified Villages under Umzimkhulu Jurisdiction	R 3,618,024.83	WSIG		55% Construction	
Capital Infrastructure Refurbishment Upgrade in Dr. NDZ (Underberg)	R 7,596,667.55	WSIG	3	88% Construction	
Capital Infrastructure Refurbishment Upgrade in Umzimkhulu (Riverside)	R 2,281,800.59	WSIG	2	5% Construction	
uMzimkhulu Sanitation	R 5,469,258.17	WSIG		30% Construction	
Capital Infrastructure Refurbishment Upgrade in Dr. NDZ	R 3,997,164.58	WSIG		45% Construction	
NDZ, Kokstad and Ubuhlebezwe Sanitation	R 11,358,961.52	WSIG		90% Construction	
KwaSpheni, Maxhini, Ntekaneni and Seaford	R 244,090.00	WSIG	13	5% Construction	

TOTAL WSIG EXPENDITURE	R80 400 000.00			
Greater Bulwer Donnybrook Water Supply Scheme: Construction of bulk pipeline from Bulwer Emergency to Gala	R 3,723,742.45	RBIG	07	94% Complete
Greater Bulwer Donnybrook Water Supply Scheme: Construction of bulk pipeline from Bulwer Emergency to Mawuleni	R 10,092,518.30	RBIG	14	95% Complete
Greater Bulwer Donnybrook Water Supply Scheme: Construction of bulk pipeline from Sappl/Ngudwini to Emnywaneni	R 16,120,443.17	RBIG		42% Complete
Greater Bulwer Donnybrook Water Supply Scheme: Construction of Ixopo Augmentation 10ML Concrete reservoir in Chibini	R 8,437,883.39	RBIG	02,03 &04	91% Complete
Professional Fees for All villages covered under RBIG	R20,066,569.2	RBIG	02,03,04,07,14	
Total RBIG Expenditure				
R 70 000 000				

Appendix P: Service connection backlog at schools and clinics

N/A

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

Information can be sourced from various government nerve centres.

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: Auditor General's Action Plan

HARRY GWALA DISTRICT MUNICIPALITY
AUDITOR GENERAL'S DRAFT ACTION PLAN
AUDIT REPORT 2018/2019

MISSTATEMENTS

No	Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
1	Indigent register – misstated	To verify consumer information on existing indigent register To request unemployment certificate (Dept. of Labour) from all unemployed indigent consumers.	CFO	29 February 2020 29 February 2020 30 April 2020	1309 indigents were verified and validated. 356 indigents will be verified and validated. Out of 356 indigents that needed verification and validation 48 consumers submitted supporting documents. The remaining 308 Consumers were removed from the Indigent register since the documentation was not received. All qualifying indigent consumer's accounts	Done	Verified indigent register Application forms with supporting documents Adjusted debtors' individual accounts	

					<p>were adjusted for all the balances outstanding at 30 June 2019.</p>			
2	<p>Difference on unauthorized expenditure</p>	<p>To adjust accounts of qualifying indigent consumers – effecting free 6KL's.</p>	<p>CFO</p>	<p>29 February 2020</p>	<p>A monthly register for unauthorized expenditure will be compiled An adjustment budget was approved. The register will be updated on a monthly basis.</p>	<p>Done</p>	<p>Monthly register</p>	
3	<p>GRAP 1 - Commitment</p>	<p>Prepare commitment schedule on quarterly basis</p>	<p>CFO</p>	<p>29 February 2020</p>	<p>Commitment schedule will be prepared on a quarterly basis The commitment schedule for end January 2020 has been prepared and submitted to IA together with interim financial statements Commitments Schedule for quarter 3 and 4 was prepared and submitted to Internal audit</p>	<p>Done</p>	<p>Quarterly commitment schedule</p>	

4	Water losses disclosure	Bulk meter installation programme to address the water losses measurement and to be implemented in the next financial year of 2020/2021	ED: Water Services	Ongoing	A list of bulk meters for all the district major water systems had been compiled and design specifications adopted from the Non-revenue water strategy document. Thus, the department is ready to purchase and install bulk meters in the first quarter of 2020/ 2021	Ongoing	Compiled list of bulk meters and work instructions
5	GRAP 24 – Budget variances	Provide explanation on budget variances on a monthly basis Budget Control report to be submitted to MANCO	CFO	29 February 2020	The Variance explanations were included on the interim financial statements Due to a number of Adjustment budgets prepared during the 2019/2020 financial year no material differences were noted	DONE	Budgetary control with supporting explanation MANCO minutes for the tabled item
6	Disclosure balance between agency and district does not agree	Reconcile the HGDA ledger account on a quarterly basis	CFO	29 February 2020	The HGDA transfers account on the GL has been updated with all the transfers made to date. A total of 14 Million has been transferred		Reconciliation report General Ledger Vote
7	Significant uncertainties contingent liabilities	Constantly follow up with the HGDM legal team on the current	Director Legal CFO	Quarterly – Ongoing	Quarterly listings were received	Ongoing	Signed Contingent liability listing

8	Restatement of corresponding figures	<p>status of the cases involved.</p> <p>Obtain a legal opinion on the cases which categorising them according to the probability of losing the cases.</p> <p>Cash flow projections to prepare settling the cases where the municipality will probably lose.</p>	CFO	29 February	<p>The interim financial statements were submitted to IA for review</p> <p>Monthly reconciliations are performed</p> <p>Reassessment of useful life, Asset verification and conditional assessment is underway.</p>	Done	<p>Interim Financial statements IA audit report</p> <p>Signed reconciliation summary report</p> <p>Conditional assessment report</p>	
	<p>Preparation of Interim financial statements to help identify errors before year end and correct the errors in the year it happens</p> <p>Monthly control accounts reconciliation</p> <p>Yearly reassessment of useful of PPE to avoid the assets getting fully depreciated while in use.</p>		Ongoing	30 June 2020		Ongoing		

PROJECT MANAGEMENT

Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
9	<p>Formal policy for management and maintenance of water and sanitation</p> <p>Waste water management shortcomings</p>	<p>ED: Water Services</p> <p>ED: Water Services</p>	<p>March 2020</p> <p>Ongoing</p>	<p>The maintenance Policy was developed and submitted to be adopted by the Council.</p> <p>Licence (General Authorisation) of the recently commissioned WWTW had been attained</p> <p>The DWS as a water services regulating department, had been engaged. DWS submitted a list of the required pre-requisite documents from the department, some of which would need the district to engage consulting engineers to undertake desirable assessments in order to continue with the licensing process. Subsequently, the department is currently sourcing funding to undertake the engineering assessments of the other waste facilities.</p>	<p>Policy is being implemented</p> <p>Ongoing</p>	<p>Copy of Council resolution</p> <p>General Authorisation (Licence) Check list of the required documents by DWS</p>	

COMPLIANCE WITH LEGISLATION

	Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
10	Prior period unauthorised, irregular and fruitless and wasteful expenditure not investigated	Investigate all prior years UJFW	CFO	30 June 2020	2016/17 investigation report submitted to MPAC and awaits council approval 2017/2018 Investigation Report was presented to MPAC. Report await council approval	DONE	Council resolution of the UJFW	
11	Unauthorised, irregular and fruitless and wasteful expenditure not prevented	Service Providers to sign reviewed Service Level Agreements (SLAs) to monitor performance of old contracts. To obtain legal opinion on old contract which were entered into without proper SCM processes being followed and consider termination thereof To compile a monthly register for fruitless and wasteful expenditure. To prepare monthly budgetary control	CFO	30 June 2020	The SLA has been developed awaiting sign off by the service providers after all the investigations have been concluded. The 2018/2019 investigation is yet to be completed. Once done a legal opinion will be issued by the investigator UJFW registers are prepared on a monthly basis.	In progress. In progress DONE DONE	Signed SLA Investigation reports. UJFW registers SCM Checklist Budgetary control reports	

12	Suppliers not paid in 30 days	<p>reports and closely monitor expenditure to ensure that expenditure is with the budgeted amounts.</p> <p>To submit the monthly budgetary control reports to submit to MANCO.</p> <p>To closely monitor the invoice movements and prepare creditors reconciliations to avoid interest on late payment of invoices.</p> <p>To improve internal controls in order to pay all grant funded within 30 days of receipt of invoice or statement.</p> <p>To improve revenue collection by implementing water restrictions to consumers so as to improve cash reserves to settle invoices when they fall due</p>	CFO	30 June 2020	<p>Once work done has been approved by the relevant HODs and date stamped the invoice is signed and approved for payment by the CFO</p> <p>Water restrictions were effected before the declaration of the national disaster. From March 2020 to Current no restrictions have been performed</p>	<p>On going</p> <p>Ongoing</p>	DONE		
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13	Consequence management	To implement the recommendations from the investigator once the investigation has been complicated.	MM CFO	30 June 2020	2016/2017 and 2017/2018 investigations have been concluded and presented to MPAC waiting for council approval 2018/2019 still under investigation.	In progress	Investigators reports. Resolutions on the actions to be taken if any	
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PERFORMANCE INFORMATION

	Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done
14	Inconsistencies between APR and SDBIP	Review the APR and SDBIP to ensure alignment	ED: SSDP	30 June 2020		DONE	Quarterly report and SDBIP	

Appendix U: Auditor General's Action Plan

<p style="text-align: center;"><u>HARRY GWALA DISTRICT MUNICIPALITY</u> <u>AUDITOR GENERAL'S DRAFT ACTION PLAN</u> <u>AUDIT REPORT 2019/2020</u></p>								
MISSTATEMENTS								
No	Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	IA Comment
1	<p>Indigent register – misstated</p> <p>-Indigents listed as a deceased person on the NPR database</p> <p>-Indigents where the ID number could not be found.</p> <p>-Indigents in the employment of one or another government department or organisation.</p> <p>-Indigents that has interest in suppliers of</p>	<p>To verify consumer information on existing indigent register</p>	CFO					

	government and or municipalities																		
	-Indigent with ID number duplicated on the indigent register.																		
	-Spouses of indigents of one or another government department or organisation																		
EMPHASIS OF MATTERS																			
	Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done											
7	Restatement of corresponding figures																		
	Significant uncertainties – Contingencies																		

	Unauthorised, irregular, fruitless and wasteful expenditure written-off																			
	Material impairments and losses – Consumer debtors.																			
	Material losses - Water	Bulk meter installation programme to address the water losses measurement and to be implemented in the next financial year of 2020/2021																		
COMPLIANCE WITH LEGISLATION																				
	Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done												
8	Deviations – Suppliers not	To improve revenue collection by implementing water	CFO	29 February 2020	None	Not Done	MPAC report Council Resolution	No progress made.												

	confirming their tax matters.	restrictions to consumers							
9	Suppliers not paid in 30 days	To improve revenue collection by implementing water restrictions to consumers.	CFO	29 February 2020	None A monthly register for fruitless and wasteful expenditure will be compiled.	Not Done	Checklist	No progress made.	
10	Service providers did not declare interest in families or other(false declarations)		CFO	29 February 2020	None	Not Done	Job cards	No progress made.	

	Service providers did not declare interest (false declaration) in other State.									
PERFORMANCE INFORMATION										
	Finding	Action To Resolve Query	Person Responsible	Target Date	Progress Made	Status	Evidence	Reason for progress not done		
11	Total quarterly targets no not agree with actual annual report results.	To review the APR and SDBIP to ensure alignment	ED: SSDP	15 December 2020	This was corrected at the time of the audit hence the AG Final Report states that there are no findings as a result of the amendments.	Done and sent to the AG on the 3 rd of December 2020.	Quarterly report and SDBIP	Done and sent to the AG on the 3 rd of December 2020.		

Appendix V: Assessment by the accounting officer on any arrears on municipal taxes and service charges.

Supplier	Amount
AFRIRENT FLEET MANAGEMENT	891,745.95
AFRIRENT PTY LTD	2,024,542.17
AJKV PROJECTS T/A LUANDI MEDIA MARKETING	214,750.00
AYANDA MBANGA COMMUNICATIONS PTY LTD	45,636.60
BELEBELE TRADING AND SERVICES	29,000.00
BUSINESS CONNEXION	5,214,329.84
C O VALVES AND PIPING	2,198,486.65
CHA LUKE TRADING (PTY)LTD	252,000.00
ESKOM	1,259,935.80
FYNN'S CONSTRUCTION	32,200.00
GIRL POWER DEVELOPMENTS	48,000.00
GREATER KOKSTAD MUNICIPALITY	637,186.20
IMPANDE ENGINEERS AND POROJECT MANAGERS	868,178.74
INSIDEDATA SOUTH (PTY)LTD	3,864.00
ION CONSULTING (PTY) LTD	588,974.24
IPROSAT (PTY)LTD	2,963,500.00
KRN INVESTMENTS CC T/A DUZI VALVES	11,647.20
LUSIKISIKI COMMERCIAL PROPERTIES CC	176,384.58
NHLANZI PROPERTY INVESTMENTS CC T/A NHLANZI	97,980.00
NJANE TRADING CC	73,900.00

REGENCY OFFICE FURNITURE CC	12,535.00
SALGA	150,000.00
SALGA-MEMBERSHIP LEVIES	158,430.00
SHIYAKAZI CONSTRUCTION AND RELATED SERVICES	203,595.75
SITHOMBO OCCUPATIONAL HEALTH SERVICES	46,235.75
THANDO CATERERS (PTY)LTD	49,600.00
TMANSWORLD CC	8,763.80
TRAVEL WITH FLAIR (PTY)LTD	862,696.67
UBUHLEBEZWE MUNICIPALITY	206,480.58
UGU DISTRICT MUNICIPALITY	617,355.19
UMGENI WATER BULK	1,968,992.01
VK DISTRIBUTORS	390,338.75
VK DISTRIBUTORS	35,782.25
WETSPEC CC	295,630.50
YAKHALUNGISA ENGINEERING SERVICES CC	2,016,054.66
EMADUNGENI TRADING COUNCIL	78,570.00
FEGSA PROJECTS AND CONSULTATION CC	38,500.00
KHAYAKAZI MHATU	344.93
MATTEW FRANCIS INC	58,645.26
SILAS HLOPHE	7,492.00
ZINGEZETHU TRADING JV LUBS TRADING	816,713.58
	25,654,998.65

VOLUME 1: ANNUAL PERFORMANCE REPORT (APR)

HARRY GWALA DISTRICT MUNICIPALITY



[2019/2020 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

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 a high-quality drinkable water and discharge high-quality effluent to the environment. The 2019/2020 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 piped 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 2018/2019 – 2019/2020 FINANCIAL YEAR

Annual Performance Report (APR) presents the performance results for the 2019/2020 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 2019/2020 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 2019/2020 performance reporting is based on the 2019-2020 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 is developed and is reviewed annually.

The APR shows the historical performance of the municipality for the financial year 2018/2019-2019/2020 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.

During the IDP process a corporate vision and mission was formulated for the Harry Gwala District Municipality, together with broad key performance areas (KPA's), development objectives and key performance indicators (KPI's) which feed into the vision and mission. The process was taken further into the performance management system, by developing an organizational or strategic scorecard that will encompass all the relevant areas or concepts that will allow measurement of the performance of the organization using this scorecard. This was done using relevant concepts to populate the organizational and service scorecards of the Harry Gwala District Municipality. This process of developing the organizational and departmental scorecards is followed every year after adoption of the IDP and the budget and after evaluation of the previous year scorecard or municipal performance.

3. REPORTING PROCESS

Accountability shifted from just being about compliance with regulation, but to include accountability for service delivery outputs and outcomes after the government re-affirmed its intention to shift its high-level management from focusing on compliance but outcomes to ensure effective and efficient service delivery. Guided by the legislation a reporting mechanism was developed to promote efficiency

and effectiveness as well as transparency and expenditure control. Performance reporting is a critical step because it determines what is to be reported, when to be reported and to whom to be reported. To assess the achievement of results in relation to the set goals/objectives an indicator was set. Performance indicators and targets were 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. When preparing the reports priorities, objectives, indicators, targets, measurements and analysis of the municipality were taken into consideration and present this information in a simple and accessible format, relevant and useful to the specified target group.

3.1 The table below illustrates the details on the nature of reporting, to whom they were submitted and when they were submitted.

DETAILS OF REPORTS	STAKEHOLDERS	TIMEFRAMES
FIRST QUARTER	<i>PMS UNIT</i>	QUARTERLY
	<i>INTERNAL AUDIT</i>	
	<i>PORTFOLIO COMMITTEE</i>	
	<i>EXCO</i>	
	<i>PERFORMANCE AND AUDIT COMMITTEE</i>	
	<i>COUNCIL</i>	
SECOND QUARTER	<i>PMS UNIT</i>	QUARTERLY
	<i>INTERNAL AUDIT</i>	
	<i>PORTFOLIO COMMITTEE</i>	
	<i>EXCO</i>	
	<i>PERFORMANCE AND AUDIT COMMITTEE</i>	
	<i>COUNCIL</i>	
THIRD QUARTER	<i>NATIONAL AND PROVINCIAL TREASURY</i>	25TH JANUARY
	<i>PMS UNIT</i>	QUARTERLY
<i>INTERNAL AUDIT</i>		
<i>PORTFOLIO COMMITTEE</i>		
<i>EXCO</i>		
<i>PERFORMANCE AND AUDIT COMMITTEE</i>		
<i>COUNCIL</i>		
FOURTH QUARTER	<i>PMS UNIT</i>	QUARTERLY
	<i>INTERNAL AUDIT</i>	
	<i>PORTFOLIO COMMITTEE</i>	
	<i>EXCO</i>	
	<i>PERFORMANCE AND AUDIT COMMITTEE</i>	
	<i>COUNCIL</i>	
	<i>NATIONAL AND PROVINCIAL TREASURY</i>	AUGUST
	<i>PROVINCIAL COGTA</i>	
<i>AUDITOR GENERAL</i>		

4. SUMMARY OF PERFORMANCE PER DEPARTMENT (2017/2018 – 2019/2020)

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	2019/2020 Performance	2018/2019 Performance	2017/2018 Performance
Blue – Planned target	47	50	139
Green – Target met	34	37	94
Bottle Green – Performance exceeded	17	0	0
Red – Target Not met	13	13	45

4.1. BASIC SERVICE DELIVERY

4.1.1. INFRASTRUCTURE SERVICES

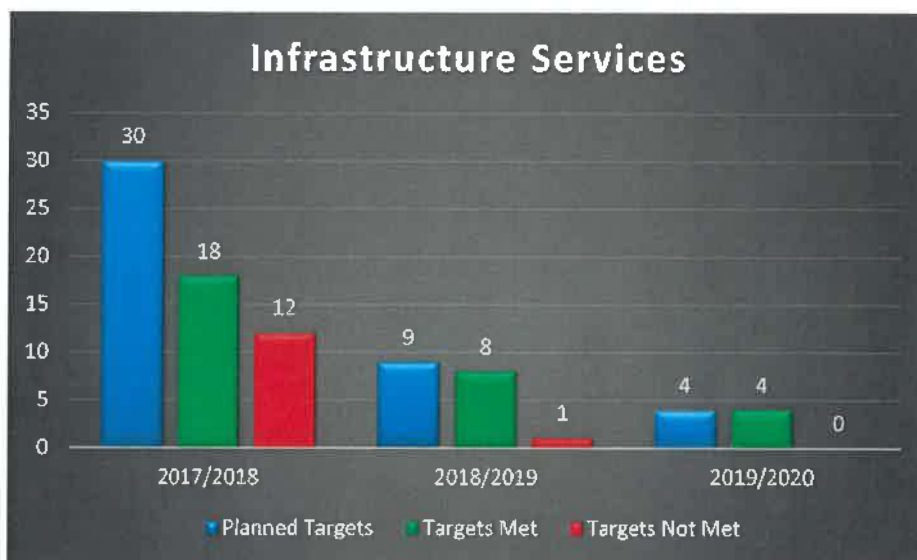
Water and sanitation constitutes the human right of every individual, without discrimination, to sufficient, safe, acceptable, accessible and affordable water and sanitation for personal use. It is well known that safe water and adequate sanitation are the bases for sustainable solution to the threat 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, rain water collection and sanitation have targets that can be accomplished in a period of month to a year.

4.1.1.1 INFRASTRUCTURE SERVICES DEPARTMENT Performance Highlights for 2017/2018 – 2019/2020

2017/2018				2018/2019				2019/2020			
Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved
30	18	0	12	9	8	0	1	4	4	3	0
100%	60%	0%	40%	100%	89%	0%	11%	100%	100%	75%	0%

4.1.1.2 The bar chart below illustrates performance highlights of Infrastructure Department in comparison with 2017/2018- 2019/2020 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2019/2020 IDP in comparison with the 2017/2018 and 2018/2019 financial year. In 2019/2020 financial year the Infrastructure Service department planned to achieve 4 targets in this KPA. 4 targets were achieved. Compared to performance of the previous financial years, the performance achievement of this KPA in 2018/2019 financial year was at 89%. The overall performance achievement of this KPA in 2019/2020 is 100%. This means that performance achievement in this KPA has improved by 11% compared to 2018/2019 financial year.

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.

4.1.2.4. Key Challenges

- Number of reports submitted to council on resolved complaints: Quarter 1 and 2 were not submitted to council
- Percentage of households with access to basic sanitation for the first time: 1. Budget was insufficient to continue with the project, despite the fact that it was already advertised
- Number of households with access to basic sanitation for the first time: 1. Budget was insufficient to continue with the project, despite the fact that it was already advertised
- Number of households with access to basic water for the first time: 1.1.2 Still under construction and reported that it is currently sitting at 59% Progress on site due to covid 19 restrictions
- 1.1.3.2. Percentage of expenditure spent on capital projects (WSIG): 1.1.3 Still under construction and reported that it is currently sitting at 92,5% Progress on site due to covid 19 restrictions

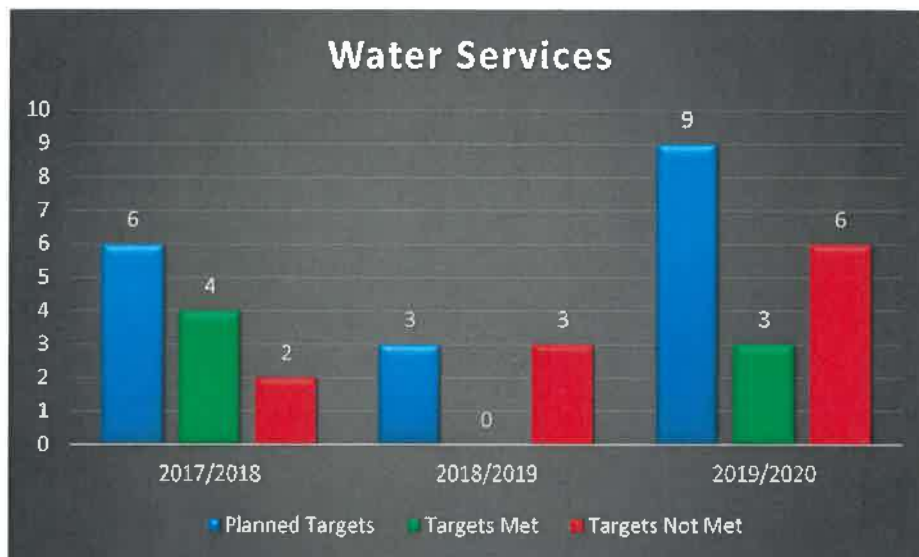
4.1.2.5 Corrective measures

- The department will ensure quarterly submissions to Council.
- The sanitation project is further budgeted in the oncoming financial year, 2020/2021
- The sanitation project is further budgeted in the oncoming financial year, 2020/2021
- Construction has resumed.
- Construction has resumed.

4.1.2.6 WATER SERVICES DEPARTMENT Performance Highlights for 2017/2018 – 2019/2020

2017/2018				2018/2019				2019/2020			
Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved
6	4	0	2	3	0	0	3	9	3	0	6
100%	67%	0%	33%	100%	0%	0%	100%	100%	33.3%	0%	66.7%

4.1.2.7 The bar chart below illustrates performance highlights of Water Services Department in comparison with 2017/2018 – 2019/2020 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2019/2020 IDP in comparison with the 2017/2018 and 2018/2019 financial year. In 2019/2020 financial year the Water Service department planned to achieve 9 targets in this KPA. 3 targets were achieved whilst 6 targets were not achieved. Compared to performance of the previous financial year, the performance achievement of this KPA in 2018/2019 financial year was about 0%. The overall performance achievement of this KPA in 2019/2020 is 33.3%. This means that the performance achievement in this KPA has increased by 33.3% since 2018/2019 financial year.

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

4.2.1.4 Key Challenges

- Percentage of budget spent on Workplace Skills plan: Disturbance by Corona Virus
- Date in which WSP was submitted to LGSETA: LGSETA sent correspondence to all municipalities dated the 31st March 2020 indicating that due to Covid 19 regulations, the submission date is extended to the 31st May 2020 as also provided for by the regulation (41.) hence the acknowledgement letter is also dated the 6th May 2020.
- Number Newsletters developed and published by 30 June 2019: Appoint of service provider is not in line with our financial year. The newsletter service provider was appointed in 3rd quarter

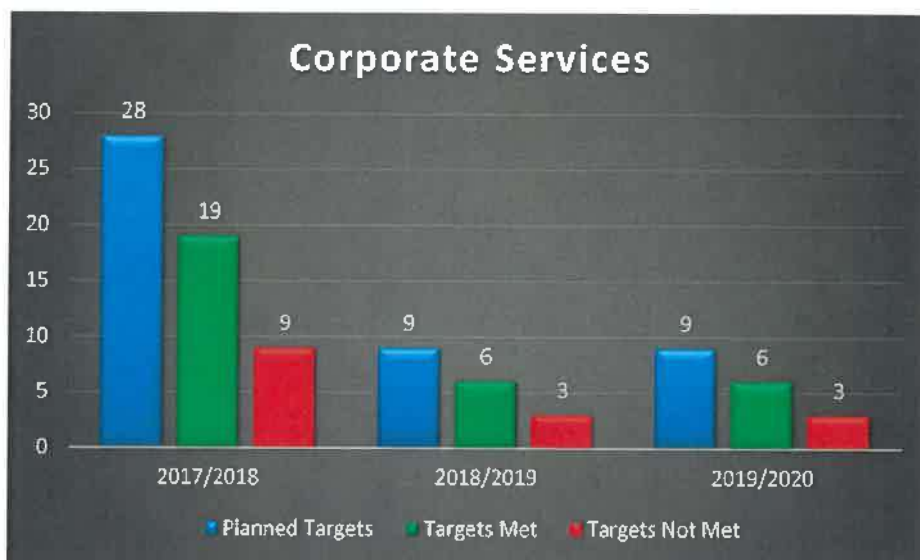
4.2.1.5 Corrective Measures

- Deferred to next financial year
- It was submitted on the 6th May 2020
- This shall be addressed in the 2020/21 financial year by ensuring alignment.

4.2.1.6 CORPORATE SERVICES Performance Highlights for 2017/2018 – 2019/2020

2017/2018				2018/2019				2019/2020			
Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved
28	19	0	9	9	6	0	3	9	6	4	3
100%	68%	0%	32%	100%	67%	0%	33%	100%	67%	44.4%	33%

4.2.1.7 The bar chart below illustrates performance highlights of Corporate Services Department in comparison with 2017/2018 – 2019/2020 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2019/2020 IDP in comparison with the 2017/2018 and 2018/2019 financial year. In 2019/2020 financial year the Corporate Services department planned to achieve 9 targets in this KPA. 6 targets were achieved and 3 targets were not achieved. Compared to performance of the previous financial year, the performance achievement of this KPA in 2018/2019 was 67%. The overall performance achievement of this KPA in 2019/2020 is 67%. This means that performance achievement in this KPA has remained since 2018/2019 financial year.

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 polices 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 towns 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 KEY CHALLENGES

- Number of Youth programs implemented from the Youth Development Plan: Due to the Municipalities financial constraints the following programs were adjusted to zero; 7,1,3; 7,1,1;7,1,2

4.3.1.6 CORRECTIVE MEASURES

- To be considered in the 2022/2023 financial year

4.3.1.7 SOCIAL SERVICES AND DEVELOPMENT PLANNING Performance Highlights for 2017/2018 – 2019/2020

2017/2018				2018/2019				2019/2020			
Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved
23	13	0	10	17	15	0	2	14	13	6	1
100%	57%	0%	43%	100%	88%	0%	12%	100%	92.86%	42.9%	7.1%

4.3.1.8 The bar chart below illustrates performance highlights of Social Services and Development Planning Department in comparison with 2017/2018- 2019/2020 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2019/2020 IDP in comparison with the 2017/2018 and 2018/2019 financial year. In 2019/2020 financial year the Social Service and Development Planning department planned to achieve 14 targets in these KPAs. 13 targets were achieved and 1 target was not achieved. Compared to performance of the previous financial year, the performance achievement of these KPA in 2018/2019 was 88%. The overall performance achievement of this KPA in 2019/2020 is 92.86%. This means that performance achievement in this KPA has increased by 4.9% since 2018/2019 financial year.

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 56 of 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.

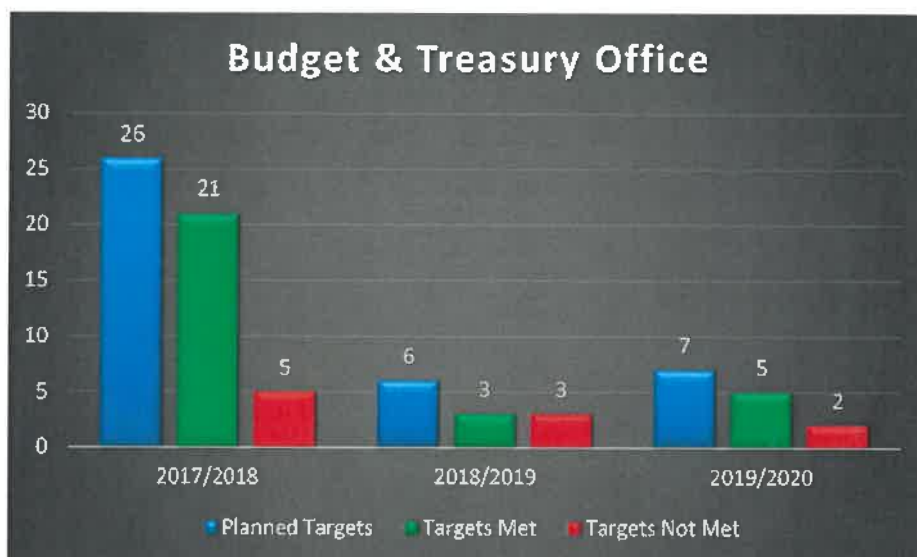
4.4.1.3 Supply Chain Management Unit

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.

4.4.1.4 BUDGET AND TREASURY OFFICE Performance Highlights for 2017/2018 – 2019/2020

2017/2018				2018/2019				2019/2020			
Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved
26	21	0	5	6	3	0	3	7	5	2	2
100%	81%	0%	19%	100%	50%	0%	50%	100%	71.4%	28.6%	28.6%

4.4.1.5 The bar chart below illustrates performance highlights of Budget and Treasury Office in comparison with 2017/2018- 2019/2020 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2019/2020 IDP in comparison with the 2017/2018 and 2018/2019 financial year. In 2019/2020 financial year the Budget and Treasury Office planned to achieve 7 targets in this KPA. 5 targets were achieved and 2 targets were not achieved. Compared to performance of the previous financial year, the performance achievement of these KPA in 2018/2019 was at 50%. The overall performance achievement of this KPA in 2019/2020 is 71.4%. This means that performance achievement in this KPA has increased by 21.4% since 2018/2019 financial year.

4.4.1.6 Key Challenges

- Number of customers on database billed: Could not conduct the community meeting and campaigns because of Covid 19 pandemic. Will install the smart meters.
- 5.5.1 Date in which Interim Financial Statements were submitted to Internal Audit: Interim financial statement could not be submitted on time due to consolidation of information

4.4.1.7 Corrective Measures

- Will install the smart meters.
- It was submitted on the 9th March 2020.

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,

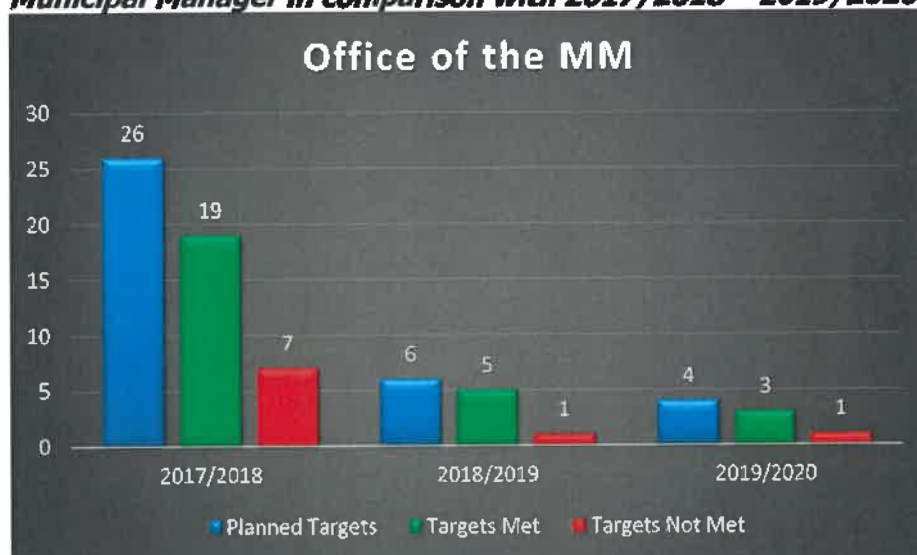
evaluate and address risks on a continuous basis before such risks can impact negatively on the institution's service delivery capacity.

To show case Harry Gwala Infrastructure, LED and tourism projects the videos were taken and the media tour was conducted with local media and mainstream media. The Nyusi volume annual event was held in December 2018.

4.5.1.5 OFFICE OF THE MUNICIPAL MANAGER Performance Highlights for 2017/2018 – 2019/2020

2017/2018				2018/2019				2019/2020			
Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved
26	19	0	7	6	5	0	1	4	3	2	1
100%	73%	0%	27%	100%	83%	0%	17%	100%	75%	50%	25%

4.5.1.6 The bar chart below illustrates performance highlights of the Office of the Municipal Manager in comparison with 2017/2018 – 2019/2020 Financial Year



This bar graph presents the highlights from the key performance measures included in the 2019/2020 IDP in comparison with the 2017/2018 and 2018/2019 financial year. In 2019/2020 financial year the Office of the Municipal Manager planned to achieve 4 targets in this KPA. 3 targets were achieved and 1 could not be achieved. Compared to performance of the previous financial year, the performance achievement of this KPA in 2018/2019 financial year was at 83%. The overall performance achievement of this KPA in 2019/2020 is 75%. This means that performance achievement in this KPA has decreased by 8% since 2018/2019 financial year.

4.5.1.7 Key Challenges

- Number of municipal events held: Due to Budget constraints

4.5.1.8 Corrective Measures

- Some targets will be met in 2020/21 Financial Year

5. ORGANIZATIONAL PERFORMANCE HIGHLIGHTS (2017/2018 – 2019/2020)

2017/2018				2018/2019				2019/2020			
Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved	Planned Target	Actual Achieved	Performance Exceeded	Not Achieved
139	94	0	45	50	37	0	13	47	34	17	13
100%	68%	0%	32%	100%	74%	0%	26%	100%	72.34%	36.2%	27.7%

5.1.1. The bar chart below illustrates performance highlights of the Organisational Scorecard in comparison with 2017/2018-2019/2020 Financial Year



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.

Assessment Key

<i>Good (G)</i>	<i>The service has been provided at acceptable standards and within the time frames stipulated in the SLA/Contract</i>
<i>Satisfactory (S)</i>	<i>The service has been provided at acceptable standards and outside of the timeframes stipulated in the SLA/Contract</i>
<i>Poor (P)</i>	<i>The service has been provided below acceptable standards</i>

Dr Nkosazana Dlamini-Zuma Municipality

No.	PROFESSIONAL ENGINEERS	NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)	PROJECT NAME	FUNDING SOURCE	CONTRACT VALUE	EXPENDITURE TO DATE	BALANCE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/INTERVENTION REQUIRED	RECOMMENDATIONS	G	S	P
1	Impande Engineers	Makela Transport	Sigomere Water Supply : Construction of 15k m reticulation network and communal standpipes, 0,8m rising main pipeline, equipping of borehole and construction of pump house	MIG	R 10 895 470,30	R 6 302 475,19	R 4 592 995,11	Construction of 15k m reticulation network and communal standpipes, 0,8m rising main pipeline, equipping of borehole and construction of pump house	69%	30-Sep-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 16th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	Contractor has indicated that they will submit a claim for extending time due to lockdown	The claim from the contractor to be evaluated	X		
2	Zandile Consulting Engineers	Makulu Transport and Plant hire	Underberg Bulk Water Supply Upgrades: Construction of a 250mm Rising Main from the pump station to the water treatment works at Underberg	MIG	R 16 448 886,30	R 4 630 724,33	R 11 818 161,97	Construction of a 250mm Rising Main from the pump station to the water treatment works at Underberg	15%	19-Aug-20	Project on hold due to Steel Pipe Material that is on the procurement stage. To be delivered end of May 2020	N/A	N/A	X		
3	Unipol Engineers	Makulu Cnls	Gala Donnybrook Water Supply Phase 2D-Hlabeni Village Reticulation	MIG	R 8 941 906,35	R 2 547 111,56	#REF!	Gala Donny Water Supply Scheme - Phase 2D: Construction of 12km of 90-100mm diameter internal bulk and village reticulation infrastructure and 25 communal standpipes	28%	30-Jan-21	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	The contractor to start with the request for an extension of time due to the lockdown	Contractor to be monitored closely	X		
4	Unipol Engineers	Mabozelo JV Sotshongo	Gala Donnybrook Water Supply Phase 2C-Johveni Village Reticulation	MIG	R 11 721 856,22	R 1 987 027,37	#REF!	Gala Donny Water Supply Scheme - Phase 2C: Construction of 20,11km of 90-50mm diameter pipe internal bulk and village reticulation infrastructure and 35 communal standpipes	29%	30-Mar-21	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	The contractor to start with the request for an extension of time due to the lockdown	Contractor to be monitored closely	X		
5	Makulu Engineers	Egweni Engineering	Construction of Ngudweni Water Treatment Works	MIG	R 39 000 000,00	R 3 515 044,73	R 36 284 955,27	Construction of a water treatment plant with a raw water storage tank and filter backwash, flocculation tank, chemical storage building, clarifiers, filters, chlorine contact tank, pump station, major structures, control room and interconnecting road works.	8%	12/11/2021	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	1. The Health and Safety personnel from the municipality will be monitoring site readjustment to ensure all health regulations are adhered to including testing and screening of everybody on site. 2. It is recommended that the contractor is monitored closely to finish minor works remaining.	Contractor to be monitored closely	X		
6	Impande Engineers	True Build Services	Greater Nonandlovu Water Supply Scheme-Kwasiyeha Water Supply Scheme (Oxambeni-igala)	MIG	R 5 352 730,36	R 4 203 485,60	R 1 149 244,76	* The Contract encompasses the construction of 500m of 90-225mm dia. HDPE Reticulation pipe line, Construction of Staff Compound and Ancillary Works.	70%	30-Nov-20	The contractor has abandoned the site and is yet to come back.	The Engineer has written the letter for intention to terminate the contract.	Penalties to be effected iff the project is completed.			
7	Impande Engineers	Makulu Transport and Plant Hire	Greater Nonandlovu Bulk Line: Construction of 6,95' long 300mm-250mm diameter gravity main bulk pipeline and Ancillary works	MIG	R 16 135 707,50	R 9 536 357,53	R 6 599 349,97	Construction of a 80m 250mm bulk line from kwasiyeha Reservoir to Donnybrook town.	65%	20-Oct-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	Contractor submitted extension of time claim for approval and now waiting for the recommendation by the Engineer	The claim from the contractor to be evaluated	X		
8	Impavula Engineers	Black Bufile Building and Projects 15 JV R 60485	Greater Mkhulweni water supply: Construction of 11 225mm of pipeline reticulation for Deyini to Estendani Area	MIG	R 3 398 182,41	R 1 008 413,48	R 2 299 768,93	Greater Mkhulweni water supply: Construction of 11 225mm of pipeline reticulation for Deyini to Estendani Area	25%	30-Sep-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	The Contractor is back on site and working very well. Working all weekends to speed up the progress on site.	Close monitoring of the project by HGD/IR representative	X		
9	Impavula Engineers	Ngobela Trading	Greater Mkhulweni water supply (Nkwerobu reticulation): Construction of village reticulation network for SHALUSI/BLESSED LUANON-DUMABEZWE VILLAGE	MIG	R 4 884 025,03	R 2 684 034,77	R 2 199 990,26	Greater Mkhulweni water supply (Nkwerobu reticulation): Construction of village reticulation network for SHALUSI/BLESSED LUANON-DUMABEZWE VILLAGE	45%	30-Sep-20	Pipeline re-alignment, Covid 19 lockdown and material supply delays. Local sub-contractors demanding work.	The Contractor is back on site and working very well. Working all weekends to speed up the progress on site.	Close monitoring of the project by HGD/IR representative	X		

No.	PROFESSIONAL ENGINEERS	NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)	PROJECT NAME	FUNDING SOURCE	CONTRACT VALUE	EXPENDITURE TO DATE	BALANCE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/INTERVENTION REQUIRED	RECOMMENDATIONS	G	S	P
10	Inyula Engineers	Hlabona Civils	Greater Bulwer Mtsibambana to Mzimba water supply: construction of Bulk Pipeline from Xosheyalu 2HL Reservoir-KonaShaya-Mtswaba-Emaabastini	MIG	R 39 661 280,52	R 7 112 471,20	R 32 548 809,42	Greater Bulwer Mtsibambana to Mzimba water supply: construction of Bulk Pipeline from Xosheyalu 2HL Reservoir-KonaShaya-Mtswaba-Emaabastini	15%	30-Sep-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 16th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	The Contractor has established onsite and the works has started	Close monitoring of the project by HIGM representative	X		
11	Inyula Engineers	Murmet Trading	Greater Mthuleni water supply: Construction of 11 222 M Pipeline Resubstitution from Mzimba to Sea Forth and Inyula area.	MIG	R 8 853 603,66	R 2 665 276,88	R 6 188 326,78	Greater Mthuleni water supply: Construction of 11 222 M Pipeline Resubstitution from Mzimba to Mungopolosa to Sea Forth and Inyula area.	25%	30-Sep-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	The Contractor is back on site and Material supply is starting doing deliveries	Close monitoring of the project by HIGM representative	X		
12	Inyula Engineers	Zingwenhu Trading and Projects 44 JV Lubs Trading	Greater Bulwer-Mtsibambana to Mzimba water supply: Construction of 11 222m of HDPE pipeline resubstitution for Xosheyalu to CHDH and Come and sea Area	MIG	R 5 635 467,60	R 2 205 439,01	R 3 448 165,80	Greater Bulwer-Mtsibambana to Mzimba water supply: Construction of 11 222m of HDPE pipeline resubstitution for Xosheyalu to CHDH and Come and sea Area	42%	30-Sep-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	The Contractor is back on site and it is working very well and increased his team	Close monitoring of the project by HIGM representative	X		
13	Inyula Engineers	Uxanu Investment (Pty) Ltd	Greater Mthuleni water supply: Construction of 13 848M of Pipeline resubstitution for Mzimba to Sandstone and Komadala area	MIG	R 3 512 924,75	R 1 510 595,71	R 2 002 225,04	Greater Mthuleni water supply: Construction of 13 848M of Pipeline resubstitution for Mzimba to Sandstone and Komadala area	20%	30-Sep-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	The Contractor is back on site and deliveries are starting doing deliveries. The issue of sub-contracting is not finalized.	Resolve the issue of subcontractors and also finalize the issue of standing time of the contractor	X		

Ukhahlamba Municipality

No.	PROFESSIONAL ENGINEERS	NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)	PROJECT NAME	FUNDING SOURCE	CONTRACT VALUE	EXPENDITURE TO DATE	BALANCE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/INTERVENTION REQUIRED	RECOMMENDATIONS	G	S	P
1	Emxeni	Inqoyama Nicot	Mzimba Water Supply	MIG	R 16 480 542,01	R 3 861 179,85	R 12 619 362,16	Mzimba Water Treatment Plant	22% Construction	09-Apr-21	Project has been on hold due to the the emergency order to claim ownership of the land	Further engagements with the family	Evaluator has been appointed to check the claim by the family if its valid or not. The first evaluator withdrew his appointment on Monday the 2 March 2020 and a second one was appointed.	X		
2	Umpeli	True Build Services	Mzimba Water Supply Scheme - Phase 3:	MIG	R 16 709 987,14	R 12 892 424,59	R 3 817 562,55	Mzimba Water Supply Scheme - Phase 3: Construction of 360m internal bulk and village resubstitution infrastructure and 90 communal standpipes	98% Complete	30-Aug-20	Project delayed at the start due to social issues and later there was a vandalism on the site, the contractor is back onsite and the completing the works	The contractor is busy with the pipes	Contractor to be monitored closely	X		

Umtshini Municipality

No.	PROFESSIONAL ENGINEERS	NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)	PROJECT NAME	FUNDING SOURCE	CONTRACT VALUE	EXPENDITURE TO DATE	BALANCE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/INTERVENTION REQUIRED	RECOMMENDATIONS	G	S	P
1	Umpeli Engineers	Lethukile	MUNQUMBE WATER PROJECT PHASE-4C.	MIG	R 11 164 537,56	R 8 806 356,22	R 2 358 181,34	Mzimba Water Treatment Plant	63%	31-Jul-20	COVID-19 National Lockdown, currently slow progress	contractor to submit revised programme	Contractor to be monitored very closely	X		
2	Inyanda Engineers	Magacorp 483 JV NSG 122011	GREATER SUMMERFIELD WATER SUPPLY PROJECT - CONSTRUCTION OF 3HL CONVENTIONAL RAW WATER TREATMENT WORKS	MIG	R 17 953 402,94	R 10 401 036,80	R 7 552 366,14	Construction of 360m internal bulk and village resubstitution infrastructure and 90 communal standpipes	70%	30-Oct-20	COVID-19 National Lockdown	Performance is fair	Contractor to be monitored very closely	X		
3	Inyanda Engineers	Lwascon Earthworks and Plank	GREATER SUMMERFIELD WATER SUPPLY SCHEME- INSTALLATION, TESTING AND COMMISSION OF ELECTRICAL AND MECHANICAL WORKS.	MIG	R 7 971 281,22	R 7 572 717,06	R 398 564,16	Construction of 360m internal bulk and village resubstitution infrastructure and 90 communal standpipes	100%	20-Nov-19	On defects liability period	Project is on practical completion	N/A	X		
4	Inyanda Engineers	Majubi Transport and Plank Hre	EXTENSION OF WORKS FOR GREATER SUMMERFIELD WATER SUPPLY PROJECT - CONSTRUCTION OF 200MM X 2.6 PVC RAW WATER RISING MAIN	MIG	R 9 976 397,71	R 9 060 040,79	R 916 346,92	Construction of 360m internal bulk and village resubstitution infrastructure and 90 communal standpipes	100%	31-Aug-19	On defects liability period	N/A	N/A	X		

No.	PROFESSIONAL ENGINEERS	NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)	PROJECT NAME	FUNDING SOURCE	CONTRACT VALUE	EXPENDITURE TO DATE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/INTERVENTION REQUIRED	RECOMMENDATIONS	G	S	P
5	Impande Engineers	Mahlubi Transport and Plant Hire	KWAMEZI WATER SUPPLY PROJECT PHASE 4 – CONSTRUCTION OF 24 000 BULK AND RETICULATION LINE, 3800L STEEL TANK, 58 STANDPIPES	MIG	R. 10 408 346,63	R. 8 892 305,79	Raw Water abstraction, Treatment works, Pump station and Reservoir	100%	2020/04/31	6 Months	2020/04/31	COVID 19 National Lockdown	Project is on practical completion	N/A	X		
6	Impande Engineers	B and B Transport and Plant Hire	KWAMEZI WATER SUPPLY PROJECT PHASE 4 – CONSTRUCTION OF 24 000 BULK AND RETICULATION LINE, 27 STANDPIPES	MIG	R. 4 938 022,38	R. 3 474 048,06	Borehole pump station and two Reservoirs	93%	30-Jun-19	6 Months	30-Jun-20	There is no progress currently, the contractor was suspended on site by development committee due to four villages which were not included in the contract.	Performance is good, testing and painting of valves chambers outstanding.	Expedite the appointment of the contractor that will cover the remaining 4 villages	X		

Greater Krokstad Municipality

No.	PROFESSIONAL ENGINEERS	NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)	PROJECT NAME	FUNDING SOURCE	CONTRACT VALUE	EXPENDITURE TO DATE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/INTERVENTION REQUIRED	RECOMMENDATIONS	G	S	P
1	AB Projects	Vuyelo Construction JV (Kwesi) Investment	Makhoba Bulk Water Supply in Augli	MIG	R. 3 247 887,50	R. 2 707 887,50	The contractor will first replace damaged components in pump 1 and 2 whilst awaiting completion of pump station 3 which is in contract P.	The contractor has established on site	28-Feb-17	6 Months	30-Jun-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	Submit an application for extension of time	Evaluation of the Extension of time application	X		
2	AB Projects	Mafafambile Construction	Makhoba Bulk Water Supply in Springfontein	MIG	R. 1 799 784,99	R. 1 550 580,91	100 % Complete on Pump 1 & Pump 2	The contractor has established on site	28-Feb-17	6 Months	30-Jun-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	Contractor to come up with a recovery plan. Submit an application for extension of time	Evaluation of the Extension of time application	X		
3	Ziyanda Consultants	Khontec Engineering	Horse shoe Sanitation	MIG	R. 3 730 797,38	R. 1 915 531,95	Horse shoe Sanitation: Construction of Horse shoe pump station No.3 diam. 8,160mm long UPVC sewer long 1,6km including connection of 80 VTP toilets to waterborne sanitation at horse shoe.	73 % Complete	30-Jun-20	12 Months	30-Jun-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	Submit an application for extension of time	Evaluation of the Extension of time application	X		
4	Ziyanda Consultants	Fiz Building Construction	Horse shoe Sanitation 5F	MIG	R. 8 491 893,44	R. 7 079 694,87	Horse shoe Sanitation: Construction of 160mm diameter by 3,0km long UPVC sewer reticulation pipeline including connection of 345 VTP toilets to waterborne sanitation at horse shoe.	60%	30-Jun-20	12 Months	20-May-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	Submit an application for extension of time	Evaluation of the Extension of time application	X		
5	Ziyanda Consultants	Fiz Building Construction	Horse shoe Sanitation SE	MIG	R. 17 332 151,29	R. 11 961 323,35	Horse shoe Sanitation: Construction of 160mm diameter by 3,0km long UPVC sewer reticulation pipeline including connection of 325 VTP toilets to waterborne sanitation at horse shoe.	71%	30-Jun-20	12 Months	21-May-20	Lockdown delays due to COVID-19 forced contractor to vacate sites from the 26th March to resume on the 22nd April 2020 as a result there were no activities for the month of April.	Submit an application for extension of time	Evaluation of the Extension of time application	X		
6	Ziyanda Consultants	Fountain Square Trading	Horse shoe Sanitation 5D	MIG	R. 18 205 900,00	R. 12 147 118,11	Horse shoe Sanitation: Construction of 160mm diameter by 3,0km long UPVC sewer reticulation pipeline including connection of 325 VTP toilets to waterborne sanitation at horse shoe.										

No.	PROFESSIONAL ENGINEERS	NAME OF SERVICE PROVIDER/JV/CONSORTIUM (CONTRACTORS)	PROJECT NAME	FUNDING SOURCE	CONTRACT VALUE	EXPENDITURE TO DATE	BALANCE	BRIEF SCOPE OF WORKS	PROGRESS TO DATE	CONTRACT END DATE	DURATION	ANTICIPATED COMPLETION DATE	DELAYS EXPERIENCED	ACTION/INTERVENTION REQUIRED	RECOMMENDATIONS	G	S	P
7	MVA	Alnstructures (PTY) Ltd	Kolstad Bulk Water & Sewer Intervention	MIG	R 35 479 571,05	R 31 803 462,00	R 3 676 109,05	Emergency Sewer Intervention in Sheppards and Emmonson - Portion 2	100% Complete	Completed	12 Months	30-Oct-19	N/A	On defects liability period	N/A		X	

ANNEXURE A – ORGANIZATIONAL PERFORMANCE ASSESSMENT AS PER THE SERVICE DELIVERY & BUDGET IMPLEMENTATION PLAN – 2019/2020 FINANCIAL YEAR

IDP Ref No.	OUTCOME 9	PERFORMANCE AREA	IDP STRATEGIC OBJECTIVE	Objective	Strategy	MPI	UNIT OF MEASURE	Budget	ADJUSTED BUDGET	COMPARISON WITH PREVIOUS FINANCIAL YEAR			CURRENT FINANCIAL YEAR			Reasons for underperformance/ deviation/ comment/ explanation	Remedia- tion Action	POE File Ref. No.	PMVS: Specialist Comments	Portfolio of Evidence	
										2018/2019 TARGET	2018/2019 ACTUAL	2019-2020 Annual Target	2019-2020 Annual Performance	2019-2020 Annual Target	2019-2020 Annual Performance						Targ et Met
										2018/2019 TARGET	2018/2019 ACTUAL	2019-2020 Annual Target	2019-2020 Annual Performance	2019-2020 Annual Target	2019-2020 Annual Performance						Targ et Met
REF No. 01 INPRA 2017/2022: 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 coverage, quality, efficiency and sustainability of water in all urban and rural communities by 2019	By ensuring that all water projects are implemented to eradicate water backlog with the stipulated time frames, quality and approved budget.	1.1.3.1. Percent age of expenditure spent on capital projects (MIG)	Percentage	1.1.3.1. R466 000 000 1. R 11 164 2. R 15 346 3. R 13 862 4. R 9 900 000,00	1.1.3.1. R 466 000 000 1. R 11 164 2. R 15 346 3. R 13 862 4. R 9 900 000,00	1.1.3.1. 100% of R200 000 (MIG)	100% of R200 000 (MIG)	100% of R200 000 (MIG)	100% of R200 000 (MIG)	1.1.3.1. 100% (MIG) 1.1.3.2. 100% (RMBG)	N/A	1	POE verified hence target met	1. Monthly expenditure reports			
REF No. 01 INPRA 2017/2022: 1.3	BASIC SERVICE DELIVERY	BASIC SERVICE DELIVERY	TO IMPROVE THE COVERAGE, QUALITY, EFFICIENCY AND SUSTAINABILITY OF WATER AND SANITATION SERVICES IN ALL URBAN AND RURAL COMMUNITIES	To improve coverage, quality, efficiency and sustainability of and sanitation in all urban and rural communities by 2023	By ensuring that all sanitation projects are implemented to eradicate backlog with the stipulated time frames and approved budget.	Total number of households connected to sewer water borne for the first time	Number	1.1.1. R 22 569 256,30	R 22 569 256,30	1.1.1. 380	495	380	495	The department achieved more than expected due to the existing need.	N/A	2	POE verified hence target met	1. Engineers report			
REF No. 01 INPRA 2017/2022: 1.4	BASIC SERVICE DELIVERY	BASIC SERVICE DELIVERY	TO IMPROVE THE COVERAGE, QUALITY, EFFICIENCY AND SUSTAINABILITY OF WATER AND SANITATION SERVICES IN ALL URBAN AND RURAL COMMUNITIES	To increase work opportunities and income support to unemployed people through the labour intensive delivery of public, community asset and services.	By creating employment within the District through our capital projects and programmes	Number of jobs created through EPWP.	Number	1.4.1. R 5 300 000,00	N/A	240	244	240	244	The department achieved more than expected due to it ensuring job creation.	N/A	3 (Contra Charge Transfer 1 file)	POE verified hence target met	Employment contracts			
REF No. 01 INPRA 2017/2022: 1.5	BASIC SERVICE DELIVERY	BASIC SERVICE DELIVERY	TO IMPROVE THE COVERAGE, QUALITY, EFFICIENCY AND SUSTAINABILITY OF WATER AND SANITATION SERVICES IN ALL URBAN AND RURAL COMMUNITIES	To ensure that WSA is fully compliant to its mandate as set by the Department of water and sanitation	By creating employment within the District through our capital projects and programmes	Number of jobs created through capital projects.	Number	2.1. R 2 000 000	R 056 243,00	100	111	100	111	The department achieved more than expected due to it ensuring job creation.	N/A	4	POE verified hence target met	Employment contracts			
REF No. 01 INPRA 2017/2022: 2.1	BASIC SERVICE DELIVERY	BASIC SERVICE DELIVERY	TO IMPROVE THE COVERAGE, QUALITY, EFFICIENCY AND SUSTAINABILITY OF WATER AND SANITATION SERVICES IN ALL URBAN AND RURAL COMMUNITIES	To ensure that WSA is fully compliant to its mandate as set by the Department of water and sanitation	By reviewing policies and Bylaws	Date in which water services By-laws were reviewed and gazetted	Date	2.1. R 2 000 000	R 394 619,33	2020/06/30	2020/06/26	2020/06/30	2020/06/26	The Water services Bylaws were gazetted on the 22nd of August 2019 and later taken to council for adoption on the 26th of June 2020. Please see the gazette information attached and the Council Resolution.	N/A	11-Quarter 4 file	POE verified hence target met	1. Council resolution			

2019/2020 HARRY GWALA DISTRICT MUNICIPALITY ANNUAL PERFORMANCE REPORT

IOP Ref No.	OUTCOME 9	PERFORMANCE AREA	IDP STRATEGIC OBJECTIVE	Objective	Strategy	KPI	UNIT OF MEASURE	Budget	ADJUSTED BUDGET	Expenditure as at 30 June 2020	COMPARISON WITH PREVIOUS FINANCIAL YEAR		CURRENT FINANCIAL YEAR		Target Met / Not Met	Reasons for under-performance/deviation/comments/explanations	Remedial Action	File Ref. No.	PMS: Specialist Comments	Portfolio of Evidence
											2018/19 TARGET	2018/19 ACTUAL	2019-2020 Target	2019-2020 Actual Performance						
											2018/19 TARGET	2018/19 ACTUAL	Target No	Actual Performance						
REF No. 01 INFR 2017/2022: 2.2				To improve water and waste quality to meet SANS 241 and standards	Review Water and Waste Treatment Works Engagemen establish water quality Laboratory	Number of plans adopted by Council	Number	2.1. R 4 900 000	2.1. R 705	R1 925523.65	N/A	1	N/A	1	2.1. Number of Plans developed = 1. Water Sampling are taken by our Internal staff to Urgent for quality sampling. 2.2. Assessment was conducted 2.3. Establishment of Laboratory ; 2.4 2 Process audits for the Nobweja and Kokstad Water Treatment Plants developed and adopted by the Council	N/A	13- Quarter 4 file.	POE verified hence target met	1. Council resolution	
								2.2. R 2 000 000	2.2. R 068	2.2. R 317	2.2	4	Quarter 1 and 2 were not submitted to council due to an oversight but only to the portfolio committee. 2 reports submitted to the council for meeting (26 March 2020 and 26 June 2020)	14- Quarter 4 file. Annual file	Quarter 3 and 4 POE verified however target not met.	1. Customer care report 2. Council minutes				
REF No. 01 INFR 2017/2022: 2.3				To improve functionality of Water and Sanitation schemes.	Implementa tion of Water and Sanitation Schemes as per Maintenance Plan	Number of reports submitted to council on resolved complaints	Number	2.3.1. R 7 500 000	2.3.1. R 705	2.3.1 R 680	100%	1	N/A	2	Quarter 1 and 2 were not submitted to council due to an oversight but only to the portfolio committee. 2 reports submitted to the council for meeting (26 March 2020 and 26 June 2020)	N/A	13- Quarter 4 file.	POE verified hence target met	1. Customer care report 2. Council minutes	
								2.3.2. R 2 500 000	2.3.2. R 068	2.3.2 R 317	2.3	4	Quarter 1 and 2 were not submitted to council due to an oversight but only to the portfolio committee. 2 reports submitted to the council for meeting (26 March 2020 and 26 June 2020)	14- Quarter 4 file. Annual file	Quarter 3 and 4 POE verified however target not met.	1. Customer care report 2. Council minutes				
REF No. 01 INFR 2017/2022: 2.4				To have an updated water and sanitation strategic plans	Developing and Water Services Strategic Plans	Number of Water Services Plans adopted by Council	Number	R 2 000 000,00	R2 334 987,00	R1 935523.65	N/A	1	N/A	1	N/A	N/A	13- Quarter 4 POE file	POE verified hence target met.	Council resolution	
								2.3.3. R 5 000 000	2.3.3. R 025	2.3.3 R 470	2.3	4	Quarter 1 and 2 were not submitted to council due to an oversight but only to the portfolio committee. 2 reports submitted to the council for meeting (26 March 2020 and 26 June 2020)	14- Quarter 4 file. Annual file	Quarter 3 and 4 POE verified however target not met.	1. Customer care report 2. Council minutes				
REF No. 01 INFR 2017/2022: 2.5				To improve coverage, quality, efficiency and sustainability of and sanitation in all urban and rural communities by 2019	By ensuring that all water services are implemented to eradicate backlog within the allocated time frames and approved budget	Percentage of households with access to basic sanitation for the first time	Percentage	4.3.1. R 4 000 000	N/A	R0,00	8,95%	13,08%	N/A	9%	1. Budget was insufficient to continue with the project, despite the fact that it was already advertised	N/A	16- Quarter 4 POE file	It is noted that the budget was insufficient hence Target Not Met. It must be noted that just because there is a percentage, it doesn't necessarily mean that there is a link with the number. Due to the fact that there is expenditure reported it.	1. Happy letters	
								4.3.2. R 1 034 000	4.3.2. R 1 700 000	4.3.2 R 1 034 000	13,08%	13,08%	13,08%	9%	1. Budget was insufficient to continue with the project, despite the fact that it was already advertised	16- Quarter 4 POE file	It is noted that the budget was insufficient hence Target Not Met. It must be noted that just because there is a percentage, it doesn't necessarily mean that there is a link with the number. Due to the fact that there is expenditure reported it.	1. Happy letters		

2019/2020 HARRY GWALA DISTRICT MUNICIPALITY ANNUAL PERFORMANCE REPORT

TOP Ref No.	NATIONAL KEY PERFORMANCE AREA	OUTCOME 9	IDP STRATEGIC OBJECTIVE	Objective	Strategy	KPI	UNIT OF MEASURE	Budget	ADJUSTED BUDGET	Expenditure as at 30 June 2020	COMPARISON WITH PREVIOUS FINANCIAL YEAR		CURRENT FINANCIAL YEAR			Target Met / Not Met	Reasons for underperformance/deviation/comments/explanations	Remedial Action	POE File Ref. No.	PMS Specialist Comments	Portfolio of Evidence	
											2018/19 TARGET	2018/19 ACTUAL	2019-2020 Annual Target	2019-2020 Annual Actual Performance	Reviewed 2019-2020 Annual Target							
Ref. No. 03 GGP 2017/2022 3.2	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	DEEM DEMOCRACY THROUGH A REVAMPED WARD COMMITTEE SYSTEM	TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT ENHANCE ADMINISTRATIVE FUNCTION AND IMPROVE INTERACTION BETWEEN THE MUNICIPALITY AND MEMBERS OF THE PUBLIC	To promote human values by fighting poverty, crime, disease, deprivation and social ills, creating 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	3.2.1. R 1	290 000,00	3.2.1. R 1	R0,00	8	100%	1590 RH	1984 HH	1020	N/A	274	1.1.2. Still under construction due to covid 19 restrictions	Construct on the resumed.	17- Quarter 4 POE file	It is acknowledged that the report is attached indicating progress hence Target not Met. It must be noted that just because there is a percentage, it doesn't necessarily mean that there is a link with the number. Due to the fact that there is expenditure reported it simply means that there was an infrastructure put in place.	1. Monthly expenditure reports
							3.2.2. R 364 312,00	1. R0,00	2. R60 000,00	3. R 30 000,00	4. R 60 000,00	3.2.2. OSS (District Operation Mba) R0,00	3.2.1. Nyus' Imakham R 0,00	3.2.2. OSS (District Operation Mba) R0,00	9	100%	L1.2	100%	1.1.3.2. 100% of R60 000 000 (WISIG)	N/A	101%	1.1.3. Target Met
Ref. No. 03 GGP 2017/2022 3.3	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	DEEM DEMOCRACY THROUGH A REVAMPED WARD COMMITTEE SYSTEM	TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT ENHANCE ADMINISTRATIVE FUNCTION AND IMPROVE INTERACTION BETWEEN THE MUNICIPALITY AND MEMBERS OF THE PUBLIC	To provide reasonable assurance that the municipality adheres to applicable law and regulations.	By convening committee meetings and reporting to Council	Number of committee meetings held	3.3.1. R 1	R29 560,86	R74 257,20	7	4	100%	1590 RH	1984 HH	1020	N/A	274	1.1.2. Still under construction due to covid 19 restrictions	Construct on the resumed.	17- Quarter 4 POE file	It is acknowledged that the report is attached hence Target not Met. It must be noted that just because there is a percentage, it doesn't necessarily mean that there is a link with the number. Due to the fact that there is expenditure reported it simply means that there was an infrastructure put in place.	1. Monthly expenditure reports
							3.3.2. R 1 000,00	1. R 15 000,00	3.3.1. R 1 000,00	3.3.2. R 1 000,00	4	7	100%	L1.3	100%	1.1.3. Target Met	N/A	100%	1.1.3.2. 100% of R60 000 000 (WISIG)	N/A	101%	1.1.3. Target Met
Ref. No. 03 GGP 2017/2022 3.3	GOOD GOVERNANCE AND PUBLIC PARTICIPATION	DEEM DEMOCRACY THROUGH A REVAMPED WARD COMMITTEE SYSTEM	TO HAVE IMPROVED SYSTEMS AND PROCEDURES THAT ENHANCE ADMINISTRATIVE FUNCTION AND IMPROVE INTERACTION BETWEEN THE MUNICIPALITY AND MEMBERS OF THE PUBLIC	To provide reasonable assurance that the municipality adheres to applicable law and regulations.	By appointing service provider for Information Technology audit	Number of Information Technology audit report produced	3.4.1. R 1	R0,00	R0,00	N/A	N/A	100%	1590 RH	1984 HH	1020	N/A	274	1.1.2. Still under construction due to covid 19 restrictions	Construct on the resumed.	17- Quarter 4 POE file	It is acknowledged that the report is attached hence Target not Met. It must be noted that just because there is a percentage, it doesn't necessarily mean that there is a link with the number. Due to the fact that there is expenditure reported it simply means that there was an infrastructure put in place.	1. Monthly expenditure reports
3.4.2. R 1 000,00							1. R 15 000,00	3.4.1. R 1 000,00	3.4.2. R 1 000,00	1	4	100%	L1.3	100%	1.1.3. Target Met	N/A	100%	1.1.3.2. 100% of R60 000 000 (WISIG)	N/A	101%	1.1.3. Target Met	N/A

2019/2020 HARRY GWALA DISTRICT MUNICIPALITY ANNUAL PERFORMANCE REPORT

IDP Ref No.	Outcome 9	Performance Area	IDP Strategic Objective	Objective	Strategy	MPI	Unit of Measure	Budget	Adjusted Budget	Expenditure as at 30 June 2020	Comparison with Previous Financial Year		Current Financial Year			Target Met / Not Met	Reasons for underperformance/deviation/comments/for explanations	Remedial Action	POE File Ref. No.	PMSI Specialist Comments	Portfolio of Evidence
											2018/2019 Target	2018/2019 Actual	2019/2020 Annual Target	2019/2020 Actual Performance	Revised 2019-2020 Annual Target						
REF No. 03 MTR/2022: 34				To ensure effective fraud and corruption risk management within the municipality	By providing a framework for fraud and corruption risk management and strengthening and ensuring effective implementation of	Date in which risk assessments are conducted	Date	S.S. R 100 000,00 1. R 70 000,00 2. R 30 000,00	R56 459,33	R0,00	Jun-19	Jun-19	2018/2019 Target	2018/2019 Actual	2019/06/05 Actual Performance	Target Met	Risk assessment concluded: 5 August 2019, 21 November 2019, 13 February 2020	N/A	30	POE verified hence target met	1. Attendance Register 2. Risk Register
REF No. 03 MTR/2022: 34				To ensure that the municipality actually spend the percentage of a municipality's budget on implementing its Workplace Skills Plan	By developing a Workplace Skills Plan	Number of Trainings conducted	Number	4.1. R 3 000,00 1. R 2 000, 000,00 2. R 000,00 3. R 200 000,00 4. R 20 000,00 5. R 5 000,00 6. R 25 000,00 7. R 650, 000,00	R505 641,00	R0,00	63	89	20	N/A	20	Target Met	20 trainings conducted: 22-26 July 2019, 4 September 2019, 15-19 July 2019, 15-20 August 2019, 10-12 September 2019, 12 August 2019, 8-10 October 2019, 23-25 October 2019, 27-29 November 2019, 28-29 November 2019, 25 November 2019, 22-24 October 2019, 14 October 2019, 6 October 2019, 11 November 2019, 31 January 2020, 24-28 February 2020, 29 June-02 July 2020.	N/A	1, 5, 10, 14	POE verified hence target met.	Attendance Register
REF No. 02 MTR/2022: 41		Municipal Transformation and Institutional Development	To ensure a smooth functioning of council and that staff complement is able to deliver as per the IDP			Percentage of budget spent on Workplace Skills plan	Percentage		R593 453,39	R593 453,39	100%	62%	N/A	88,37%	Target Not Met	Disturbance by Corona Virus	Deferred to next financial year	2, 6, 11, 15	R 2 noted that the 410-410 are attached however Target Not Met	60-90 reports	
REF No. 02 MTR/2022: 42		A Skilled and Capable Workforce to Support an Inclusive Growth	To ensure a smooth functioning of council and that staff complement is able to deliver as per the IDP	To capacitate Supply Chain Management officials and EDC Committee members	By developing a Workplace Skills Plan	Date in which WSP was submitted to LGSETA	Date	4.2. R 3000 000,00 1. R 180 000,00 2. R 100 000,00 3. R 20 000,00	R 0,00	N/A	27	15	0	N/A	N/A	Target Not Met	It was submitted on the 6th May 2020	N/A	N/A	It is noted that the acknowledgement letter granting the extension due to Covid 19 as well as the Covid 19 guidelines and procedure for SETA is attached however target not met as was submitted in May instead of April 2020.	Attendance Register

2019/2020 HARRY GWALA DISTRICT MUNICIPALITY ANNUAL PERFORMANCE REPORT

IDP Ref No.	NATIONAL KEY PERFORMANCE AREA	IDP STRATEGIC OBJECTIVE	Strategy	KPI	UNIT OF MEASURE	Budget	ADJUSTED BUDGET	Expenditure as at 30 June 2020	COMPARISON WITH PREVIOUS FINANCIAL YEAR		Target No	CURRENT FINANCIAL YEAR			Target Met / Not Met	Reasons for underperformance/deviation/comments/explanations	Remedial Action	POE File Ref. No.	PMS Specialist Comments	Portfolio of Evidence
									2018/2019 TARGET	2018/2019 ACTUAL		2019-2020 Annual Target	2019-2020 Annual Target	Annual Performance						
									2019-2020 Annual Target	2019-2020 Annual Target		2019-2020 Annual Performance								
REF No. 02 MTRANS 2017/2022: 4.3.		To implement the Integrated Health and Wellness strategy to ensure a healthy, motivated and dedicated workforce by June 2019	By implementing the Integrated Health and Wellness strategy	Number of Health and wellness activities implemented	Number	4.3.1. R 600,000,00 4.3.2. R 200,000,00 4.3.3. R 75 000,00 4.3.4. R 75 000,00 4.3.5. R 80 000,00	4.3.6. R30 000,00 4.3.7. R 130 000,00	RMB 029,60	5	5	5	N/A	7	Target Met	The department achieved more than expected due to the rising need. 7 Health and Wellness activities implemented: 20 August 2019, 21 August 2019, 22 August 2019, 23 August 2019, 16 September 2019, 17 September 2019, 19 September 2019.	N/A	3, 8	POE verified hence target met.	Attendance Register, Invoices and Adverts	
REF No. 02 MTRANS 2017/2022: 4.4.		To implement the Employment Equity Plan by ensuring people from employment equity target groups are employed in the three highest levels of management by June 2019	By implementing the Employment Equity Plan	Date in which the Employment Equity Plan is submitted to the Department of Labour	Date	R 0.00	R 0.00	R 0,00	N/A	N/A	2020/01/10	2020/01/31	N/A	12	Target Met	This was achieved earlier due to proactivity.	N/A	12	POE verified hence target met.	Appointment letter

2019/2020 HARRY GWALA DISTRICT MUNICIPALITY ANNUAL PERFORMANCE REPORT

IDP Ref No.	NATIONAL KEY PERFORMANCE AREA	IDP STRATEGIC OBJECTIVE	Objective	Strategy	KPI	UNIT OF MEASURE	Budget	ADJUSTED BUDGET	COMPARISON WITH PREVIOUS FINANCIAL YEAR		CURRENT FINANCIAL YEAR		Target Met / Not Met	Reasons for underperformance/deviation/comments/explanations	Remedial Action	POE File Ref. No.	PMS: Specialist Comments	Portfolio of Evidence				
									2018/19 TARGET	2018/19 ACTUAL	2019/2020 Annual Target	2019/2020 Annual Performance										
REF No. 02 MTRAMS 2017/2022: 4.5.			To provide secure ICT infrastructure which delivers appropriate levels of confidentiality and integrity	By ensuring that all annual subscriptions are paid for	Number of software licenses renewed	Number	4.5. R 2 250 000 L R 1 350 000 2. R 100 000 3. R 200 000 4. R 200 000 5. R 400 000	R 2 250 000 R 2 300 000,00	5	5	5	N/A	5	5 software licenses renewed	N/A	9	POE verified hence target met.	1. Invoices 2. Renewed licenses				
REF No. 02 MTRAMS 2017/2022: 4.6.			To ensure effective internal and external	By developing a Newsletter quarterly basis	Number of newsletters published by 30 June 2020	Number	4.6. R 1 200 000 R 1 200 000	R 1 200 000 R 1 200 000	3	4	2	N/A	4	Appoint of service provider is not inline with our financial year. The newsletter services provider was appointed in 3rd quarter, 2 Newsletters developed and published by 30 June 2020	This shall be addressed in the 2020/21 financial year by procuring alignment	13, 17	It is acknowledged that 2 invoices accompanied by the newsletters (in different languages) are attached hence target met.	Invoices				
REF No. 02 MTRAMS 2017/2022: 4.7		To provide adequate storage for municipal data and information		By procuring installing hard disks	Date in which hard disks are installed	Date	4.7. R 500 000	R 0,00	N/A	4.7	2019/09/30	4.7	2019/12/01	This was achieved earlier due to proactivity. By 30 September 2019	N/A	4	POE verified hence target met.	1. Photos				
REF No. 02 MTRAMS 2017/2022: 4.7.				By procuring additional hard disks	Number of hard disks procured	Number	4.7. R 500 000	R 770,500	N/A	4.7	12	4	N/A	12 hard disks procured	N/A	4	POE verified hence target met.	1. Invoice				
REF No. 05 FM/2018-3.1	IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY	MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT	TO IMPROVE THE FINANCIAL VIABILITY AND MANAGEMENT OF THE MUNICIPALITY IN ORDER TO FUND MORE QUALITY PROJECTS	By continuously updating on existing and new service delivery programmes and projects	Number of service delivery programmes conducted by June 2020	Number	3.1.1. R 200 000 3.1.1.1. R 200 000 3.1.1.2. R 0,00 3.1.1.3. R 0,00 3.1.2. R 300 000 3.1.3. R 0,00 3.1.3.1. R 0,00 3.1.3.2. R 0,00 3.1.3.3. R 0,00 3.1.3.4. R 0,00 3.1.3.5. R 0,00 3.1.3.6. R 0,00 3.1.3.7. R 0,00 3.1.4. R 0,00 3.1.4.1. R 0,00 3.1.4.2. R 0,00 3.1.4.3. R 0,00 3.1.4.4. R 0,00 3.1.4.5. R 0,00 3.1.4.6. R 0,00 3.1.4.7. R 0,00 3.1.4.8. R 0,00 3.1.4.9. R 0,00 3.1.4.10. R 0,00 3.1.4.11. R 0,00 3.1.4.12. R 0,00 3.1.4.13. R 0,00 3.1.4.14. R 0,00 3.1.4.15. R 0,00 3.1.4.16. R 0,00 3.1.4.17. R 0,00 3.1.4.18. R 0,00 3.1.4.19. R 0,00 3.1.4.20. R 0,00 3.1.4.21. R 0,00 3.1.4.22. R 0,00 3.1.4.23. R 0,00 3.1.4.24. R 0,00 3.1.4.25. R 0,00 3.1.4.26. R 0,00 3.1.4.27. R 0,00 3.1.4.28. R 0,00 3.1.4.29. R 0,00 3.1.4.30. R 0,00 3.1.4.31. R 0,00 3.1.4.32. R 0,00 3.1.4.33. R 0,00 3.1.4.34. R 0,00 3.1.4.35. R 0,00 3.1.4.36. R 0,00 3.1.4.37. R 0,00 3.1.4.38. R 0,00 3.1.4.39. R 0,00 3.1.4.40. R 0,00 3.1.4.41. R 0,00 3.1.4.42. R 0,00 3.1.4.43. R 0,00 3.1.4.44. R 0,00 3.1.4.45. R 0,00 3.1.4.46. R 0,00 3.1.4.47. R 0,00 3.1.4.48. R 0,00 3.1.4.49. R 0,00 3.1.4.50. R 0,00 3.1.4.51. R 0,00 3.1.4.52. R 0,00 3.1.4.53. R 0,00 3.1.4.54. R 0,00 3.1.4.55. R 0,00 3.1.4.56. R 0,00 3.1.4.57. R 0,00 3.1.4.58. R 0,00 3.1.4.59. R 0,00 3.1.4.60. R 0,00 3.1.4.61. R 0,00 3.1.4.62. R 0,00 3.1.4.63. R 0,00 3.1.4.64. R 0,00 3.1.4.65. R 0,00 3.1.4.66. R 0,00 3.1.4.67. R 0,00 3.1.4.68. R 0,00 3.1.4.69. R 0,00 3.1.4.70. R 0,00 3.1.4.71. R 0,00 3.1.4.72. R 0,00 3.1.4.73. R 0,00 3.1.4.74. R 0,00 3.1.4.75. R 0,00 3.1.4.76. R 0,00 3.1.4.77. R 0,00 3.1.4.78. R 0,00 3.1.4.79. R 0,00 3.1.4.80. R 0,00 3.1.4.81. R 0,00 3.1.4.82. R 0,00 3.1.4.83. R 0,00 3.1.4.84. R 0,00 3.1.4.85. R 0,00 3.1.4.86. R 0,00 3.1.4.87. R 0,00 3.1.4.88. R 0,00 3.1.4.89. R 0,00 3.1.4.90. R 0,00 3.1.4.91. R 0,00 3.1.4.92. R 0,00 3.1.4.93. R 0,00 3.1.4.94. R 0,00 3.1.4.95. R 0,00 3.1.4.96. R 0,00 3.1.4.97. R 0,00 3.1.4.98. R 0,00 3.1.4.99. R 0,00 3.1.4.100. R 0,00	3.1.1. R 0,00 3.1.1.1. R 0,00 3.1.1.2. R 0,00 3.1.1.3. R 0,00 3.1.2. R 0,00 3.1.3. R 0,00 3.1.3.1. R 0,00 3.1.3.2. R 0,00 3.1.3.3. R 0,00 3.1.3.4. R 0,00 3.1.3.5. R 0,00 3.1.3.6. R 0,00 3.1.3.7. R 0,00 3.1.4. R 0,00 3.1.4.1. R 0,00 3.1.4.2. R 0,00 3.1.4.3. R 0,00 3.1.4.4. R 0,00 3.1.4.5. R 0,00 3.1.4.6. R 0,00 3.1.4.7. R 0,00 3.1.4.8. R 0,00 3.1.4.9. R 0,00 3.1.4.10. R 0,00 3.1.4.11. R 0,00 3.1.4.12. R 0,00 3.1.4.13. R 0,00 3.1.4.14. R 0,00 3.1.4.15. R 0,00 3.1.4.16. R 0,00 3.1.4.17. R 0,00 3.1.4.18. R 0,00 3.1.4.19. R 0,00 3.1.4.20. R 0,00 3.1.4.21. R 0,00 3.1.4.22. R 0,00 3.1.4.23. R 0,00 3.1.4.24. R 0,00 3.1.4.25. R 0,00 3.1.4.26. R 0,00 3.1.4.27. R 0,00 3.1.4.28. R 0,00 3.1.4.29. R 0,00 3.1.4.30. R 0,00 3.1.4.31. R 0,00 3.1.4.32. R 0,00 3.1.4.33. R 0,00 3.1.4.34. R 0,00 3.1.4.35. R 0,00 3.1.4.36. R 0,00 3.1.4.37. R 0,00 3.1.4.38. R 0,00 3.1.4.39. R 0,00 3.1.4.40. R 0,00 3.1.4.41. R 0,00 3.1.4.42. R 0,00 3.1.4.43. R 0,00 3.1.4.44. R 0,00 3.1.4.45. R 0,00 3.1.4.46. R 0,00 3.1.4.47. R 0,00 3.1.4.48. R 0,00 3.1.4.49. R 0,00 3.1.4.50. R 0,00 3.1.4.51. R 0,00 3.1.4.52. R 0,00 3.1.4.53. R 0,00 3.1.4.54. R 0,00 3.1.4.55. R 0,00 3.1.4.56. R 0,00 3.1.4.57. R 0,00 3.1.4.58. R 0,00 3.1.4.59. R 0,00 3.1.4.60. R 0,00 3.1.4.61. R 0,00 3.1.4.62. R 0,00 3.1.4.63. R 0,00 3.1.4.64. R 0,00 3.1.4.65. R 0,00 3.1.4.66. R 0,00 3.1.4.67. R 0,00 3.1.4.68. R 0,00 3.1.4.69. R 0,00 3.1.4.70. R 0,00 3.1.4.71. R 0,00 3.1.4.72. R 0,00 3.1.4.73. R 0,00 3.1.4.74. R 0,00 3.1.4.75. R 0,00 3.1.4.76. R 0,00 3.1.4.77. R 0,00 3.1.4.78. R 0,00 3.1.4.79. R 0,00 3.1.4.80. R 0,00 3.1.4.81. R 0,00 3.1.4.82. R 0,00 3.1.4.83. R 0,00 3.1.4.84. R 0,00 3.1.4.85. R 0,00 3.1.4.86. R 0,00 3.1.4.87. R 0,00 3.1.4.88. R 0,00 3.1.4.89. R 0,00 3.1.4.90. R 0,00 3.1.4.91. R 0,00 3.1.4.92. R 0,00 3.1.4.93. R 0,00 3.1.4.94. R 0,00 3.1.4.95. R 0,00 3.1.4.96. R 0,00 3.1.4.97. R 0,00 3.1.4.98. R 0,00 3.1.4.99. R 0,00 3.1.4.100. R 0,00	3.1	23	21	2	6	17	2	6	Target Met	The department achieved more than planned due to it seeing the need to do more service delivery marketing activities as a mode of communications. 6 service delivery marketing activities conducted: Sukuma Sable, Media Tour, Media Briefing, Media Briefing for World AIDS Day, Quest to end AIDS, Wall Banners	N/A	27	POE verified hence target met (e-mailed podcast to JA)	1. Invoices 2. Photos and articles 3. DVD/ Podcast 4. Attendance Register

IDP Ref No.	OUTCOME 9	NATIONAL KEY PERFORMANCE AREA	IDP STRATEGIC OBJECTIVE	Objective	Strategy	KPI	UNIT OF MEASURE	Budget	ADJUSTED BUDGET	Expenditure as at 30 June 2020	COMPARISON WITH PREVIOUS FINANCIAL YEAR		CURRENT FINANCIAL YEAR			Target Met / Not Met	Reasons for underperformance/deviations/comments/explanations	Remedial Action	POE File Ref. No.	PMS: Specialist Comments	Portfolio of Evidence
											2018/2019 TARGET	2018/2019 ACTUAL	2019-2020 Annual Target	Revised 2019-2020 Annual Target	Actual Performance						
											Target No										
REF No. 05 FIN 2017/2022: 5.1				To ensure improved revenue collection by June 2019	Implement revenue collection enhancement strategy	Number of customers on database billed	Number	S.1, R.1 750 000.00 1. R600 000.00 2. R150 000.00 3. R200 000.00 4. R800 000.00	1. Billing 1. R395 433.00 2. R0.00	R0.00	12666	12413	12413	N/A	12413	12413	12413	1	POE verified hence target met.	Age analysis	
REF No. 05 FIN 2017/2022: 5.2				To ensure updated and reliable budget debtor information by June 2019	Update budget debtor information	Date in which budget registers are approved by Council	Date	S.2, R.1 1500 000	R. 0.00	R0.00	N/A	N/A	N/A	2020/06/01	N/A	2019/11/27	2019/11/27	2	POE verified hence target met	Council resolution	
REF No. 05 FIN 2017/2022: 5.3				To ensure updated and reliable debtor information by June 2020	Update debtor information	Number of Consumers with reliable updated information	Number	S.3, R.800 000 1. R800 000.00	R	R0.00	12606	12413	12439	N/A	12464	12464	12464	3	POE verified hence target met	Age analysis	
REF No. 05 FIN 2017/2022: 5.4				To ensure compliance with the budget preparation process in line with approved schedule of key activities	Coordinate the budget preparation process in line with approved schedule of key activities	Date in which the 2020/2021 Final budget was approved.	Date	S.4, R.500 000.00	R 303 356.00	R0.00	May-19	May-19	May-19	2020/05/27	N/A	2020/05/27	2020/05/27	4	POE verified hence target met	Council resolution	
REF No. 05 FIN 2017/2022: 5.5				To ensure the Municipality prepares GAP Financial Statements for the year ended June 2020 and submit to the Auditor General on time	Prepare monthly control account reconciliation to ensure reliable financial information is reported throughout the year	S.5.1 Date in which Interim Financial Statements were submitted to Internal Audit	Date	S.5, R.2 000 000.00	R. 0.00	R0.00	N/A	N/A	N/A	2020/02/01	N/A	2020/03/09	2020/03/09	5	POE verified hence target met as was submitted in March 2020 instead of February 2020	1. Proof of submission	
REF No. 05 FIN 2017/2022: 5.5				To ensure the Municipality prepares GAP Financial Statements for the year ended June 2020 and submit to the Auditor General on time	Prepare monthly control account reconciliation to ensure reliable financial information is reported throughout the year	S.5.2 Date in which AFS were submitted to Auditor General	Date	S.5, R.2 000 000.00	R. 0.00	R0.00	Aug-18	Aug-18	2019/08/31	2019/08/31	2019/08/31	2019/08/31	2019/08/31	6	POE verified hence target met	1. Proof of submission	
REF No. 05 FIN 2017/2022: 5.6				To ensure updated fixed asset register by June 2020	Update fixed asset register	Date in which fixed asset register was updated	Date	S.6, R.2 500 000 1. R1 500 000 2. R 500 000 3. R 500 000	R 9 438 482.00	R5 115 962.45	Sep-18	Sep-18	2020/06/30	2020/06/30	2020/06/30	2020/06/30	2020/06/30	7	POE verified with met term consolidated resulting into 4 asset registers conducted hence target met.	1. Updated Asset Register	

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IDP Ref No.	NATIONAL KEY PERFORMANCE AREA	IDP STRATEGIC OBJECTIVE	Objective	Strategy	KPI	UNIT OF MEASURE	Budget	ADJUSTED BUDGET	Expenditure as at 30 June 2020	COMPARISON WITH PREVIOUS FINANCIAL YEAR		CURRENT FINANCIAL YEAR		Target Met / Not Met	Reasons for underperformance/deviation/comments/explanations	Remedial Action	POE File Ref. No.	PMS Specialist Comments	Portfolio of Evidence
										2018/2019 TARGET	2018/2019 ACTUAL	2019-2020 Annual Target	2019-2020 Annual Performance						
										2019-2020 Annual Target	2019-2020 Annual Performance								
REF NO. 04 LESOC 2017/2022: 6.1	OUTCOME 9	TO PROVIDE FOR AN INTEGRATED AND COORDINATED DISASTER MANAGEMENT THAT FOCUSES ON PREVENTING AND REDUCING THE RISK OF DISASTERS	By developing a fully equipped Disaster Management Centre	Percentage of reported incidents responded to within turnaround time	Percentage	6.1.1. R 850,000.00	6.1.1. Revised Material R 750 000.00	6.1.1. R 750 000.00	100% within 6 hours	N/A	100% within 6 hours	Target Met	N/A	N/A	1	POE verified hence target met.	1. Assessment form		
						6.1.2. R 300 000.00	6.1.2. Consumable R 300 000.00	6.1.2. R 300 000.00	100% within 6 hours	N/A	100% within 6 hours	Target Met	N/A	N/A	1. Invoice				
REF NO. 04 LESOC 2017/2022: 6.2	OUTCOME 9	TO PROVIDE FOR AN INTEGRATED AND COORDINATED DISASTER MANAGEMENT THAT FOCUSES ON PREVENTING AND REDUCING THE RISK OF DISASTERS	By engaging government printers for gazetting the Municipal Health Services tariffs	Date in which Disaster Management Centres in System software licence is renewed	Date	6.2. R 100 000.00	R 200 000.00	N/A	N/A	N/A	0	N/A	Target Met	N/A	N/A	N/A	N/A	1. Invoice	
						6.2. R 100 000.00	R 100 000.00	N/A	May-20	2020/06/01	N/A	Target Met	N/A	N/A	Gazetted Municipal Health Services By-Laws				
REF NO. 04 LESOC 2017/2022: 6.3	OUTCOME 9	TO CREATE A FUNCTIONAL URBAN, REGIONAL AND HUMAN SETTLEMENTS WHIST PROTECTING THE ENVIRONMENT	To ensure the implementation of municipal health programmes based on the National Norms and Standards	By implementing municipal health programme based on the National Norms and Standards	Number of training conducted on Food handling	Number	6.3.1. R 200 000.00	6.3.1. R 100 000.00	R 73 188.90	4	2	5	Target Met	The department achieved more than expected due to the strong need to ensure adherence to the implementation of municipal health programme based on the National Norms and Standards. 5 Food handling trainings conducted: 29 June 2020, 12 June 2020, 7 April 2020, 8 November 2019, 4 November 2019	4	POE verified hence target met.	1. Attendance register		
							6.3.2. R 150 000.00	6.3.2. R 173 135	6.3.2. R 173 135	6	4	6.3.1	200	227	6.3.2	200	271	Target Met	The municipality's goal is to provide clean drinkable water hence there was a need to analyse more samples due to the climate change challenges.
REF NO. 04 LESOC 2017/2022: 6.3	OUTCOME 9	TO CREATE A FUNCTIONAL URBAN, REGIONAL AND HUMAN SETTLEMENTS WHIST PROTECTING THE ENVIRONMENT	To ensure the implementation of municipal health programmes based on the National Norms and Standards	Number of water samples submitted to Laboratory for analysis	Number	Date	6.3.5. R 300 000.00	6.3.5. R 300 000.00	R 300 000.00	200	N/A	271	Target Met	N/A	N/A	5	POE verified hence target met.	1. Invoice	
							6.3.5. R 300 000.00	6.3.5. R 300 000.00	R 300 000.00	200	N/A	271	Target Met	N/A	N/A	2020/06/01	2020/07/01	Target Met	N/A

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IDP Ref No.	OUTCOME 9	NATIONAL KEY PERFORMANCE AREA	IDP STRATEGIC OBJECTIVE	Objective	Strategy	KPI	UNIT OF MEASURE	Budget	ADJUSTED BUDGET	Expenditure as at 30 June 2020	COMPARISON WITH PREVIOUS FINANCIAL YEAR				CURRENT FINANCIAL YEAR			Target Met / Not Met	Reasons for underperformance/deviations/comments/explanations	Remedia l Action	POE File Ref. No.	PMS: Specialist Comments	Portfolio of Evidence
											2018/2019		2019/2020		2019-2020 Annual Target	Revised 2019-2020 Annual Target	Annual Actual Performance						
											15	16	17	18									
REF NO. 04 LESOC 2017/2022: 7.1				To implement the Youth Development plan	By engaging all youth structures to participate in the Youth Development Plan of the Youth Development Plan	Number of Youth programmes implemented from the Youth Development Plan	Number	7.1.1. R 200 000 7.1.2. R 100 000 7.1.3. R 100 000 7.1.4. R 100 000 7.1.5. R 100 000 7.1.6. R 100 000 7.1.7. R 100 000 7.1.8. R 100 000 7.1.9. R 100 000 7.1.10. R 100 000 7.1.11. R 100 000 7.1.12. R 100 000 7.1.13. R 100 000 7.1.14. R 100 000 7.1.15. R 100 000 7.1.16. R 100 000 7.1.17. R 100 000 7.1.18. R 100 000 7.1.19. R 100 000 7.1.20. R 100 000 7.1.21. R 100 000 7.1.22. R 100 000 7.1.23. R 100 000 7.1.24. R 100 000 7.1.25. R 100 000 7.1.26. R 100 000 7.1.27. R 100 000 7.1.28. R 100 000 7.1.29. R 100 000 7.1.30. R 100 000 7.1.31. R 100 000 7.1.32. R 100 000 7.1.33. R 100 000 7.1.34. R 100 000 7.1.35. R 100 000 7.1.36. R 100 000 7.1.37. R 100 000 7.1.38. R 100 000 7.1.39. R 100 000 7.1.40. R 100 000 7.1.41. R 100 000 7.1.42. R 100 000 7.1.43. R 100 000 7.1.44. R 100 000 7.1.45. R 100 000 7.1.46. R 100 000 7.1.47. R 100 000 7.1.48. R 100 000 7.1.49. R 100 000 7.1.50. R 100 000 7.1.51. R 100 000 7.1.52. R 100 000 7.1.53. R 100 000 7.1.54. R 100 000 7.1.55. R 100 000 7.1.56. R 100 000 7.1.57. R 100 000 7.1.58. R 100 000 7.1.59. R 100 000 7.1.60. R 100 000 7.1.61. R 100 000 7.1.62. R 100 000 7.1.63. R 100 000 7.1.64. R 100 000 7.1.65. R 100 000 7.1.66. R 100 000 7.1.67. R 100 000 7.1.68. R 100 000 7.1.69. R 100 000 7.1.70. R 100 000 7.1.71. R 100 000 7.1.72. R 100 000 7.1.73. R 100 000 7.1.74. R 100 000 7.1.75. R 100 000 7.1.76. R 100 000 7.1.77. R 100 000 7.1.78. R 100 000 7.1.79. R 100 000 7.1.80. R 100 000 7.1.81. R 100 000 7.1.82. R 100 000 7.1.83. R 100 000 7.1.84. R 100 000 7.1.85. R 100 000 7.1.86. R 100 000 7.1.87. R 100 000 7.1.88. R 100 000 7.1.89. R 100 000 7.1.90. R 100 000 7.1.91. R 100 000 7.1.92. R 100 000 7.1.93. R 100 000 7.1.94. R 100 000 7.1.95. R 100 000 7.1.96. R 100 000 7.1.97. R 100 000 7.1.98. R 100 000 7.1.99. R 100 000 7.1.100. R 100 000	7.1.1. Youth day commemora tion R 200 000,00 7.1.2. BACK TO SCHOOL R 100 000,00 7.1.3. MATRIC AWARDS R 150 000,00 7.1.4. CUBA R 100 000,00 7.1.5. Agricultural Youth Indaba R 100 000,00	R120 000,00	5	4	5	2	1	Target Not Met	Due to the Municipality financial constraints the following programmes were adjusted to zero: 7.1.3; 7.1.4; 7.1.2. Youth programme implemented: Harry Gwala District Agricultural Indaba implemented	to be considered in the 2022/2023 financial year	5	PDE verified hence target not met.	1. Proof of payment; 2. Attendance Registers 3. Photos		
REF NO. 04 LESOC 2017/2022: 7.2				To empower and promote healthy living, awareness and moral regeneration amongst the vulnerable and communities	By engaging different social groups to participate on social programmes	Number of Special programmes conducted	Number	7.2.1. R 200 000 7.2.2. R 100 000 7.2.3. R 100 000 7.2.4. R 100 000 7.2.5. R 100 000 7.2.6. R 100 000 7.2.7. R 100 000 7.2.8. R 100 000 7.2.9. R 100 000 7.2.10. R 100 000 7.2.11. R 100 000 7.2.12. R 100 000 7.2.13. R 100 000 7.2.14. R 100 000 7.2.15. R 100 000 7.2.16. R 100 000 7.2.17. R 100 000 7.2.18. R 100 000 7.2.19. R 100 000 7.2.20. R 100 000 7.2.21. R 100 000 7.2.22. R 100 000 7.2.23. R 100 000 7.2.24. R 100 000 7.2.25. R 100 000 7.2.26. R 100 000 7.2.27. R 100 000 7.2.28. R 100 000 7.2.29. R 100 000 7.2.30. R 100 000 7.2.31. R 100 000 7.2.32. R 100 000 7.2.33. R 100 000 7.2.34. R 100 000 7.2.35. R 100 000 7.2.36. R 100 000 7.2.37. R 100 000 7.2.38. R 100 000 7.2.39. R 100 000 7.2.40. R 100 000 7.2.41. R 100 000 7.2.42. R 100 000 7.2.43. R 100 000 7.2.44. R 100 000 7.2.45. R 100 000 7.2.46. R 100 000 7.2.47. R 100 000 7.2.48. R 100 000 7.2.49. R 100 000 7.2.50. R 100 000 7.2.51. R 100 000 7.2.52. R 100 000 7.2.53. R 100 000 7.2.54. R 100 000 7.2.55. R 100 000 7.2.56. R 100 000 7.2.57. R 100 000 7.2.58. R 100 000 7.2.59. R 100 000 7.2.60. R 100 000 7.2.61. R 100 000 7.2.62. R 100 000 7.2.63. R 100 000 7.2.64. R 100 000 7.2.65. R 100 000 7.2.66. R 100 000 7.2.67. R 100 000 7.2.68. R 100 000 7.2.69. R 100 000 7.2.70. R 100 000 7.2.71. R 100 000 7.2.72. R 100 000 7.2.73. R 100 000 7.2.74. R 100 000 7.2.75. R 100 000 7.2.76. R 100 000 7.2.77. R 100 000 7.2.78. R 100 000 7.2.79. R 100 000 7.2.80. R 100 000 7.2.81. R 100 000 7.2.82. R 100 000 7.2.83. R 100 000 7.2.84. R 100 000 7.2.85. R 100 000 7.2.86. R 100 000 7.2.87. R 100 000 7.2.88. R 100 000 7.2.89. R 100 000 7.2.90. R 100 000 7.2.91. R 100 000 7.2.92. R 100 000 7.2.93. R 100 000 7.2.94. R 100 000 7.2.95. R 100 000 7.2.96. R 100 000 7.2.97. R 100 000 7.2.98. R 100 000 7.2.99. R 100 000 7.2.100. R 100 000	7.2.1. Religious Awareness R 200 000,00 7.2.2. Golden Games R 50 000,00 7.2.3. Golden Games R 200 000,00 7.2.4. District Umkhosi woMhlanga R 17 931,00 7.2.5. ACCOH R 49 000,00 7.2.6. District Umkhosi woMhlanga R 70 000,00 7.2.7. District Umkhosi woMhlanga R 158 770,00 7.2.8. Men's Summit R 500,00 7.2.9. Men's Summit R 198 770,00 7.2.10. Men's Summit R 100,00 7.2.11. Men's Summit R 100,00 7.2.12. Men's Summit R 100,00 7.2.13. Men's Summit R 100,00 7.2.14. Men's Summit R 100,00 7.2.15. Men's Summit R 100,00 7.2.16. Men's Summit R 100,00 7.2.17. Men's Summit R 100,00 7.2.18. Men's Summit R 100,00 7.2.19. Men's Summit R 100,00 7.2.20. Men's Summit R 100,00 7.2.21. Men's Summit R 100,00 7.2.22. Men's Summit R 100,00 7.2.23. Men's Summit R 100,00 7.2.24. Men's Summit R 100,00 7.2.25. Men's Summit R 100,00 7.2.26. Men's Summit R 100,00 7.2.27. Men's Summit R 100,00 7.2.28. Men's Summit R 100,00 7.2.29. Men's Summit R 100,00 7.2.30. Men's Summit R 100,00 7.2.31. Men's Summit R 100,00 7.2.32. Men's Summit R 100,00 7.2.33. Men's Summit R 100,00 7.2.34. Men's Summit R 100,00 7.2.35. Men's Summit R 100,00 7.2.36. Men's Summit R 100,00 7.2.37. Men's Summit R 100,00 7.2.38. Men's Summit R 100,00 7.2.39. Men's Summit R 100,00 7.2.40. Men's Summit R 100,00 7.2.41. Men's Summit R 100,00 7.2.42. Men's Summit R 100,00 7.2.43. Men's Summit R 100,00 7.2.44. Men's Summit R 100,00 7.2.45. Men's Summit R 100,00 7.2.46. Men's Summit R 100,00 7.2.47. Men's Summit R 100,00 7.2.48. Men's Summit R 100,00 7.2.49. Men's Summit R 100,00 7.2.50. Men's Summit R 100,00 7.2.51. Men's Summit R 100,00 7.2.52. Men's Summit R 100,00 7.2.53. Men's Summit R 100,00 7.2.54. Men's Summit R 100,00 7.2.55. Men's Summit R 100,00 7.2.56. Men's Summit R 100,00 7.2.57. Men's Summit R 100,00 7.2.58. Men's Summit R 100,00 7.2.59. Men's Summit R 100,00 7.2.60. Men's Summit R 100,00 7.2.61. Men's Summit R 100,00 7.2.62. Men's Summit R 100,00 7.2.63. Men's Summit R 100,00 7.2.64. Men's Summit R 100,00 7.2.65. Men's Summit R 100,00 7.2.66. Men's Summit R 100,00 7.2.67. Men's Summit R 100,00 7.2.68. Men's Summit R 100,00 7.2.69. Men's Summit R 100,00 7.2.70. Men's Summit R 100,00 7.2.71. Men's Summit R 100,00 7.2.72. Men's Summit R 100,00 7.2.73. Men's Summit R 100,00 7.2.74. Men's Summit R 100,00 7.2.75. Men's Summit R 100,00 7.2.76. Men's Summit R 100,00 7.2.77. Men's Summit R 100,00 7.2.78. Men's Summit R 100,00 7.2.79. Men's Summit R 100,00 7.2.80. Men's Summit R 100,00 7.2.81. Men's Summit R 100,00 7.2.82. Men's Summit R 100,00 7.2.83. Men's Summit R 100,00 7.2.84. Men's Summit R 100,00 7.2.85. Men's Summit R 100,00 7.2.86. Men's Summit R 100,00 7.2.87. Men's Summit R 100,00 7.2.88. Men's Summit R 100,00 7.2.89. Men's Summit R 100,00 7.2.90. Men's Summit R 100,00 7.2.91. Men's Summit R 100,00 7.2.92. Men's Summit R 100,00 7.2.93. Men's Summit R 100,00 7.2.94. Men's Summit R 100,00 7.2.95. Men's Summit R 100,00 7.2.96. Men's Summit R 100,00 7.2.97. Men's Summit R 100,00 7.2.98. Men's Summit R 100,00 7.2.99. Men's Summit R 100,00 7.2.100. Men's Summit R 100,00	72	18	18	4	4	4	Target Met	4 Special programs held: Men's day celebration in Mankweng District 2019 - Senior Citizens golden games district selection held on 15 August 2019, KZN Provincial Golfline games held on 10-12 September 2019	N/A	6	PDE Verified however target not met as photos of the photos of the Nongoma Umkhosi woMhlanga held on 8-5 September 2019 are attached however is the correct and the target is still met as the is not an additional information that has been submitted.	1. Attendance register 2. Photos 3. Media		

2019/2020 HARRY GWALA DISTRICT MUNICIPALITY ANNUAL PERFORMANCE REPORT

IDP Ref No.	Outcome 9	National Key Performance Area	Strategic Objective	Strategy	KPI	Unit of Measure	Budget	Adjusted Budget	Expenditure as at 30 June 2020	Comparison with Previous Financial Year		Current Financial Year			Target Met / Not Met	Reasons for underperformance/deviation/comments/exceptions	Remedial Action	POE File Ref. No.	PMS: Specialist Comments	Portfolio of Evidence
										2018/2019 Target	2018/2019 Actual	2019/2020 Annual Target	2019/2020 Annual Actual	2019/2020 Annual Performance						
REF NO. 04 LESOC 2017/2022: 7.3			To foster local cohesion within the district	By hosting and supporting cultural activities	Date in which the cultural festival is held	Date	7.3.1. R 100 000,00 1. R 60 000 2. R 5 000 3. R 100 000 4. R 10 000 5. R 10 000	R 0,00	N/A	Nov-18	Dec-18	2018/2020 Annual Target	2019/2020 Annual Actual	2019/2020 Annual Performance	N/A	N/A	N/A	N/A	1. Attendance Registers 2. Photos	
REF NO. 04 LESOC 2017/2022: 7.4			To identify suitable candidates through hosting build up sporting activities so as to participate in Provincial tournaments	By hosting different sporting activities and participating in Provincial tournaments	Date in which HGDM hosted Mayoral Games	Date	7.4.1. R 200 000,00 7.4.1. R 450 000,00 7.4.2. R 800 000,00 7.4.3. R 2 800 000,00	R2 800 000,00	R797 500,00	Sep-18	Oct-18	2019/09/2019 Annual Target	2019/09/2019 Actual	2019/09/2019 Performance	Targ et Met	HGDM Mayoral Games hosted on 28 September 2019, 17 September 2019	N/A	6	POE verified hence Target Met	1. Attendance Registers 2. Photos
REF NO. 04 LESOC 2017/2022: 7.5			To promote the horse riding within the district	By hosting (rural) sporting activities and participating in Provincial tournaments	Date in which HGDM participated in Dundee July	Date	7.5.1. R 650 000,00 7.5.2. R 100 000,00	R240 460,00	R240 460,00	Jul-18	Jul-18	2019/07/2019 Annual Target	2019/07/2019 Actual	2019/07/2019 Performance	Targ et Met	HGDM Participated in the Dundee July on 18 July 2019	N/A	6	POE verified hence Target Met	1. Photos 2. Attendance Registers 3. Invoice
REF NO. 04 LESOC 2017/2022: 7.6			To promote healthy life style within the district	By inviting the athletes to participate in Harry Gwala marathon	Date in which HGDM hosted Summer Cup	Date	7.6. R 2 100 000,00	R 0,00	N/A	Mar-19	Mar-19	2020/03/2020 Annual Target	2020/03/2020 Actual	2020/03/2020 Performance	N/A	N/A	N/A	N/A	1. Photos 2. Invoice	
REF NO. 04 LESOC 2017/2022: 7.7			To service owed debt to participating municipalities	By transferring owed funds to municipalities	Date in which the funds are transferred	Date	7.7. R 1 500 000,00	R 200 000	R839 953,36	N/A	N/A	2019/11/2019 Annual Target	2019/11/2019 Actual	2019/11/2019 Performance	Targ et Met	Executed in August 2019	N/A	6	POE verified hence Target Met	1. Proof of payment
REF NO. 04 LESOC 2017/2022: 7.9			IMPROVED MUNICIPAL FINANCIAL AND ADMINISTRATIVE CAPABILITY	To develop the Harry Gwala District Municipality strategic planning and reporting documents in consultation with relevant stakeholders	Number of IDP roadshows conducted	Number	7.9.1.1. R 200 000 7.9.1.2. R 1 500 000 1. R 540 000 2. R 700 000 3. R 50 000 4. R 50 000 5. R 100 000 6. R 10 000 7. R 50 000	R 200 000	R839 953,36	8	11	2019/05/2020 Annual Target	2019/05/2020 Actual	2019/05/2020 Performance	Targ et Met	In May 2020 there could be no IDP Roadshow due to Covid-19 regulations that prohibited roadshows to be conducted as the other one was the best option and the other one was conducted 2 October 2019, 6 November 2019, 10 October 2019, 15 October 2019, 31 October 2019, 9 October 2019, 17 October 2019, 2 radio slots held on the 13th May 2020 on Jagers FM and 25 May 2020 on KZN FM	N/A	8	POE verified hence Target Met	1. Attendance Register
REF NO. 04 LESOC 2017/2022: 7.9			CROSS CUTTING INTERVENTIONS	To create a functional urban, regional and human settlements	Date in which the IDP document is approved by Council	Date	7.9.3. R 1 150 000,00 BML : 1 450 000,00	R 200 000	R839 953,36	N/A	N/A	2020/05/2020 Annual Target	2020/05/2020 Actual	2020/05/2020 Performance	Targ et Met	Executed in August 2019	N/A	9	POE verified hence Target Met	Council resolution
REF NO. 04 LESOC 2017/2022: 7.9			WHILST PROTECTING THE ENVIRONMENT	To create a functional urban, regional and human settlements	Date in which the IDP document is approved by Council	Date	7.9.3. R 1 150 000,00 BML : 1 450 000,00	R 200 000	R839 953,36	N/A	N/A	2020/06/2020 Annual Target	2020/06/2020 Actual	2020/06/2020 Performance	Targ et Met	Executed in August 2019	N/A	10	POE verified hence Target Met	Council resolution

7. CONCLUSION

The Municipality maintains a Portfolio of Evidence to support the achievements recorded in this Annual Performance Report, and Internal Audit has performed a verification of credibility of evidence for validity of the reported achievements.

Furthermore, in areas where performance was not achieved, the municipality have provided reasons and remedial actions to ensure that performance is improved in the 2020/2021 financial year. The municipality will also ensure that during the review of the indicators and targets, all those that would have not been achieved or where there has been under performance, these shall be carefully looked at for incorporation in the Service Delivery and Budget Implementation Plan as well as Section 54A/56 Managers operational plans as part of the service delivery road-map for the 2020/2021 financial year.

Yours in governance,

MUNICIPAL MANAGER
MRS A.N. DLAMINI

VOLUME 2: ANNUAL FINANCIAL STATEMENTS (APR)



**Harry Gwala District Municipality and its Municipal Entity
(Registration number DC 43)
Annual financial statements
for the year ended 30 June 2020**

Harry Gwala District Municipality and its Municipal Entity

(Registration number DC 43)

Annual Financial Statements for the year ended 30 June 2020

General Information

Legal form of entity	Municipality in terms of section 1 of the Local Government: Municipal Structures Act (Act 117 of 1998) read with section 155 (1) of the Constitution of the republic of South Africa (Act 108 of 1996)
Nature of business and principal activities	The provision of services (water and sanitation) to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.
Council	
Executive Mayor	ZD Nxumalo
Deputy Mayor	NH Maphasa-Duma
Speaker	TN Jojozi
Member of the Executive Committee	BP Nzimande
Member of the Executive Committee	N Mavuka
Member of the Executive Committee	LA Zondi
Chief Whip	WB Dlamini
Councillors	NW Dladla SS Mavuma NW Dladla TG Soni V Xotongo VW Zaza ZS Nyide ZC Khumalo ZR Tshazi SJ Phakathi SN Madziba BC Mncwabe SV Zulu B Sibeni BZ Magaqa BL Mamce ZP Gcume BC Mncwabe L Nzimande MSD Mdunge KM Mkhize
Grading of local authority	Grade 4
Chief Finance Officer (CFO)	Mr M Mkatu
Accounting Officer	Mrs AN Dlamini
Registered office	Harry Gwala District Municipality Main office 40 Main street Ixopo 3276
Business address	40 Main street Ixopo 3276

Harry Gwala District Municipality and its Municipal Entity

(Registration number DC 43)

Annual Financial Statements for the year ended 30 June 2020

General Information

Postal address	Private Bag X501 Ixopo 3276
Controlling entity	Harry Gwala District Municipality
Bankers	First National Bank
Auditors	Auditor General
Level of assurance	These annual financial statements have been audited in compliance with the applicable requirements of the Companies Act 71 of 2008.
Preparer	The annual financial statements were internally compiled by: Deputy Chief Financial Officer
Telephone number	039 834 8700
Website	http://www.harrygwaladm.gov.za/
Harry Gwala Development Agency board members	Mr P Dittrich - Chairperson Mr DE Sithole Mr N Khanyile Ms CS Nqoko Ms K Chiba - resigned in June 2020

Harry Gwala District Municipality and its Municipal Entity

(Registration number DC 43)

Annual Financial Statements for the year ended 30 June 2020

Index

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

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COID	Compensation for Occupational Injuries and Diseases
CRR	Capital Replacement Reserve
DBSA	Development Bank of South Africa
SA GAAP	South African Statements of Generally Accepted Accounting Practice
GRAP	Generally Recognised Accounting Practice
GAMAP	Generally Accepted Municipal Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
ME's	Municipal Entities
MEC	Member of the Executive Council
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant (Previously CMIP)

Harry Gwala District Municipality and its Municipal Entity

(Registration number DC 43)

Annual Financial Statements for the year ended 30 June 2020

Accounting Officer's Responsibilities and Approval

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

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

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

The accounting officer acknowledges that she 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 accounting officer sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the 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 endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

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

The accounting officer has reviewed the economic entity's cash flow forecast for the year to 30 June 2021 and, in the light of this review and the current financial position, she is satisfied that the 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.

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

The annual financial statements set out on page 5, which have been prepared on the going concern basis, were approved by the accounting officer on 30 November 2020 and were signed on its behalf by:

Mrs AN Dlamini
Municipal Manager

Harry Gwala District Municipality and its Municipal Entity

(Registration number DC 43)

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Position as at 30 June 2020

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2020	2019 Restated*	2020	2019 Restated*
Assets					
Current Assets					
Inventories	3	267 013	247 710	267 013	247 710
Receivables from exchange transactions	4	345 433	5 397 547	-	-
Receivables from non-exchange transactions	5	3 878 721	6 658 497	3 878 721	6 658 497
VAT receivable	6	6 899 640	11 817 582	6 757 009	11 145 580
Consumer debtors	7	30 724 354	26 933 367	30 724 354	26 933 367
Cash and cash equivalents	8	48 731 048	71 586 809	40 670 866	58 362 814
		90 846 209	122 641 512	82 297 963	103 347 968
Non-Current Assets					
Property, plant and equipment	9	2 361 530 907	2 196 723 297	2 340 494 072	2 174 636 590
Intangible assets	10	2 154 177	2 435 173	875 303	1 197 027
Investments in controlled entities	11	-	-	100	100
		2 363 685 084	2 199 158 470	2 341 369 475	2 175 833 717
Total Assets		2 454 531 293	2 321 799 982	2 423 667 438	2 279 181 685
Liabilities					
Current Liabilities					
Borrowings	12	4 555 057	4 101 623	4 555 057	4 101 623
Finance lease obligation	13	5 447 356	8 540 813	5 348 935	8 426 135
Payables from exchange transactions	14	101 503 237	96 932 237	100 899 482	95 871 418
Consumer deposits	15	1 863 257	1 768 018	1 863 257	1 768 018
Employee benefit obligation	16	770 000	318 714	770 000	318 714
Unspent conditional grants and receipts	17	20 251 021	56 694 251	15 486 481	44 396 884
		134 389 928	168 355 656	128 923 212	154 882 792
Non-Current Liabilities					
Borrowings	12	-	4 555 057	-	4 555 057
Finance lease obligation	13	4 940 820	9 003 272	4 904 225	8 985 901
Employee benefit obligation	16	17 708 999	18 621 498	17 708 999	18 621 498
Long term payable from non exchange transactions	18	11 661 265	11 661 265	11 661 265	11 661 265
Other financial liability	19	5 074 131	7 822 715	-	-
		39 385 215	51 663 807	34 274 489	43 823 721
Total Liabilities		173 775 143	220 019 463	163 197 701	198 706 513
Net Assets		2 280 756 150	2 101 780 519	2 260 469 737	2 080 475 172
Accumulated surplus		2 280 756 150	2 101 780 519	2 260 469 737	2 080 475 172

* See Note 43

Harry Gwala District Municipality and its Municipal Entity

(Registration number DC 43)

Annual Financial Statements for the year ended 30 June 2020

Statement of Financial Performance

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2020	2019 Restated*	2020	2019 Restated*
Revenue					
Revenue from exchange transactions					
Service charges	20	70 462 645	58 420 643	70 462 645	58 420 643
Sale of fresh produce to schools		-	5 397 547	-	-
Other income	21	1 353 425	784 865	1 353 425	743 465
Interest received	22	18 987 942	19 965 337	18 828 904	19 757 937
Total revenue from exchange transactions		90 804 012	84 568 392	90 644 974	78 922 045
Revenue from non-exchange transactions					
Transfer revenue					
Government grants & subsidies	23	643 187 263	661 444 867	643 187 263	658 444 867
Public contributions and donations	24	5 863 241	13 424 405	5 863 241	13 424 405
Total revenue from non-exchange transactions		649 050 504	674 869 272	649 050 504	671 869 272
Total revenue	25	739 854 516	759 437 664	739 695 478	750 791 317
Expenditure					
Bad debts written off		(21 306 501)	(28 070 675)	(21 306 501)	(28 070 675)
Bulk purchases	26	(22 832 763)	(17 975 968)	(22 832 763)	(17 975 968)
Contracted services	27	(145 131 767)	(143 387 613)	(144 156 911)	(142 729 733)
Contribution to debt Impairment allowance	28	(22 058 340)	8 959 758	(22 058 340)	8 959 758
Depreciation and amortisation	29	(72 144 102)	(68 089 575)	(70 918 931)	(66 993 428)
Employee related costs	30	(204 113 467)	(190 694 568)	(194 229 571)	(181 161 151)
Finance costs	31	(2 422 169)	(3 765 200)	(2 395 627)	(3 752 248)
Inventory consumed	32	(5 399 724)	(31 005 899)	(5 399 724)	(31 005 899)
Lease rentals on operating lease	33	(57 613)	(46 628)	-	-
Operational costs	34	(58 804 273)	(63 294 633)	(55 850 240)	(50 004 083)
Remuneration of councillors	35	(7 701 853)	(6 952 424)	(7 701 853)	(6 952 424)
Transfer payments	36	-	-	(14 000 000)	(14 000 000)
Total expenditure		(561 972 572)	(544 323 425)	(560 850 461)	(533 685 851)
Operating surplus		177 881 944	215 114 239	178 845 017	217 105 466
Loss on disposal of assets		(1 708 544)	(8 948 027)	(1 652 682)	(8 948 027)
Actuarial gains/losses	16	3 828 225	7 466 339	3 828 225	7 466 339
Impairment loss	37	(1 025 548)	(2 750 050)	(1 025 548)	(2 750 050)
		1 094 133	(4 231 738)	1 149 995	(4 231 738)
Surplus for the year		178 976 077	210 882 501	179 995 012	212 873 728

* See Note 43

Harry Gwala District Municipality and its Municipal Entity

(Registration number DC 43)

Annual Financial Statements for the year ended 30 June 2020

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus	Total net assets
Economic entity		
Balance at 01 July 2018	1 890 898 018	1 890 898 018
Changes in net assets		
Surplus for the year	210 882 501	210 882 501
Total changes	210 882 501	210 882 501
Restated* Balance at 01 July 2019	2 101 780 073	2 101 780 073
Changes in net assets		
Surplus for the year	178 976 077	178 976 077
Total changes	178 976 077	178 976 077
Balance at 30 June 2020	2 280 756 150	2 280 756 150
Controlling entity		
Balance at 01 July 2018	1 867 601 444	1 867 601 444
Changes in net assets		
Surplus for the year	212 873 728	212 873 728
Total changes	212 873 728	212 873 728
Restated* Balance at 01 July 2019	2 080 474 725	2 080 474 725
Changes in net assets		
Surplus for the year	179 995 012	179 995 012
Total changes	179 995 012	179 995 012
Balance at 30 June 2020	2 260 469 737	2 260 469 737

* See Note 43

Harry Gwala District Municipality and its Municipal Entity

(Registration number DC 43)

Annual Financial Statements for the year ended 30 June 2020

Cash Flow Statement

Figures in Rand	Note(s)	Economic entity		Controlling entity	
		2020	2019 Restated*	2020	2019 Restated*
Cash flows from operating activities					
Receipts					
Water, sanitation and other receipts		45 124 580	44 726 641	40 072 465	44 595 527
Grants		606 744 033	642 320 964	614 276 860	641 826 131
Interest income		6 355 495	10 046 428	6 196 457	9 839 028
		658 224 108	697 094 033	660 545 782	696 260 686
Payments					
Employee costs		(208 448 308)	(192 280 918)	(198 564 412)	(182 497 514)
Suppliers		(222 653 605)	(276 762 567)	(232 739 410)	(280 824 161)
Finance costs		(841 987)	(1 277 084)	(841 987)	(1 277 084)
		(431 943 900)	(470 320 569)	(432 145 809)	(464 598 759)
Net cash flows from operating activities	39	226 280 208	226 773 464	228 399 973	231 661 927
Cash flows from investing activities					
Purchase of property, plant and equipment	9	(233 139 210)	(256 894 466)	(233 043 490)	(256 582 632)
Proceeds from sale of property, plant and equipment	9	1 061 620	-	1 061 620	-
Purchase of other intangible assets	10	(176 169)	(193 140)	-	-
Net cash flows from investing activities		(232 253 759)	(257 087 606)	(231 981 870)	(256 582 632)
Cash flows from financing activities					
Repayment of borrowings		(4 101 623)	(6 159 439)	(4 101 623)	(6 159 439)
Movement in long term payable from non exchange transactions		-	731 037	-	731 037
Movement in other financial liability		(2 748 584)	2 505 418	-	-
Movement in receivable from exchange		-	586 923	-	-
Finance lease payments		(10 032 003)	(8 098 658)	(10 008 428)	(8 250 110)
Net cash flows from financing activities		(16 882 210)	(10 434 719)	(14 110 051)	(13 678 512)
Net increase/(decrease) in cash and cash equivalents		(22 855 761)	(40 748 861)	(17 691 948)	(38 599 217)
Cash and cash equivalents at the beginning of the year		71 586 809	112 335 670	58 362 814	96 962 031
Cash and cash equivalents at the end of the year	8	48 731 048	71 586 809	40 670 866	58 362 814

* See Note 43

Harry Gwala District Municipality and its Municipal Entity

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note
Figures in Rand						
Economic entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	88 392 069	(21 326 819)	67 065 250	70 462 645	3 397 395	55
Other income	781 415	7 713 426	8 494 841	1 353 425	(7 141 416)	55
Interest received	20 819 511	(3 904 251)	16 915 260	18 987 942	2 072 682	55
Total revenue from exchange transactions	109 992 995	(17 517 644)	92 475 351	90 804 012	(1 671 339)	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	642 242 000	29 597 000	671 839 000	643 187 263	(28 651 737)	55
Public contributions and donations	-	-	-	5 863 241	5 863 241	55
Total revenue from non-exchange transactions	642 242 000	29 597 000	671 839 000	649 050 504	(22 788 496)	
Total revenue	752 234 995	12 079 356	764 314 351	739 854 516	(24 459 835)	
Expenditure						
Employee related costs	(205 725 807)	(433 782)	(206 159 589)	(204 113 467)	2 046 122	55
Remuneration of councillors	(7 574 057)	-	(7 574 057)	(7 701 853)	(127 796)	55
Depreciation and amortisation	(38 192 494)	(42 094 129)	(80 286 623)	(72 144 102)	8 142 521	55
Impairment loss	-	-	-	(1 025 548)	(1 025 548)	55
Finance costs	(3 522 082)	(658 266)	(4 180 348)	(2 422 169)	1 758 179	55
Lease rentals on operating lease	-	-	-	(57 613)	(57 613)	55
Debt impairment	(25 315 400)	-	(25 315 400)	(22 058 340)	3 257 060	55
Bulk purchases	(15 000 000)	(8 134 419)	(23 134 419)	(22 832 763)	301 656	55
Contracted Services	(101 501 547)	(60 340 451)	(161 841 998)	(145 131 767)	16 710 231	55
Inventory consumed	(15 443 359)	6 868 481	(8 574 878)	(5 399 724)	3 175 154	55
Operational costs	(57 324 206)	(2 756 782)	(60 080 988)	(58 804 273)	1 276 715	55
Bad debts written off	-	-	-	(21 306 501)	(21 306 501)	55
Total expenditure	(469 598 952)	(107 549 348)	(577 148 300)	(562 998 120)	14 150 180	
Operating surplus	282 636 043	(95 469 992)	187 166 051	176 856 396	(10 309 655)	
Loss on disposal of assets and liabilities	-	-	-	(1 708 544)	(1 708 544)	55
Actuarial gains/losses	-	-	-	3 828 225	3 828 225	55
	-	-	-	2 119 681	2 119 681	
Surplus before taxation	282 636 043	(95 469 992)	187 166 051	178 976 077	(8 189 974)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	282 636 043	(95 469 992)	187 166 051	178 976 077	(8 189 974)	

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 Annual Financial Statements for the year ended 30 June 2020

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	Reference Note
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Water, sanitation and other receipts	48 513 132	67 119 742	115 632 874	45 124 580	(70 508 294)	55
Grants	642 242 000	(28 000 000)	614 242 000	606 744 033	(7 497 967)	55
Interest income	9 658 489	(2 401 696)	7 256 793	6 355 495	(901 298)	55
	700 413 621	36 718 046	737 131 667	658 224 108	(78 907 559)	
Payments						
Suppliers and employees	(402 568 976)	(92 796 953)	(495 365 929)	(431 703 748)	63 662 181	55
Finance costs	(3 522 082)	(658 266)	(4 180 348)	(4 296 800)	(116 452)	55
	(406 091 058)	(93 455 219)	(499 546 277)	(436 000 548)	63 545 729	
Net cash flows from operating activities	294 322 563	(56 737 173)	237 585 390	222 223 560	(15 361 830)	
Purchase of property, plant and equipment	(282 624 043)	14 633 375	(267 990 668)	(233 162 114)	34 828 554	
Proceeds from sale of property, plant and equipment	-	-	-	1 061 620	1 061 620	
Purchase of other intangible assets	-	-	-	(176 169)	(176 169)	
Net cash flows from investing activities	(282 624 043)	14 633 375	(267 990 668)	(232 276 663)	35 714 005	
Cash flows from financing activities						
Repayment of borrowings	(3 896 000)	(8 631 759)	(12 527 759)	(12 802 658)	(274 899)	
Net increase/(decrease) in cash and cash equivalents	7 802 520	(50 735 557)	(42 933 037)	(22 855 761)	20 077 276	
Cash and cash equivalents at the beginning of the year	112 335 670	(40 742 905)	71 592 765	71 586 809	(5 956)	
Cash and cash equivalents at the end of the year	120 138 190	(91 478 462)	28 659 728	48 731 048	20 071 320	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note
Figures in Rand						
Controlling entity						
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Service charges	88 392 069	(21 326 819)	67 065 250	70 462 645	3 397 395	55
Other income	766 415	-	766 415	1 353 425	587 010	55
Interest received	20 289 011	(3 553 751)	16 735 260	18 828 904	2 093 644	55
Total revenue from exchange transactions	109 447 495	(24 880 570)	84 566 925	90 644 974	6 078 049	
Revenue from non-exchange transactions						
Transfer revenue						
Government grants & subsidies	641 842 000	15 597 000	657 439 000	643 187 263	(14 251 737)	55
Public contributions and donations	-	-	-	5 863 241	5 863 241	55
Total revenue from non-exchange transactions	641 842 000	15 597 000	657 439 000	649 050 504	(8 388 496)	
Total revenue	751 289 495	(9 283 570)	742 005 925	739 695 478	(2 310 447)	
Expenditure						
Employee related costs	(195 622 807)	(1 433 782)	(197 056 589)	(194 229 571)	2 827 018	55
Remuneration of councillors	(7 574 057)	-	(7 574 057)	(7 701 853)	(127 796)	55
Transfer payments	(14 000 000)	-	(14 000 000)	(14 000 000)	-	55
Depreciation and amortisation	(37 492 494)	(42 217 629)	(79 710 123)	(70 918 931)	8 791 192	55
Impairment loss	-	-	-	(1 025 548)	(1 025 548)	55
Finance costs	(3 510 082)	(658 266)	(4 168 348)	(2 395 627)	1 772 721	55
Debt Impairment	(25 315 400)	-	(25 315 400)	(22 058 340)	3 257 060	55
Bad debts written off	-	-	-	(21 306 501)	(21 306 501)	
Bulk purchases	(15 000 000)	(8 134 419)	(23 134 419)	(22 832 763)	301 656	55
Contracted Services	(100 121 547)	(60 670 451)	(160 791 998)	(144 156 911)	16 635 087	55
Inventory Consumed	(15 163 359)	6 868 481	(8 294 878)	(5 399 724)	2 895 154	55
Operational costs	(54 090 706)	(2 756 782)	(56 847 488)	(55 850 240)	997 248	
Total expenditure	(467 890 452)	(109 002 848)	(576 893 300)	(561 876 009)	15 017 291	
Operating surplus	283 399 043	(118 286 418)	165 112 625	177 819 469	12 706 844	
Loss on disposal of assets	-	-	-	(1 652 682)	(1 652 682)	55
Actuarial gains/losses	-	-	-	3 828 225	3 828 225	55
	-	-	-	2 175 543	2 175 543	
Surplus before taxation	283 399 043	(118 286 418)	165 112 625	179 995 012	14 882 387	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	283 399 043	(118 286 418)	165 112 625	179 995 012	14 882 387	

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Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference Note
Figures in Rand						
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
Water, sanitation and other receipts	48 513 132	67 119 742	115 632 874	40 072 465	(75 560 409)	55
Grants	642 242 000	(28 000 000)	614 242 000	614 276 860	34 860	55
Interest income	9 658 489	(2 401 696)	7 256 793	6 196 457	(1 060 336)	55
	700 413 621	36 718 046	737 131 667	660 545 782	(76 585 885)	
Payments						
Suppliers and employees	(388 568 976)	(92 796 953)	(481 365 929)	(415 415 713)	65 950 216	55
Finance costs	(3 522 082)	(658 266)	(4 180 348)	(4 283 737)	(103 389)	55
Transfer payments	(14 000 000)	-	(14 000 000)	(14 000 000)	-	55
	(406 091 058)	(93 455 219)	(499 546 277)	(433 699 450)	65 846 827	
Net cash flows from operating activities	294 322 563	(56 737 173)	237 585 390	226 846 332	(10 739 058)	
Cash flows from investing activities						
Purchase of property, plant and equipment	(282 624 043)	14 633 375	(267 990 668)	(233 043 490)	34 947 178	
Proceeds from sale of property, plant and equipment	-	-	-	1 061 620	1 061 620	
Net cash flows from investing activities	(282 624 043)	14 633 375	(267 990 668)	(231 981 870)	36 008 798	
Cash flows from financing activities						
Repayment of borrowings	(3 896 000)	(8 631 759)	(12 527 759)	(4 101 623)	8 426 136	
Finance lease payments	-	-	-	(8 454 788)	(8 454 788)	
Net cash flows from financing activities	(3 896 000)	(8 631 759)	(12 527 759)	(12 556 411)	(28 652)	
Net increase/(decrease) in cash and cash equivalents	7 802 520	(50 735 557)	(42 933 037)	(17 691 949)	25 241 088	
Cash and cash equivalents at the beginning of the year	112 335 670	(40 742 905)	71 592 765	58 362 814	(13 229 951)	
Cash and cash equivalents at the end of the year	120 138 190	(91 478 462)	28 659 728	40 670 865	12 011 137	

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1. Presentation of Annual Financial Statements

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

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

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

These accounting policies are consistent with the previous period.

1.1 Presentation currency

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

1.2 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.

1.3 Materiality

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

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

1.4 Consolidation/Entity combinations

Basis of consolidation

Consolidated annual financial statements are the annual financial statements of the economic entity presented as those of a single entity.

The consolidated annual financial statements incorporate the annual financial statements of the controlling entity and all controlled entity, including special purpose entities, which are controlled by the controlling entity.

Consolidated annual financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

Control exists when the controlling entity has the power to govern the financial and operating policies of another entity so as to obtain benefits from its activities.

The revenue and expenses of a controlled entity are included in the consolidated annual financial statements from the transfer date or acquisition date as defined in the Standards of GRAP on Transfer of functions between entities under common control or Transfer of functions between entities not under common control. The revenue and expenses of the controlled entity are based on the values of the assets and liabilities recognised in the controlling entity's annual financial statements at the acquisition date.

The annual financial statements of the controlling entity and its controlled entities used in the preparation of the consolidated annual financial statements are prepared as of the same date.

Harry Gwala District Municipality and its Municipal Entity

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.4 Consolidation/Entity combinations (continued)

Adjustments are made when necessary to the annual financial statements of the controlled entities to bring their accounting policies in line with those of the controlling entity.

All Intra-entity transactions, balances, revenues and expenses are eliminated in full on consolidation.

1.5 Significant judgements and sources of estimation uncertainty

In the process of applying its accounting policies, and in preparing the annual financial statements, management is required to make various judgements, including estimates and assumptions, that may affect the determination of the reporting framework, affect amounts represented in the annual financial statements and as well as 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:

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

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

The impairment for trade receivables, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

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

The 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. Assets are grouped at the lowest level for which identifiable cash flows are largely independent of cash flows of other assets and liabilities. If there are indications that impairment may have occurred, estimates are prepared of expected future cash flows for each group of assets. Expected future cash flows used to determine the value in use tangible assets are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including entity specific, together with economic factors.

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 pension obligations. In determining the appropriate discount rate, the economic entity considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating the terms of the related pension liability.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 16.

Harry Gwala District Municipality and its Municipal Entity

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.5 Significant judgements and sources of estimation uncertainty (continued)

Effective Interest rate

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

Allowance for doubtful debts

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the the estimated allowance based on the consumer debtors methodology.

1.6 Property, plant and equipment

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

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

- it is probable that future economic benefits or service potential associated with the item will flow to the 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:

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Annual Financial Statements for the year ended 30 June 2020

Accounting Policies

1.6 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Buildings	Straight line	
• Office		30 years
Transport assets	Straight line	
• Motor vehicles		7 years
• Trailers and accessories		10 years
• Trucks		10 years
Furniture and office equipment	Straight line	
• Office equipment (including fax machines)		7 years
• Office furniture		10 years
• Paintings, sculptures, ornaments (home and office)		10 years
Computer equipment	Straight line	
• Computer hardware including operating systems		5 years
• Networks		10 years
• Computer software		5 years
Dams/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
• Electrical		20 years
• Mechanical		15 years
• Containers - Diesel		15 years
• Structure - Carports		15 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
• Structure - Jojo		15 years
• Electrical		20 years
• Mechanical		15 years
Underground: Chambers & Manholes	Straight line	
• Chambers		30 years
• Manholes		30 years
Water purification works	Straight line	
• Structure		55 years
• Ponds		55 years
• Electrical		20 years
• Mechanical		15 years
Spring protection	Straight line	
• Spring		20 years
• Jojo tank		15 years
• Reticulation		40 years

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Accounting Policies

1.6 Property, plant and equipment (continued)

Sewerage pump stations	Straight line	
• Structure - Buildings		55 years
• Structure - Reactors		55 years
• Structure - Drying Beds		55 years
• Structure - Clarifiers chambers		35 years
• Structure - Maturation Ponds		35 years
• Electrical		20 years
• Mechanical		15 years
• Containers - Diesel		15 years
• Structure - Carports, ect		15 years
• Rising mains		40 years
• Gravity mains		40 years
Other machinery and equipment	Straight line	
• Audiovisual equipment		10 years
• Building air conditioning systems		5 years
• Domestic equipment		5 years
• Kitchen appliances		10 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.

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.

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).

1.7 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.

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Accounting Policies

1.7 Intangible assets (continued)

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.

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 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

1.8 Investments in controlled entities

Economic entity annual financial statements

Investments in controlled entities are consolidated in the economic entity annual financial statements. Refer to the accounting policy on Consolidations (Note 1.4).

Controlling entity annual financial statements

In the municipality's separate annual financial statements, investments in investments in controlled entities are carried at cost.

The municipality applies the same accounting for each category of investment.

Investments in controlled entities that are accounted for in accordance with the accounting policy on Financial instruments in the consolidated annual financial statements, are accounted for in the same way in the controlling entity's separate annual financial statements.

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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 uncollectibility.

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

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

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

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

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

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

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

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

A financial asset is:

- cash;
- a residual interest of another entity; or
- 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.

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1.9 Financial instruments (continued)

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

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

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

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

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

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

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

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

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

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.

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Accounting Policies

1.9 Financial instruments (continued)

Classification

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

Class	Category
Short-term Investment Deposits	Financial asset measured at amortised cost
Bank Balances and Cash	Financial asset measured at amortised cost
Long-term Receivables	Financial asset measured at amortised cost
Consumer Debtors	Financial asset measured at amortised cost
Other Debtors	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
Long-term Borrowings	Financial liability measured at amortised cost
Trade and other payables	Financial liability measured at cost
Consumer deposits	Financial liability measured at cost
Finance lease	Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

Initial measurement of financial assets and financial liabilities

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

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Accounting Policies

1.9 Financial instruments (continued)

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Reclassification

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

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

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

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Accounting Policies

1.9 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

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

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

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

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

Financial liabilities

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

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

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1.9 Financial instruments (continued)

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

Presentation

Interest relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

Losses and gains relating to a financial instrument or a component that is a financial liability is recognised as revenue or expense in surplus or deficit.

A financial asset and a financial liability are only offset and the net amount presented in the statement of financial position when the entity currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

In accounting for a transfer of a financial asset that does not qualify for derecognition, the entity does not offset the transferred asset and the associated liability.

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

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

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

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

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

1.10 Tax

Value Added Tax

The Municipality accounts for Value Added Tax on the payments 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.

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Accounting Policies

1.11 Leases (continued)

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.

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

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

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

Current replacement cost is the cost the 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.

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 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).

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1.13 Impairment of cash-generating assets (continued)

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.

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.

Value in use

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

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

Recognition and measurement (Individual asset)

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

An impairment loss is recognised immediately in surplus or deficit.

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

When the amount estimated for an impairment loss is greater than the carrying amount of the cash-generating asset to which it relates, the economic entity recognises a liability only to the extent that is a requirement in the Standard of GRAP.

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

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1.14 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

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

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

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

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

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

Useful life is either:

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

Judgements made by management in applying the criteria to designate assets as non-cash-generating assets or cash-generating assets, are as follows:

[Specify judgements made]

1.15 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

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1.15 Employee benefits (continued)

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.

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.

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1.15 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Defined benefit plans are post-employment benefit plans other than defined contribution plans.

Actuarial gains and losses comprise experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred) and the effects of changes in actuarial assumptions. In measuring its defined benefit liability the entity recognises actuarial gains and losses in surplus or deficit in the reporting period in which they occur.

Assets held by a long-term employee benefit fund are assets (other than non-transferable financial instruments issued by the reporting entity) that are held by an entity (a fund) that is legally separate from the reporting entity and exists solely to pay or fund employee benefits and are available to be used only to pay or fund employee benefits, are not available to the reporting entity's own creditors (even in liquidation), and cannot be returned to the reporting entity, unless either:

- the remaining assets of the fund are sufficient to meet all the related employee benefit obligations of the plan or the reporting entity; or
- the assets are returned to the reporting entity to reimburse it for employee benefits already paid.

Current service cost is the increase in the present value of the defined benefit obligation resulting from employee service in the current period.

Interest cost is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement.

Past service cost is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting in the current period from the introduction of, or changes to, post-employment benefits or other long-term employee benefits. Past service cost may be either positive (when benefits are introduced or changed so that the present value of the defined benefit obligation increases) or negative (when existing benefits are changed so that the present value of the defined benefit obligation decreases). In measuring its defined benefit liability the entity recognises past service cost as an expense in the reporting period in which the plan is amended.

Plan assets comprise assets held by a long-term employee benefit fund and qualifying insurance policies.

The present value of a defined benefit obligation is the present value, without deducting any plan assets, of expected future payments required to settle the obligation resulting from employee service in the current and prior periods.

The return on plan assets is interest, dividends or similar distributions and other revenue derived from the plan assets, together with realised and unrealised gains or losses on the plan assets, less any costs of administering the plan (other than those included in the actuarial assumptions used to measure the defined benefit obligation) and less any tax payable by the plan itself.

The entity account not only for its legal obligation under the formal terms of a defined benefit plan, but also for any constructive obligation that arises from the entity's informal practices. Informal practices give rise to a constructive obligation where the entity has no realistic alternative but to pay employee benefits. An example of a constructive obligation is where a change in the entity's informal practices would cause unacceptable damage to its relationship with employees.

The amount recognised as a defined benefit liability is the net total of the following amounts:

- the present value of the defined benefit obligation at the reporting date;
- minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly;
- plus any liability that may arise as a result of a minimum funding requirement

The amount determined as a defined benefit liability may be negative (an asset). The entity measures the resulting asset at the lower of:

- the amount determined above; and
- the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The present value of these economic benefits is determined using a discount rate which reflects the time value of money.

Any adjustments arising from the limit above is recognised in surplus or deficit.

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1.15 Employee benefits (continued)

The entity determines the present value of defined benefit obligations and the fair value of any plan assets with sufficient regularity such that the amounts recognised in the annual financial statements do not differ materially from the amounts that would be determined at the reporting date.

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset:

- current service cost;
- interest cost;
- the expected return on any plan assets and on any reimbursement rights;
- actuarial gains and losses;
- past service cost;
- the effect of any curtailments or settlements; and
- the effect of applying the limit on a defined benefit asset (negative defined benefit liability).

The entity uses the Projected Unit Credit Method to determine the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost. The Projected Unit Credit Method (sometimes known as the accrued benefit method pro-rated on service or as the benefit/years of service method) sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately to build up the final obligation.

In determining the present value of its defined benefit obligations and the related current service cost and, where applicable, past service cost, an entity shall attribute benefit to periods of service under the plan's benefit formula. However, if an employee's service in later years will lead to a materially higher level of benefit than in earlier years, an entity shall attribute benefit on a straight-line basis from:

- the date when service by the employee first leads to benefits under the plan (whether or not the benefits are conditional on further service); until
- the date when further service by the employee will lead to no material amount of further benefits under the plan, other than from further salary increases.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan. The results of the valuation are updated for any material transactions and other material changes in circumstances (including changes in market prices and interest rates) up to the reporting date.

The entity recognises gains or losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on a curtailment or settlement comprises:

- any resulting change in the present value of the defined benefit obligation; and
- any resulting change in the fair value of the plan assets.

Before determining the effect of a curtailment or settlement, the entity re-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.

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Accounting Policies

1.15 Employee benefits (continued)

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; and
- 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.

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.

1.16 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.

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Accounting Policies

1.16 Provisions and contingencies (continued)

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.

A constructive obligation to restructure arises only when an entity:

- has a detailed formal plan for the restructuring, identifying at least:
 - the activity/operating unit or part of an activity/operating unit concerned;
 - the principal locations affected;
 - the location, function, and approximate number of employees who will be compensated for services being terminated;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented; and
- has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:

- necessarily entailed by the restructuring; and
- not associated with the ongoing activities of the 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 41.

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

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

The 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;

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Accounting Policies

1.16 Provisions and contingencies (continued)

- 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.

1.17 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

Commitments for which disclosure is necessary to achieve a fair presentation should be disclosed in a note to the financial statements, if both the following criteria are met:

- Contracts should be non-cancellable or only cancellable at significant cost (for example, contracts for computer or building maintenance services); and
- Contracts should relate to something other than the routine, steady, state business of the entity – therefore salary commitments relating to employment contracts or social security benefit commitments are excluded.

1.18 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the municipality receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

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

Measurement

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

Water and sanitation

Service charges relating to water are based on consumption. Meters are read on a monthly basis and are 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 up to year-end are recorded as revenue without being invoiced. 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 quantified, a flat rate service charge is levied monthly on such properties.

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Accounting Policies

1.18 Revenue from exchange transactions (continued)

Tariff 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.

Interest

Interest is recognised, in surplus or deficit, using the effective interest rate method.

1.19 Revenue from non-exchange transactions

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

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

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

Measurement

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

Government grants

Government grants are recognised as revenue when:

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

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

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

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

Other grants and donations

Other grants and donations are recognised as revenue when:

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

If goods in-kind are received without conditions attached, revenue is recognised immediately. If conditions are attached, a liability is recognised, which is reduced and revenue recognised as the conditions are satisfied.

1.20 Investment income

Investment income is recognised on a time-proportion basis using the effective interest method.

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Accounting Policies

1.21 Borrowing costs

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

Borrowing costs are recognised as an expense in the period in which they are incurred.

1.22 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

1.23 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.24 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

1.25 Irregular expenditure

Irregular expenditure as defined in section 1 of the MFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the MFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

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Accounting Policies

1.25 Irregular expenditure (continued)

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.26 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.

1.27 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 2019/07/01 to 2020/06/30.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

1.28 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 considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the economic entity.

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Accounting Policies

1.28 Related parties (continued)

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.

1.29 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.

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019

2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

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

GRAP 6 (as revised 2010): Consolidated and Separate Financial Statements

The definition of 'minority interest' has been amended to 'non-controlling interest', and paragraph .60 was added by the Improvements to the Standards of GRAP issued in November 2010. If an entity elects to apply these amendments earlier, it shall disclose this fact.

Paragraph .59 was amended by Improvements to the Standards of GRAP issued in November 2010. An entity shall apply these amendments prospectively for annual financial periods beginning on or after the effective date [in conjunction with the effective date to be determined by the Minister of Finance for GRAP 105, 106 and 107] from the date at which it first applied the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations. If an entity elects to apply these amendments earlier, it shall disclose this fact.

The Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers amended paragraphs .03, .39, .47 to .50 and added paragraphs .51 to .58 and .61 to .62. An entity shall apply these amendments when it applies the Standards of GRAP on Transfer of Functions Between Entities Under Common Control, Transfer of Functions Between Entities Not Under Common Control and Mergers.

The effective date of the amendment is for years beginning on or after 01 April 2019.

The economic entity has adopted the amendment for the first time in the 2019/2020 annual financial statements.

The impact of the amendment is not material.

GRAP 18 (as amended 2016): Segment Reporting

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which an entity reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of an entity that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by an entity within a particular region.

The subsequent amendments to the Standard of GRAP on Segment Reporting resulted from editorial and other changes to the original text have been made to ensure consistency with other Standards of GRAP.

The most significant changes to the Standard are:

- General improvements: An appendix with illustrative segment disclosures has been deleted from the Standard as the National Treasury has issued complete examples as part of its implementation guidance.

The effective date of the standard is for years beginning on or after 01 April 2019

The economic entity has adopted the standard for the first time in the 2019/2020 annual financial statements.

The impact of the standard is not material.

GRAP 20: Related parties

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

The objective of this standard is to ensure that a reporting entity's annual financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

An entity that prepares and presents financial statements under the accrual basis of accounting (in this standard referred to as the reporting entity) shall apply this standard in:

- identifying related party relationships and transactions;
- identifying outstanding balances, including commitments, between an entity and its related parties;
- identifying the circumstances in which disclosure of the items in (a) and (b) is required; and
- determining the disclosures to be made about those items.

This standard requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the reporting entity in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This standard also applies to individual annual financial statements.

Disclosure of related party transactions, outstanding balances, including commitments, and relationships with related parties may affect users' assessments of the financial position and performance of the reporting entity and its ability to deliver agreed services, including assessments of the risks and opportunities facing the entity. This disclosure also ensures that the reporting entity is transparent about its dealings with related parties.

The standard states that 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. As a minimum, the following are regarded as related parties of the reporting entity:

- A person or a close member of that person's family is related to the reporting entity if that person:
 - has control or joint control over the reporting entity;
 - has significant influence over the reporting entity;
 - is a member of the management of the entity or its controlling entity.
- An entity is related to the reporting entity if any of the following conditions apply:
 - the entity is a member of the same economic entity (which means that each controlling entity, controlled entity and fellow controlled entity is related to the others);
 - one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of an economic entity of which the other entity is a member);
 - both entities are joint ventures of the same third party;
 - one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
 - the entity is a post-employment benefit plan for the benefit of employees of either the entity or an entity related to the entity. If the reporting entity is itself such a plan, the sponsoring employers are related to the entity;
 - the entity is controlled or jointly controlled by a person identified in (a); and
 - a person identified in (a)(i) has significant influence over that entity or is a member of the management of that entity (or its controlling entity).

The standard furthermore states that 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.

The standard elaborates on the definitions and identification of:

- Close member of the family of a person;
- Management;
- Related parties;
- Remuneration; and
- Significant influence

The standard sets out the requirements, inter alia, for the disclosure of:

- Control;
- Related party transactions; and
- Remuneration of management

The effective date of the standard is for years beginning on or after 01 April 2019.

The economic entity has adopted the standard for the first time in the 2019/2020 annual financial statements.

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2. New standards and interpretations (continued)

The impact of the standard is not material.

GRAP 105: Transfers of functions between entities under common control

The objective of this Standard is to establish accounting principles for the acquirer and transferor in a transfer of functions between entities under common control. It requires an acquirer and a transferor that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying the acquirer and transferor, Determining the transfer date, Assets acquired or transferred and liabilities assumed or relinquished, Accounting by the acquirer and transferor, Disclosure, Transitional provisions as well as the Effective date of the standard.

The effective date of the standard is for years beginning on or after 01 April 2019.

The economic entity has adopted the standard for the first time in the 2019/2020 annual financial statements.

The impact of the amendment is not material.

GRAP 106 (as amended 2016): Transfers of functions between entities not under common control

The objective of this Standard is to establish accounting principles for the acquirer in a transfer of functions between entities not under common control. It requires an entity that prepares and presents financial statements under the accrual basis of accounting to apply this Standard to a transaction or other event that meets the definition of a transfer of functions. It includes a diagram and requires that entities consider the diagram in determining whether this Standard should be applied in accounting for a transaction or event that involves a transfer of functions or merger.

It furthermore covers Definitions, Identifying a transfer of functions between entities not under common control, The acquisition method, Recognising and measuring the difference between the assets acquired and liabilities assumed and the consideration transferred, Measurement period, Determining what is part of a transfer of functions, Subsequent measurement and accounting, Disclosure, Transitional provisions as well as the Effective date of the standard.

The subsequent amendments to the Standard of GRAP on Transfer of Functions Between Entities Not Under Common Control resulted from changes made to IFRS 3 on Business Combinations (IFRS 3) as a result of the IASB's amendments on Annual Improvements to IFRSs 2010 – 2012 Cycle issued in December 2013.

The most significant changes to the Standard are:

- IASB amendments: To require contingent consideration that is classified as an asset or a liability to be measured at fair value at each reporting period.

The effective date of the standard is for years beginning on or after 01 April 2019.

The economic entity has adopted the standard for the first time in the 2019/2020 annual financial statements.

The impact of the standard is not material.

GRAP 108: Statutory Receivables

The objective of this Standard is: to prescribe accounting requirements for the recognition, measurement, presentation and disclosure of statutory receivables.

It furthermore covers: Definitions, recognition, derecognition, measurement, presentation and disclosure, transitional provisions, as well as the effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The economic entity has adopted the standard for the first time when the Minister sets the effective date for the standard.

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2. New standards and interpretations (continued)

The impact of the standard is not material.

2.2 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 2020 or later periods:

GRAP 104 (amended): 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 amendment is not yet set by the Minister of Finance.

The economic entity expects to adopt the amendment for the first time when the Minister sets the effective date for the amendment.

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:

Materiality and aggregation

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.

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Notes to the Annual Financial Statements

2. New standards and interpretations (continued)

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 2020.

The economic entity expects to adopt the interpretation for the first time in the 2020/2021 annual financial statements.

GRAP 38: Disclosure of Interests in Other Entities

The objective of this Standard is to require an entity to disclose information that enables users of its financial statements to evaluate:

- the nature of, and risks associated with, its interests in controlled entities, unconsolidated controlled entities, joint arrangements and associates, and structured entities that are not consolidated; and
- the effects of those interests on its financial position, financial performance and cash flows.

It furthermore covers Definitions, Disclosing information about interests in other entities, Significant judgements and assumptions, Investment entity status, Interests in controlled entities, interests in joint arrangements and associates, Interests in structured entities that are not consolidated, Non-qualitative ownership interests, Controlling interests acquired with the intention of disposal, Transitional provisions and Effective date.

The effective date of the standard is for years beginning on or after 01 April 2020.

The economic entity expects to adopt the standard for the first time in the 2020/2021 annual financial statements.

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.

2.3 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the economic entity's accounting periods beginning on or after 01 July 2020 or later periods but are not relevant to its operations:

GRAP 109: Accounting by Principals and Agents

The objective of this Standard is to outline principles to be used by an entity to assess whether it is party to a principal-agent arrangement, and whether it is a principal or an agent in undertaking transactions in terms of such an arrangement. The Standard does not introduce new recognition or measurement requirements for revenue, expenses, assets and/or liabilities that result from principal-agent arrangements. The Standard does however provide guidance on whether revenue, expenses, assets and/or liabilities should be recognised by an agent or a principal, as well as prescribe what information should be disclosed when an entity is a principal or an agent.

It furthermore covers Definitions, Identifying whether an entity is a principal or agent, Accounting by a principal or agent, Presentation, Disclosure, Transitional provisions and Effective date.

The effective date of the standard is not yet set by the Minister of Finance.

The economic entity does not envisage the adoption of the standard until such time as it becomes applicable to the economic entity's operations.

It is unlikely that the standard will have a material impact on the economic entity's annual financial statements.

3. Inventories

Water for distribution	267 013	247 710	267 013	247 710
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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
4. Receivables from exchange transactions				
Department of Education	345 433	5 397 547	-	-
5. Receivables from non-exchange transactions				
Unauthorised expenditure	-	5 979	-	5 979
Debtor-Kokstad deposits	-	105 753	-	105 753
Councillors laptops	-	94 045	-	94 045
ACB/debtors	-	424 247	-	424 247
Other debtors	3 878 721	3 827 677	3 878 721	3 827 677
Cyclone construction - Farmers market	-	2 000 000	-	2 000 000
Councillors bursary	-	19 537	-	19 537
SARS - debtors/salaries	-	181 259	-	181 259
	3 878 721	6 658 497	3 878 721	6 658 497

Receivables from non-exchange transactions impaired

As of 30 June 2020, other receivables from non-exchange transactions of R 2 830 820 (2019: R -) were impaired and provided for.

The amount of the provision was R 2 830 820 as of 30 June 2020 (2019: R -).

The ageing of these receivables is as follows:

Over 6 months	2 830 820	-	2 830 820	-
The receivables provided for are as follows:				
Unauthorised expenditure	5 979	-	5 979	-
Debtor-Kokstad deposits	105 753	-	105 753	-
Councillors laptops	94 045	-	94 045	-
ACB/debtors	424 247	-	424 247	-
Cyclone construction - Farmers market	2 000 000	-	2 000 000	-
Councillors bursary	19 537	-	19 537	-
SARS - debtors/salaries	181 259	-	181 259	-
Subtotal	2 830 820	-	2 830 820	-
Less: Allowance for impairment	(2 830 820)	-	(2 830 820)	-
	-	-	-	-

6. VAT receivable

VAT	6 899 640	11 817 582	6 757 009	11 145 580
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Harry Gwala District Municipality and its Municipal Entity

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Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
7. Consumer debtors				
Gross balances				
Water	124 123 802	108 370 289	124 123 802	108 370 289
Value Added Tax	19 370 300	16 899 186	19 370 300	16 899 186
Sewerage	57 169 732	52 374 004	57 169 732	52 374 004
	200 663 834	177 643 479	200 663 834	177 643 479
Less: Allowance for impairment				
Water	(102 988 767)	(89 829 804)	(102 988 767)	(89 829 804)
Value Added Tax	(15 956 094)	(13 975 098)	(15 956 094)	(13 975 098)
Sewerage	(50 994 619)	(46 905 210)	(50 994 619)	(46 905 210)
	(169 939 480)	(150 710 112)	(169 939 480)	(150 710 112)
Net balance				
Water	21 135 035	18 540 485	21 135 035	18 540 485
Value Added Tax	3 414 206	2 924 088	3 414 206	2 924 088
Sewerage	6 175 113	5 468 794	6 175 113	5 468 794
	30 724 354	26 933 367	30 724 354	26 933 367
Water				
Current (0 -30 days)	12 962 874	10 090 866	12 962 874	10 090 866
31 - 60 days	2 858 784	4 019 650	2 858 784	4 019 650
61 - 90 days	3 544 282	3 079 361	3 544 282	3 079 361
91 - 120 days	3 304 879	2 983 362	3 304 879	2 983 362
> 120 days	101 452 984	88 197 050	101 452 984	88 197 050
Less: Allowance for impairment	(102 988 768)	(89 829 804)	(102 988 768)	(89 829 804)
	21 135 035	18 540 485	21 135 035	18 540 485
Value Added Tax				
Current (0 -30 days)	2 304 290	1 655 976	2 304 290	1 655 976
31 - 60 days	480 470	618 896	480 470	618 896
61 - 90 days	574 208	509 691	574 208	509 691
91 - 120 days	534 215	485 814	534 215	485 814
> 120 days	15 477 117	13 628 808	15 477 117	13 628 808
Less: Allowance for impairment	(15 956 094)	(13 975 097)	(15 956 094)	(13 975 097)
	3 414 206	2 924 088	3 414 206	2 924 088
Sewerage				
Current (0 -30 days)	4 162 733	3 235 953	4 162 733	3 235 953
31 - 60 days	1 298 510	1 462 689	1 298 510	1 462 689
61 - 90 days	1 441 080	1 126 258	1 441 080	1 126 258
91 - 120 days	1 396 085	1 122 575	1 396 085	1 122 575
> 120 days	48 871 324	45 426 528	48 871 324	45 426 528
Less: Allowance for impairment	(50 994 619)	(46 905 209)	(50 994 619)	(46 905 209)
	6 175 113	5 468 794	6 175 113	5 468 794

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Annual Financial Statements for the year ended 30 June 2020

Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
7. Consumer debtors (continued)				
Summary of debtors by customer classification				
Domestic and other consumers				
Current (0 -30 days)	12 239 279	9 726 222	12 239 279	9 726 222
31 - 60 days	3 455 759	4 512 202	3 455 759	4 512 202
61 - 90 days	4 279 088	4 049 332	4 279 088	4 049 332
91 - 120 days	4 271 773	3 914 096	4 271 773	3 914 096
> 120 days	150 438 972	136 033 332	150 438 972	136 033 332
	174 684 871	158 235 184	174 684 871	158 235 184
Less: Allowance for impairment	(169 939 480)	(150 710 112)	(169 939 480)	(150 710 112)
	4 745 391	7 525 072	4 745 391	7 525 072
Industrial/ commercial				
Current (0 -30 days)	2 036 749	1 416 988	2 036 749	1 416 988
31 - 60 days	478 686	656 668	478 686	656 668
61 - 90 days	507 920	323 687	507 920	323 687
91 - 120 days	522 129	358 418	522 129	358 418
> 120 days	11 034 257	8 096 089	11 034 257	8 096 089
	14 579 741	10 851 850	14 579 741	10 851 850
National and provincial government				
Current (0 -30 days)	5 153 869	3 839 585	5 153 869	3 839 585
31 - 60 days	703 319	932 366	703 319	932 366
61 - 90 days	772 562	342 291	772 562	342 291
91 - 120 days	441 276	319 238	441 276	319 238
> 120 days	4 328 195	3 122 966	4 328 195	3 122 966
	11 399 221	8 556 446	11 399 221	8 556 446
Total				
Current (0 -30 days)	19 429 897	14 982 795	19 429 897	14 982 795
31 - 60 days	4 637 764	6 101 236	4 637 764	6 101 236
61 - 90 days	5 559 570	4 715 310	5 559 570	4 715 310
91 - 120 days	5 235 178	4 591 752	5 235 178	4 591 752
> 120 days	165 801 425	147 252 386	165 801 425	147 252 386
	200 663 834	177 643 479	200 663 834	177 643 479
Less: Allowance for impairment	(169 939 480)	(150 710 112)	(169 939 480)	(150 710 112)
	30 724 354	26 933 367	30 724 354	26 933 367
Less: Allowance for Impairment				
Current (0 -30 days)	(9 766 338)	(6 766 366)	(9 766 338)	(6 766 366)
31 - 60 days	(3 133 565)	(2 133 040)	(3 133 565)	(2 133 040)
61 - 90 days	(3 858 149)	(3 053 149)	(3 858 149)	(3 053 149)
91 - 120 days	(3 827 738)	(1 008 781)	(3 827 738)	(1 008 781)
>120 days	(149 353 690)	(137 748 776)	(149 353 690)	(137 748 776)
	(169 939 480)	(150 710 112)	(169 939 480)	(150 710 112)
Reconciliation of allowance for impairment				
Balance at beginning of the year	(150 710 112)	(159 669 872)	(150 710 112)	(159 669 872)
Contributions to allowance	(19 229 368)	8 959 760	(19 229 368)	8 959 760
	(169 939 480)	(150 710 112)	(169 939 480)	(150 710 112)

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
8. Cash and cash equivalents				
Cash and cash equivalents consist of:				
Cash on hand	983	405	300	300
Bank balances	10 258 245	4 409 719	9 616 287	2 788 082
Short-term deposits	38 471 820	67 176 685	31 054 279	55 574 432
	48 731 048	71 586 809	40 670 866	58 362 814

Cash and cash equivalents pledged as collateral

Total financial assets pledged as collateral for Eskom account	200 000	200 000	200 000	200 000
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The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2020	30 June 2019	30 June 2018	30 June 2020	30 June 2019	30 June 2018
FNB Ixopo branch account number 62022648169	9 616 287	2 799 177	2 793 500	9 616 287	2 788 082	2 822 218
FNB call account number 62032587331	14 849 005	513 547	180 802	14 849 005	513 547	180 802
FNB call account number 62095523281	1 755 268	1 356 057	1 243 741	1 755 268	1 356 057	1 243 741
FNB call account number 62138538692	3 585 474	18 656 530	34 075 686	3 585 474	18 656 530	34 075 686
FNB call account number 62398395204	2 000	27 061 010	17 289 757	2 000	27 061 010	17 289 757
FNB call account number 62434145331	336 355	4 484	2 605	336 355	4 484	2 605
FNB call account number 62434147072	14 346	3 149 929	9 190 531	14 346	3 149 929	9 190 531
FNB call account number 62434151239	8 390 008	3 602	68 407	8 390 008	3 602	68 407
FNB call account number 62414264797	4 320	5 983	9 600	4 320	5 983	9 600
Investec bank call account number 50006688425	2 117 496	4 823 284	32 071 021	2 117 496	4 823 284	32 071 021
FNB Ixopo branch account number 62313233504	641 958	1 621 637	4 104 717	641 958	1 621 637	4 104 717
Standard Bank Kloof branch account number 251660419	826 903	833 833	840 685	826 903	833 833	840 685
FNB Ixopo branch account number 62372506306	3 153 001	241 690	399 471	3 153 001	241 690	399 471
Standard Bank Kloof branch account number 254472435	2 383 576	10 409 473	9 915 188	2 383 576	10 409 473	9 915 188
FNB call account number 62478289989	1 054 061	117 257	113 116	1 054 061	117 257	113 116
Total	48 730 058	71 597 493	112 298 827	48 730 058	71 586 398	112 327 545

Harry Gwala District Municipality and its Municipal Entity

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9. Property, plant and equipment

Economic entity	2020			2019		
	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	61 235 605	(17 338 865)	43 896 740	61 235 605	(15 335 671)	45 899 934
Machinery and equipment	2 263 511	(1 890 656)	372 855	2 282 817	(1 715 408)	567 209
Furniture and office equipment	6 783 837	(5 192 504)	1 591 333	6 205 875	(4 560 063)	1 645 812
Transport assets	15 694 361	(8 877 625)	6 816 736	9 905 983	(6 849 145)	3 056 838
Computer equipment	8 575 606	(3 669 305)	4 906 301	8 188 584	(2 638 347)	3 560 237
Infrastructure: information and communication	595 725	(349 127)	246 598	1 262 001	(932 148)	329 853
Infrastructure	2 818 558 211	(539 604 682)	2 278 953 529	2 593 090 515	(482 168 690)	2 110 921 825
Community	5 048 079	(2 201 826)	2 846 253	5 188 302	(2 110 543)	3 077 759
Leased assets	26 208 782	(17 980 472)	8 228 290	30 208 901	(16 217 343)	13 991 558
Total	2 858 635 969	(597 105 062)	2 361 530 907	2 729 250 655	(532 527 358)	2 196 723 297

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Figures in Rand

9. Property, plant and equipment (continued)

Controlling entity	2020			2019		
	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	34 780 745	(11 347 831)	23 432 914	34 780 745	(10 279 957)	24 500 788
Machinery and equipment	2 165 262	(1 806 300)	358 962	2 184 368	(1 634 953)	549 415
Furniture and office equipment	6 095 762	(4 682 684)	1 413 078	5 517 800	(4 119 128)	1 398 672
Transport assets	15 694 361	(8 877 625)	6 816 736	9 005 983	(6 849 145)	2 156 838
Computer equipment	7 745 479	(3 220 039)	4 525 440	5 398 489	(2 250 879)	3 147 610
Infrastructure: information and communication	595 725	(349 127)	246 598	1 262 001	(932 148)	329 853
Infrastructure	2 818 558 211	(539 604 682)	2 278 953 529	2 593 080 515	(482 168 690)	2 110 921 825
Community	5 048 079	(2 201 826)	2 846 253	5 188 302	(2 110 543)	3 077 759
Leased assets	26 208 762	(17 980 472)	8 228 290	30 208 901	(16 217 343)	13 991 558
Total	2 930 864 658	(590 070 588)	2 340 794 072	2 701 209 376	(526 572 788)	2 174 636 590

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2020

	Opening balance	Additions	Disposals	Transfers received	Reclassificati on of Assets	Depreciation	Impairment loss	Total
Land	13 672 272	-	-	-	-	-	-	13 672 272
Buildings	45 899 934	-	-	-	-	(2 003 194)	-	43 896 740
Machinery and equipment	567 209	-	-	-	11 835	(206 189)	-	372 855
Furniture and office equipment	1 645 812	684 263	(1 799)	-	5 452	(742 395)	-	1 591 333
Transport assets	3 056 838	-	(244 553)	5 855 141	233 978	(2 084 668)	-	6 816 736
Computer equipment	3 560 237	2 883 998	(111 173)	-	27 843	(1 454 604)	-	4 906 301
Infrastructure: information and communication	329 853	-	(92)	-	1	(83 164)	-	246 598
Infrastructure	2 110 921 825	229 570 949	(2 329 606)	-	2 070	(58 186 161)	(1 025 548)	2 278 953 529
Community	3 077 759	-	-	-	(2 070)	(229 436)	-	2 846 253
Leased assets	13 991 558	1 295 912	(82 941)	-	(279 112)	(6 697 127)	-	8 228 290
	2 196 723 297	234 435 122	(2 770 164)	5 855 141	(3)	(71 686 938)	(1 025 548)	2 361 530 907

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Economic entity - 2019

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	13 672 272	-	-	-	-	-	13 672 272
Buildings	47 842 281	53 590	-	-	(1 995 937)	-	45 899 934
Machinery and equipment	724 443	85 308	-	-	(227 788)	(14 754)	567 209
Furniture and office equipment	1 932 457	473 021	(10 844)	-	(738 476)	(10 346)	1 645 812
Transport assets	2 903 407	1 258 778	-	-	(1 115 347)	-	3 056 838
Computer equipment	1 737 560	2 670 716	(1 583)	-	(834 850)	(11 606)	3 560 237
Infrastructure: information and communication	447 808	-	-	-	(117 955)	-	329 853
Infrastructure	1 912 700 156	252 343 053	(8 935 600)	13 424 406	(55 896 846)	(2 713 344)	2 110 921 825
Community	3 317 979	-	-	-	(240 220)	-	3 077 759
Leased assets	10 485 109	10 202 765	-	-	(6 696 316)	-	13 991 558
	1 995 763 472	267 097 231	(8 948 027)	13 424 406	(67 863 736)	(2 750 050)	2 196 723 297

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9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2020

	Opening balance	Additions	Disposals	Transfers received	Reclassification of Assets	Depreciation	Impairment loss	Total
Land	13 672 272	-	-	-	-	-	-	13 672 272
Buildings	24 500 788	-	-	-	1	(1 067 875)	-	23 432 914
Machinery and equipment	549 415	-	-	-	11 835	(202 288)	-	358 962
Furniture and office equipment	1 398 672	684 283	(1 799)	-	5 452	(673 510)	-	1 413 078
Transport assets	3 056 836	-	(244 553)	5 855 141	233 978	(2 084 668)	-	6 816 736
Computer equipment	3 137 610	2 788 278	(55 311)	-	27 843	(1 372 980)	-	4 525 440
Infrastructure: information and communication	329 853	-	(92)	-	1	(83 164)	-	246 598
Infrastructure	2 110 921 825	229 570 949	(2 329 606)	-	2 070	(58 186 161)	(1 025 548)	2 278 953 529
Community	3 077 759	-	-	-	(2 070)	(229 436)	-	2 846 253
Leased assets	13 991 558	1 295 912	(82 941)	-	(279 112)	(6 687 127)	-	8 228 290
	2 174 636 690	234 338 402	(2 714 302)	5 855 141	(2)	(70 687 209)	(1 025 548)	2 340 494 072

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Figures in Rand

9. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - Controlling entity - 2019

	Opening balance	Additions	Disposals	Transfers received	Depreciation	Impairment loss	Total
Land	13 672 272	-	-	-	-	-	13 672 272
Buildings	25 568 663	-	-	-	(1 067 875)	-	24 500 788
Machinery and equipment	663 817	85 308	-	-	(204 956)	(14 754)	549 415
Furniture and office equipment	1 607 764	466 921	(10 844)	-	(654 823)	(10 346)	1 398 672
Transport assets	2 903 407	1 268 778	-	-	(1 115 347)	-	3 056 838
Computer equipment	1 505 477	2 418 572	(1 583)	-	(773 250)	(11 606)	3 137 610
Infrastructure: information and communication	447 808	-	-	-	(117 955)	-	329 853
Infrastructure	1 912 700 156	252 343 053	(8 935 600)	13 424 406	(55 896 846)	(2 713 344)	2 110 921 825
Community	3 317 979	-	-	-	(240 220)	-	3 077 759
Leased assets	10 485 109	10 202 765	-	-	(8 696 316)	-	13 991 558
	1 872 892 452	266 785 397	(8 948 027)	13 424 406	(66 767 888)	(2 750 060)	2 174 636 590

Compensation received for losses on property, plant and equipment – included in operating profit.

Furniture and office equipment	6 900	-	6 900	-
Transport assets	1 030 408	-	1 030 408	-
Computer equipment	15 413	-	15 413	-
Other property, plant and equipment	8 900	-	8 900	-
	1 061 621	-	1 061 621	-

Reconciliation of Work-in-Progress Economic entity - 2020

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	2020	2019	2020	2019
9. Property, plant and equipment (continued)				
			Included within infrastructure water and sanitation	Total
Opening balance			626 122 629	626 122 629
Additions/capital expenditure			228 551 343	228 551 343
Written off - Retentions prior period error			(3 372 695)	(3 372 695)
Transferred to completed items			(184 117 667)	(184 117 667)
			667 183 610	667 183 610

Reconciliation of Work-in-Progress Economic entity - 2019

			Included within infrastructure water and sanitation	Total
Opening balance			408 628 097	408 628 097
Additions/capital expenditure			252 343 054	252 343 054
Transferred to completed items			(34 297 683)	(34 297 683)
Transfer received from COGTA			2 240 255	2 240 255
Written off - prior period error			(2 791 094)	(2 791 094)
			626 122 629	626 122 629

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services	20 283 643	11 692 798	20 283 643	11 652 798
Material Consumed	5 399 724	25 588 572	5 399 724	25 588 572
Other	40 547	85 655	-	-
	25 723 914	37 367 025	25 683 367	37 241 370

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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10. Intangible assets

Economic entity	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	3 838 578	(1 684 401)	2 154 177	4 836 362	(2 401 189)	2 435 173

Controlling entity	2020			2019		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	2 424 263	(1 548 960)	875 303	3 598 216	(2 401 189)	1 197 027

Reconciliation of intangible assets - Economic entity - 2020

	Opening balance	Additions	Amortisation	Total
Computer software, other	2 435 173	176 169	(457 165)	2 154 177

Reconciliation of intangible assets - Economic entity - 2019

	Opening balance	Additions	Amortisation write-back	Amortisation	Total
Computer software, other	1 865 412	193 140	602 463	(225 842)	2 435 173

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10. Intangible assets (continued)

Reconciliation of intangible assets - Controlling entity - 2020

	Opening balance	Amortisation	Total
Computer software, other	1 197 027	(321 724)	875 303

Reconciliation of intangible assets - Controlling entity - 2019

	Opening balance	Amortisation	Total
Computer software, other	1 422 868	(225 841)	1 197 027

11. Investments in controlled entities

Name of company	Held by	% holding 2020	% holding 2019	Carrying amount 2020	Carrying amount 2019
Harry Gwala Development Agency	Harry Gwala District Municipality	100,00 %	100,00 %	100	100

The carrying amounts of controlled entities are shown net of impairment losses.

12. Borrowings

At amortised cost

ABSA loan	4 555 057	8 656 680	4 555 057	8 656 680
The loan bears a nominal fixed interest rate of 11,59 % compounded bi-annually. The loan is redeemable in twenty equal installments bi-annually in arrears on 30 June and 31 December each year until 30 June 2021.				

Non-current liabilities

At amortised cost	-	4 555 057	-	4 555 057
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	2020	2019	2020	2019
12. Borrowings (continued)				
Current liabilities				
At amortised cost	4 555 057	4 101 623	4 555 057	4 101 623
13. Finance lease obligation				
Minimum lease payments due				
- within one year	6 072 324	10 077 729	5 973 903	9 963 051
- in second to fifth year inclusive	5 278 047	9 637 699	5 241 452	9 620 328
	11 350 371	19 715 428	11 215 355	19 583 379
less: future finance charges	(962 195)	(2 171 343)	(962 195)	(2 171 343)
Present value of minimum lease payments	10 388 176	17 544 085	10 253 160	17 412 036
Present value of minimum lease payments due				
- within one year	5 447 356	8 540 814	5 348 935	8 426 136
- in second to fifth year inclusive	4 940 820	9 003 271	4 904 225	8 985 900
	10 388 176	17 544 085	10 253 160	17 412 036
Non-current liabilities	4 940 820	9 003 272	4 904 225	8 985 901
Current liabilities	5 447 356	8 540 813	5 348 935	8 426 135
	10 388 176	17 544 085	10 253 160	17 412 036
It is economic entity policy to lease certain motor vehicles and equipment under finance leases.				
Interest rates are linked to prime at the contract date. All leases escalate at 6% p.a and no arrangements have been entered into for contingent rent.				
14. Payables from exchange transactions				
Trade payables	28 211 347	29 860 517	28 101 738	29 415 139
Accrued fuel	12 934	1 139	-	-
Retentions	50 595 075	42 240 595	50 595 075	42 240 595
Accrued leave pay	13 772 762	11 345 687	13 294 300	11 000 334
Debtors with credit balance	7 861 544	6 976 757	7 861 544	6 976 757
Other payables	1 046 825	234	1 046 825	234
Payroll third party payments accrued	2 750	6 507 308	-	6 238 359
	101 503 237	96 932 237	100 899 482	95 871 418
15. Consumer deposits				
Water	1 863 257	1 768 018	1 863 257	1 768 018

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
16. Employee benefit obligations				
The amounts recognised in the statement of financial position are as follows:				
Carrying value				
Post retirement medical aid plan	(9 955 999)	(11 438 391)	(9 955 999)	(11 438 391)
Long service awards	(8 523 000)	(7 501 821)	(8 523 000)	(7 501 821)
	(18 478 999)	(18 940 212)	(18 478 999)	(18 940 212)
Non-current liabilities	(17 708 999)	(18 621 498)	(17 708 999)	(18 621 498)
Current liabilities	(770 000)	(318 714)	(770 000)	(318 714)
	(18 478 999)	(18 940 212)	(18 478 999)	(18 940 212)

Post retirement medical aid plan

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 2020 by Mr C Weiss Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The municipality makes monthly contributions for health care arrangements to the following Medical Aid Schemes:

- Bonitas
- Keyhealth
- LA Health
- Samwumed
- Fedhealth

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	11 438 391	17 727 986	11 438 391	17 727 986
Benefits paid	(55 842)	(52 537)	(55 842)	(52 537)
Net expense recognised in the statement of financial performance	(1 426 550)	(6 237 058)	(1 426 550)	(6 237 058)
	9 955 999	11 438 391	9 955 999	11 438 391

Net expense recognised in the statement of financial performance

Current service cost	1 071 675	1 469 279	1 071 675	1 469 279
Interest cost	1 120 572	1 748 991	1 120 572	1 748 991
Actuarial (gains) losses	(3 618 797)	(9 455 328)	(3 618 797)	(9 455 328)
	(1 426 550)	(6 237 058)	(1 426 550)	(6 237 058)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used	11,50 %	9,82 %	11,50 %	9,82 %
Expected increase in healthcare costs	7,41 %	7,19 %	7,41 %	7,19 %
Net Effective Discount Rate	3,81 %	2,45 %	3,81 %	2,45 %

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019

16. Employee benefit obligations (continued)

Long service awards

The municipality operate an unfunded defined benefit plan for all its employees. Under the plan a Long-service Award is payable after 10 years thereafter to employees. The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2020 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	7 501 821	5 221 343	7 501 821	5 221 343
Benefits paid	(262 872)	(679 929)	(262 872)	(679 929)
Net expense recognised in the statement of financial performance	1 284 051	2 960 407	1 284 051	2 960 407
	8 523 000	7 501 821	8 523 000	7 501 821

Net expense recognised in the statement of financial performance

Current service cost	880 782	551 996	880 782	551 996
Interest cost	612 697	419 422	612 697	419 422
Actuarial (gains)/ losses	(209 428)	1 988 989	(209 428)	1 988 989
	1 284 051	2 960 407	1 284 051	2 960 407

Key assumptions used

Discount rate	7,63 %	8,31 %	7,63 %	8,31 %
Salary cost inflation rate	4,16 %	5,64 %	4,16 %	5,64 %
Net effective discount rate	3,33 %	2,53 %	3,33 %	2,53 %
Expected retirement age - females	62	62	62	62
Expected retirement age - males	62	62	62	62

17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Municipal infrastructure grant	-	23 237 887	-	23 237 887
Radical agrarian socio-economic transformation (RASET)	500 000	-	-	-
Department of higher education and training grant	3 210 479	11 243 306	-	-
Development bank of South Africa	1 054 061	1 054 061	-	-
Water services infrastructure grant - Drought relief	-	20 000 000	-	20 000 000
Development planning shared services grant	486 481	818 472	486 481	818 472
Sihleza maize production project (cogta)	-	242 413	-	242 413
Signage grant - Cogta	-	98 112	-	98 112
Cogta water intervention grant	15 000 000	-	15 000 000	-
	20 251 021	56 694 251	15 486 481	44 396 884

See note 23 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
18. Long term payable from non exchange transactions				
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 after 12 months was therefore reclassified to non - current liabilities.				
19. Other financial liability				
The liability arose through the implementation of the RASET program. HGDA entered into an agreement with Ithala Development Finance Corporation, the agreement was that Ithala would pay the farmers on behalf of HGDA when they supply their produce, Ithala would then recover its money once the KZN Department of Education pays Harry Gwala for the supplies.				
The financing is interest fee.				
20. Service charges				
Sale of water	54 157 319	43 001 397	54 157 319	43 001 397
Sewerage and sanitation charges	16 305 326	15 419 246	16 305 326	15 419 246
	70 462 645	58 420 643	70 462 645	58 420 643
21. Other Income				
Staff recoveries	601 923	-	601 923	-
Clearance certificate	982	3 643	982	3 643
Tender documents	750 520	735 100	750 520	693 700
Management fees	-	46 122	-	46 122
	1 353 425	784 865	1 353 425	743 465
22. Investment revenue				
Interest revenue				
Interest on outstanding debtors	12 632 447	9 918 909	12 632 447	9 918 909
Interest on investments	6 355 495	10 046 428	6 196 457	9 839 028
	18 987 942	19 965 337	18 828 904	19 757 937

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
23. Government grants and subsidies				
Operating grants				
Equitable share	345 308 887	318 074 028	345 308 887	318 074 028
Expanded public works programme	5 316 000	2 518 000	5 316 000	2 518 000
Radical agrarian socio-economic transformation	-	3 000 000	-	-
Financial management grant	1 000 000	1 000 000	1 000 000	1 000 000
Local Govt. sector education training authority	416 385	287 131	416 385	287 131
Municipal infrastructure grant	9 808 060	30 394 621	9 808 060	30 394 621
Water services infrastructure grant	8 536 633	16 828 660	8 536 633	16 828 660
Rural roads asset management system grant	2 358 000	2 226 000	2 358 000	2 226 000
Energy efficient and demand management grant	7 000 000	-	7 000 000	-
Government experts	-	445 014	-	445 014
Disaster management grant	596 000	-	596 000	-
Development planning shared services grant	331 991	345 571	331 991	345 571
	380 671 956	375 119 025	380 671 956	372 119 025
Capital grants				
Rural Bulk Infrastructure grant	20 000 000	70 000 000	20 000 000	70 000 000
Municipal Infrastructure grant	191 051 940	152 754 502	191 051 940	152 754 502
Water services infrastructure grant	51 463 367	63 571 340	51 463 367	63 571 340
	262 515 307	286 325 842	262 515 307	286 325 842
	643 187 263	661 444 867	643 187 263	658 444 867

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Municipal infrastructure grant

Balance unspent at beginning of year	23 237 887	10 039 000	23 237 887	10 039 000
Current-year receipts	200 860 000	196 587 000	200 860 000	196 587 000
Conditions met transferred to revenue (current year allocation - capital)	(191 051 940)	(142 954 492)	(191 051 940)	(142 954 492)
Conditions met transferred to revenue (current year allocation - operational)	(9 808 060)	(30 394 621)	(9 808 060)	(30 394 621)
Conditions met transferred to revenue (approved rollover- capital)	-	(9 800 000)	-	(9 800 000)
Repayment of unspent portion	(23 237 887)	(239 000)	(23 237 887)	(239 000)
	-	23 237 887	-	23 237 887

Conditions still to be met - remain liabilities (see note 17).

The municipal infrastructure grant is used to construct water and sewerage infrastructure as part of the upgrading of informal settlement areas.

Water services infrastructure grant - drought relief

Balance unspent at beginning of year	20 000 000	-	20 000 000	-
Current-year receipts	-	20 000 000	-	20 000 000
Repayment of unspent portion	(20 000 000)	-	(20 000 000)	-
	-	20 000 000	-	20 000 000

Conditions still to be met - remain liabilities (see note 17).

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
23. Government grants and subsidies (continued)				
Water services infrastructure grant				
Balance unspent at beginning of year	-	49 012 312	-	49 012 312
Current-year receipts	60 000 000	80 400 000	60 000 000	80 400 000
Conditions met transferred to revenue (current year allocation - capital)	(51 463 367)	(63 571 340)	(51 463 367)	(63 571 340)
Conditions met transferred to revenue (current year allocation - operational)	(8 536 633)	(16 828 660)	(8 536 633)	(16 828 660)
Repayment of unspent portion	-	(49 012 312)	-	(49 012 312)
	-	-	-	-

The water services infrastructure grant is used to facilitate the planning and implementation of various water and sanitation projects to accelerate backlog reduction and improve the sustainability of services.

Regional bulk infrastructure grant

Balance unspent at beginning of year	-	10 375	-	10 375
Current-year receipts	20 000 000	70 000 000	20 000 000	70 000 000
Conditions met - transferred to revenue	(20 000 000)	(70 000 000)	(20 000 000)	(70 000 000)
Repayment of unspent portion	-	(10 375)	-	(10 375)
	-	-	-	-

Regional bulk infrastructure grant is utilised to address water infrastructure projects approved.

Financial management grant

Current-year receipts	1 000 000	1 000 000	1 000 000	1 000 000
Conditions met - transferred to revenue	(1 000 000)	(1 000 000)	(1 000 000)	(1 000 000)
	-	-	-	-

Financial management grant is used to implement financial management reforms required by the MFMA.

Radical agrarian socio-economic transformation (RASET)

Balance unspent at beginning of year	-	3 000 000	-	-
Current-year receipts	500 000	-	-	-
Conditions met - transferred to revenue	-	(3 000 000)	-	-
	500 000	-	-	-

Conditions still to be met - remain liabilities (see note 17).

The purpose of the grant is to provide fresh fruit, vegetables and maas to the schools in Harry Gwala District.

Department of higher education and training grant

Balance unspent at beginning of year	11 243 306	7 960 998	-	-
Correction of prior period errors	-	2 787 476	-	-
Repayment of unspent portion	(8 201 504)	-	-	-
Bank Charges	(8 500)	-	-	-
Interest received	177 177	494 832	-	-
	3 210 479	11 243 306	-	-

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	2020	2019	2020	2019

23. Government grants and subsidies (continued)

Conditions still to be met - remain liabilities (see note 17).

The purpose of this grant is provide funding through National Skills Fund for the capacitation of the youth with skills.

Development Bank of South Africa

Balance unspent at beginning of year	1 054 061	1 054 061	-	-
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Conditions still to be met - remain liabilities (see note 17).

The purpose of this grant is to capacitate co-operatives through jobs fund projects.

Expanded public works programme

Current-year receipts	5 316 000	2 518 000	5 316 000	2 518 000
Conditions met - transferred to revenue	(5 316 000)	(2 518 000)	(5 316 000)	(2 518 000)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Expanded public works programme grant is used to expand work creation efforts through the use of labour intensive delivery methods in identified focus areas. The current year receipt was used to fund expenditure during the current year and thus accordingly recognised as revenue.

Public transport grant

Balance unspent at beginning of year	-	66 587	-	66 587
Adjustment	-	(66 587)	-	(66 587)
	-	-	-	-

Rural roads asset management system grant

Balance unspent at beginning of year	-	4 351	-	4 351
Current-year receipts	2 358 000	2 226 000	2 358 000	2 226 000
Conditions met - transferred to revenue	(2 358 000)	(2 226 000)	(2 358 000)	(2 226 000)
Repayment of unspent portion	-	(4 351)	-	(4 351)
	-	-	-	-

Conditions still to be met - remain liabilities (see note 17).

Development planning shared services grant

Balance unspent at beginning of year	818 472	1 164 043	818 472	1 164 043
Conditions met - transferred to revenue	(331 991)	(345 571)	(331 991)	(345 571)
	486 481	818 472	486 481	818 472

Conditions still to be met - remain liabilities (see note 17).

The grant received from COGTA is to be utilised in developing shared municipal services.

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
23. Government grants and subsidies (continued)				
Sihleza maize production project grant				
Balance unspent at beginning of year	242 413	242 413	242 413	242 413
Repayment of unspent portion	(242 413)	-	(242 413)	-
	-	242 413	-	242 413
Conditions still to be met - remain liabilities (see note 17).				
Signage grant				
Balance unspent at beginning of year	98 112	98 112	98 112	98 112
Repayment of unspent portion	(98 112)	-	(98 112)	-
	-	98 112	-	98 112
Conditions still to be met - remain liabilities (see note 17).				
Government Experts Grant				
Balance unspent at beginning of year	-	445 014	-	445 014
Conditions met - transferred to revenue	-	(445 014)	-	(445 014)
	-	-	-	-
Gijima Grant				
Balance unspent at beginning of year	-	235 810	-	235 810
Conditions met - transferred to revenue prior period error	-	(235 810)	-	(235 810)
	-	-	-	-
Energy efficiency demand side management grant				
Current-year receipts	7 000 000	-	7 000 000	-
Conditions met - transferred to revenue	(7 000 000)	-	(7 000 000)	-
	-	-	-	-
Cogta accelerated water intervention grant				
Current-year receipts	15 000 000	-	15 000 000	-
Conditions still to be met - remain liabilities (see note 17).				
Disaster management grant				
Current-year receipts	596 000	-	596 000	-
Conditions met - transferred to revenue	(596 000)	-	(596 000)	-
	-	-	-	-
24. Public contributions and donations				
Assets received from other organs of state	5 863 241	13 424 405	5 863 241	13 424 405

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
25. Revenue				
Service charges	70 462 645	58 420 643	70 462 645	58 420 643
Sale of fresh produce to schools	-	5 397 547	-	-
Other income	1 353 425	784 865	1 353 425	743 465
Interest received	18 987 942	19 965 337	18 828 904	19 757 937
Government grants & subsidies	643 187 263	661 444 867	643 187 263	658 444 867
Public contributions and donations	5 863 241	13 424 405	5 863 241	13 424 405
	739 854 516	759 437 664	739 695 478	750 791 317
The amount included in revenue arising from exchanges of goods or services are as follows:				
Service charges	70 462 645	58 420 643	70 462 645	58 420 643
Sale of fresh produce to schools	-	5 397 547	-	-
Other income	1 353 425	784 865	1 353 425	743 465
Interest received	18 987 942	19 965 337	18 828 904	19 757 937
	90 804 012	84 568 392	90 644 974	78 922 045
The amount included in revenue arising from non-exchange transactions is as follows:				
Transfer revenue				
Government grants & subsidies	643 187 263	661 444 867	643 187 263	658 444 867
Public contributions and donations	5 863 241	13 424 405	5 863 241	13 424 405
	649 050 504	674 869 272	649 050 504	671 869 272
26. Bulk purchases				
Water	22 832 763	17 975 968	22 832 763	17 975 968
27. Contracted services				
Outsourced Services				
Administrative and Support Staff	14 273 911	14 988 322	14 273 911	14 988 322
Burial Services	22 426	5 000	22 426	5 000
Business and Advisory	16 928 234	8 489 910	16 928 234	8 489 910
Catering Services	536 450	306 510	536 450	306 510
Cleaning Services	78 030	79 198	78 030	79 198
Security Services	23 327 554	27 066 016	22 691 041	26 557 177
Sewerage Services	4 336 516	611 359	4 336 516	611 359
Water Takers	3 380 763	4 395 681	3 380 763	4 395 681
Consultants and Professional Services				
Business and Advisory	15 713 034	4 699 697	15 713 034	4 699 697
Legal Cost	7 178 187	5 644 237	6 880 391	5 580 851

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
27. Contracted services (continued)				
Contractors				
Audio-visual Services	5 000	37 000	5 000	37 000
Catering Services	189 950	133 995	189 950	133 995
Electrical	6 086 957	-	6 086 957	-
Employee Wellness	13 226	119 371	13 226	119 371
Event Promoters	5 063 031	6 753 850	5 063 031	6 753 850
Maintenance of Buildings and Facilities	1 702 884	1 236 350	1 662 337	1 166 787
Maintenance of Equipment	11 704 191	16 092	11 704 191	-
Maintenance of Unspecified Assets	6 917 115	10 486 011	6 917 115	10 486 011
Rural roads site supervision and consulting	2 049 565	2 002 874	2 049 565	2 002 874
Sewerage Services	25 624 743	56 308 840	25 624 743	56 308 840
Stage and Sound Crew	-	7 300	-	7 300
	145 131 767	143 387 613	144 156 911	142 729 733
28. Contribution to debt impairment allowance				
Contributions to debt impairment provision	22 058 340	(8 959 758)	22 058 340	(8 959 758)
29. Depreciation and amortisation				
Property, plant and equipment	71 686 937	67 863 733	70 597 207	66 767 586
Intangible assets	457 165	225 842	321 724	225 842
	72 144 102	68 089 575	70 918 931	66 993 428

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	2020	2019	2020	2019
30. Employee related costs				
Basic	114 885 645	106 361 393	107 829 953	99 979 496
Bonus	8 187 843	7 237 056	7 832 700	6 855 080
Social contributions - medical aid	8 553 594	7 627 523	8 220 132	7 260 577
Unemployment insurance fund	724 857	716 063	671 784	664 327
Leave pay provision charge	3 359 754	2 082 354	3 208 470	1 966 754
Health care retirement benefit	2 136 405	3 165 733	2 136 405	3 165 733
Social contributions - pension fund	17 004 676	15 726 802	15 505 407	14 209 023
Social contribution - SALGBC	39 172	36 721	39 172	36 721
Travel, motor car, accommodation, subsistence and other allowances	19 430 677	18 292 128	19 380 481	17 990 005
Overtime payments	22 042 781	22 214 615	22 042 781	22 214 615
Long-service awards	1 423 488	917 846	1 423 488	917 846
Housing benefits and allowances	487 209	413 229	487 209	413 229
	198 276 101	184 791 463	188 777 982	175 673 406

Remuneration of municipal manager

Annual Remuneration	924 917	928 379	924 917	928 379
Car Allowance	191 181	160 595	191 181	160 595
Cell phone allowance	19 449	18 091	19 449	18 091
Housing allowance	57 106	54 655	57 106	54 655
Rural allowance	58 901	45 301	58 901	45 301
Contributions to UIF	1 785	1 785	1 785	1 785
Contributions to medical aid	53 634	49 793	53 634	49 793
Contributions to SALGBC	111	103	111	103
	1 307 084	1 258 702	1 307 084	1 258 702

Remuneration of chief finance officer

Annual Remuneration	629 634	622 846	629 634	622 846
Car Allowance	174 720	152 250	174 720	152 250
Cellphone Allowances	19 449	18 091	19 449	18 091
Housing allowance	54 241	46 385	54 241	46 385
Rural allowance	42 933	33 278	42 933	33 278
Contributions to UIF	1 785	1 785	1 785	1 785
Contributions to medical aid	35 852	35 762	35 852	35 762
Contributions to SALGBC	111	103	111	103
	958 725	910 600	958 725	910 500

Remuneration of social services executive director

Annual Remuneration	221 008	737 187	221 008	737 187
Car Allowance	62 400	121 350	62 400	121 350
Rural allowance	14 311	30 419	14 311	30 419
Cell phone allowance	6 483	16 537	6 483	16 537
Contributions to UIF	595	1 636	595	1 636
Contributions to SALGBC	38	95	38	95
	304 835	907 224	304 835	907 224

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	2020	2019	2020	2019
30. Employee related costs (continued)				
Remuneration of corporate services executive director				
Annual Remuneration	695 395	645 686	695 395	645 686
Car Allowance	174 720	175 246	174 720	175 246
Rural allowance	42 933	33 278	42 933	33 278
Cellphone allowances	19 449	18 091	19 449	18 091
Contributions to UIF	1 785	1 785	1 785	1 785
Contributions to medical aid	24 332	20 347	24 332	20 347
Contributions to SALGBC	112	103	112	103
	958 726	894 536	958 726	894 536
Remuneration of water services executive director				
Annual Remuneration	671 479	411 783	671 479	411 783
Car Allowance	174 720	103 936	174 720	103 936
Cellphone allowances	19 449	12 431	19 449	12 431
Housing allowance	48 248	27 997	48 248	27 997
Rural allowance	42 933	21 344	42 933	21 344
Contributions to UIF	1 785	1 190	1 785	1 190
Contributions to SALGBC	112	70	112	70
	958 726	578 751	958 726	578 751
Remuneration of infrastructure executive director				
Annual Remuneration	749 295	751 096	749 295	751 096
Car Allowance	149 920	144 000	149 920	144 000
Rural allowance	42 933	33 278	42 933	33 278
Cell phone allowance	19 449	7 770	19 449	7 770
Contributions to UIF	1 785	1 785	1 785	1 785
Contributions to SALGBC	111	103	111	103
	963 493	938 032	963 493	938 032
Remuneration of board members				
Directors' fees	249 324	299 126	-	-
Directors' travel	136 453	116 234	-	-
	385 777	415 360	-	-
Remuneration of Chief Executive Officer - Harry Gwala Development Agency				
Annual Remuneration	1 357 351	1 230 934	-	-
Car Allowance	120 000	110 000	-	-
Contributions to UIF, Medical and Pension Funds	112 586	248 573	-	-
13th Cheque	123 113	57 799	-	-
Acting Allowance	-	183 658	-	-
	1 713 050	1 830 964	-	-

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	2020	2019	2020	2019
30. Employee related costs (continued)				
Remuneration of chief financial officer - Harry Gwala Development Agency				
Annual Remuneration	971 903	905 261	-	-
Car Allowance	120 000	120 000	-	-
Contributions to UIF, Medical and Pension Funds	233 622	223 261	-	-
Honorarium	-	12 000	-	-
13th Cheque	90 992	85 438	-	-
Acting Allowance	17 787	118 465	-	-
	1 434 304	1 464 425	-	-
31. Finance costs				
External borrowings	823 902	1 228 849	823 902	1 228 849
Overdue accounts	18 085	48 235	18 085	48 235
Finance leases	1 580 182	2 488 116	1 553 640	2 475 164
	2 422 169	3 765 200	2 395 627	3 752 248
32. Inventory consumed				
Consumables:Standard Rated	84 623	204 339	84 623	204 339
Consumables:Zero Rated	4 661 542	5 212 988	4 661 542	5 212 988
Materials and supplies	653 559	25 588 572	653 559	25 588 572
	5 399 724	31 005 899	5 399 724	31 005 899
33. Lease rentals on operating lease				
Equipment				
Printing machines and car rental	57 613	46 628	-	-

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
34. Operational costs				
Advertising	1 408 166	1 375 087	1 365 500	1 274 879
Auditors remuneration	4 343 697	3 831 689	3 832 960	3 445 612
Bank charges	235 961	226 368	225 333	208 675
Cleaning	14 611	5 943	-	-
Computer expenses	18 042	22 007	-	-
Program expenses - Farm produce	190 000	7 754 828	-	-
Fines and penalties	112 963	21 960	-	-
Hire	-	111 525	-	111 525
Insurance	1 023 366	499 877	858 086	366 630
Financial system support	162 933	334 885	-	-
Vehicle expenses	2 538 920	6 513 301	2 538 920	6 513 301
Promotions and sponsorships	-	42 880	-	-
Motor vehicle licence and registrations	198 918	2 073 481	198 918	2 073 481
Fuel and oil	7 019 529	5 914 728	7 007 735	5 871 389
Printing and stationery	788 962	1 010 358	777 203	937 277
Protective clothing	4 289 624	1 349 998	4 289 624	1 326 915
Software expenses	3 598 489	2 046 865	3 598 489	2 046 865
Staff welfare	577 515	510 924	575 506	507 570
Subscriptions and membership fees	385 452	80 376	385 452	63 128
Telephone and fax	4 598 847	3 005 426	4 598 847	3 005 426
Transport	246 539	2 993 333	236 739	382 689
Training	74 679	-	-	-
Travel and accomodation	3 716 671	5 055 418	3 309 732	4 532 004
Refuse	-	5 326	-	-
Electricity	16 839 462	13 186 182	16 839 462	13 186 182
Tourism development	437 183	799 466	-	-
Event registration fees	163 003	-	83 003	-
Rental of offices	1 762 621	2 707 685	1 670 216	2 630 217
Hygiene services	453 611	190 689	243 102	-
Skills development levy	1 397 560	1 550 673	1 331 764	1 474 818
Support to small farmers	69 459	6 640	63 349	-
Signage	22 500	45 500	22 500	45 500
Enterprise development expenses	317 190	21 215	-	-
SALGA fees	1 797 800	-	1 797 800	-
	58 804 273	63 294 633	55 850 240	50 004 083

35. Remuneration of councillors

Executive Major	553 990	799 680	553 990	799 680
Deputy Executive Mayor	785 369	729 627	785 369	729 627
Executive Committee Members	1 146 929	1 461 120	1 146 929	1 461 120
Speaker	758 170	728 375	758 170	728 375
Councillors	3 269 278	2 363 256	3 269 278	2 363 256
Meeting allowance	495 618	165 749	495 618	165 749
Travelling allowance	692 499	704 617	692 499	704 617
	7 701 853	6 952 424	7 701 853	6 952 424

36. Transfer payments

Harry Gwala Development Agency	-	-	14 000 000	14 000 000
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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
37. Impairment of assets				
Impairments				
Property, plant and equipment	1 025 548	2 750 050	1 025 548	2 750 050
38. Auditors' remuneration				
Fees	4 343 697	3 831 689	3 832 960	3 445 612
39. Cash generated from operations				
Surplus	178 976 077	210 882 501	179 995 012	212 873 728
Adjustments for:				
Depreciation and amortisation	72 144 102	68 089 575	70 918 931	66 993 428
Loss on disposal of assets	1 708 544	8 948 027	1 652 682	8 948 027
Finance costs - Finance leases	1 580 182	2 488 116	1 553 640	2 475 164
Impairment deficit	1 025 548	2 750 050	1 025 548	2 750 050
Debt impairment	22 058 340	(8 959 758)	22 058 340	(8 959 758)
Bad debts written off	21 306 501	28 070 675	21 306 501	28 070 675
Movements in retirement benefit assets and liabilities	(461 213)	(4 009 117)	(461 213)	(4 009 117)
Assets received from other organs of state	(5 863 241)	(13 424 404)	(5 863 241)	(13 424 404)
Other non-cash items	7 654	-	7 651	1
Changes in working capital:				
Inventories	(19 303)	(77 125)	(19 303)	(77 125)
Receivables from exchange transactions	5 052 114	(4 796 896)	-	-
Consumer debtors	(47 155 828)	(24 129 150)	(47 155 828)	(24 129 150)
Other receivables from non-exchange transactions	2 779 776	(1 633 280)	2 779 776	(1 633 280)
Payables from exchange transactions	4 571 004	(48 034 705)	5 028 070	(48 111 882)
VAT	4 917 942	25 728 915	4 388 571	26 351 899
Unspent conditional grants and receipts	(36 443 230)	(15 282 367)	(28 910 403)	(16 618 736)
Consumer deposits	95 239	162 407	95 239	162 407
	226 280 208	226 773 464	228 399 973	231 661 927

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Notes to the Annual Financial Statements

Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
40. Commitments				
Authorised capital expenditure				
Already contracted for but not provided for				
• Infrastructure	464 077 447	419 802 093	464 077 447	419 802 093
Total capital commitments				
Already contracted for but not provided for	464 077 447	419 802 093	464 077 447	419 802 093
Authorised operational expenditure				
Already contracted for but not provided for				
• Current expenditure	30 800	394 865	-	-
• Material supply	-	10 383 062	-	10 383 062
• Coordination for Harry Gwala Sport Development Programmes and Cultural	3 350 189	6 924 850	3 350 189	6 924 850
	3 380 989	17 702 777	3 350 189	17 307 912
Total operational commitments				
Already contracted for but not provided for	3 380 989	17 702 777	3 350 189	17 307 912
Total commitments				
Total commitments				
Authorised capital expenditure	464 077 447	419 802 093	464 077 447	419 802 093
Authorised operational expenditure	3 380 989	17 702 777	3 350 189	17 307 912
	467 458 436	437 504 870	467 427 636	437 110 005
Operating leases - as lessee (expense)				
Minimum lease payments due				
- within one year	13 919	46 628	-	-
- in second to fifth year inclusive	43 694	-	-	-
	57 613	46 628	-	-

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
41. Contingencies				
Contingent liabilities				
Sifiso Gregory Mkize	21 295	21 295	21 295	21 295
Mdlebeni Trading (Pty) Ltd	1 604 000	1 604 000	1 604 000	1 604 000
Unitrade 1047 CC T/A Isidingo Security Services	26 000 000	26 000 000	26 000 000	26 000 000
Unlawful arrest and detention	710 000	710 000	710 000	710 000
Matatiele Local Municipality	2 941 249	2 941 249	2 941 249	2 941 249
National Skills Fund	4 033 555	2 959 073	-	-
	35 310 099	34 235 617	31 276 544	31 276 544

Sifiso Gregory Mkize

This is a claim for damages against the Municipality. A summons was issued out of the Magistrates Court and was defended by the Municipality. The Plaintiff has taken no further steps in the matter to prosecute the claim and the matter is still pending awaiting a set down for trial.

Mdlebeni Trading (Pty) Ltd

This is a claim against the Municipality for services rendered. A summon was issued out of the Pietermaritzburg High Court and the matter was defended by the Municipality. The municipality is in the process of arranging a pre-trial conference, whereafter, the matter will set down for trial.

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 is a claim for damages against the Municipality. A summons was issued out of the Pietermaritzburg High Court and the matter was defended by the Municipality. A Plea has been filed on the Municipality's behalf and the matter is currently pending awaiting a set down for trial.

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.

National Skills Fund

The liability might arise as a result of a current investigation against Harry Gwala Development Agency the outcome of which will determine if there are any service providers that need to be paid.

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	2020	2019	2020	2019

42. Related parties

Relationships

Controlling entity

Harry Gwala District Municipality

Controlled entities

Refer to note 11

Related party transactions

Transfer payments

Harry Gwala Development Agency (Pty) Ltd

14 000 000

14 000 000

Remuneration of management

Management class: Board members

*Refer to note "Employee related costs"

Management class: Councillors

Refer to note "Remuneration of councillors"

Management class: Executive management

*Refer to note "Employee related costs"

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	2020	2019	2020	2019

43. 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 - 2019

	Note	As previously reported	Correction of error	Re - Estimation of useful life	Re-classification	Restated
Accumulated Surplus		(2 091 685 449)	(2 582 788)	(7 512 282)	-	(2 101 780 519)
Receivables from exchange transactions	4	1 139	5 396 408	-	-	5 397 547
Receivable from non exchange transactions	5	6 057 815	-	-	600 682	6 658 497
VAT Receivable	6	11 353 743	463 839	-	-	11 817 582
Cash and cash equivalents	8	71 592 765	(5 956)	-	-	71 586 809
Infrastructure	9	2 106 947 739	(3 372 695)	7 346 781	-	2 110 921 825
Machinery and equipment	9	559 409	-	7 800	-	567 209
Furniture and office equipment	9	1 597 152	-	48 660	-	1 645 812
Computer equipment	9	3 500 124	-	60 113	-	3 560 237
Infrastructure: information and communication	9	326 253	-	3 600	-	329 853
Finance lease obligation	13	(17 597 725)	53 640	-	-	(17 544 085)
Computer software	10	1 530 636	859 208	45 328	-	2 435 172
Trade payables	14	(28 594 565)	(1 265 952)	-	-	(29 860 517)
Retentions	14	(51 387 878)	9 147 283	-	-	(42 240 595)
Other payables	14	(1 082 634)	1 683 082	-	(600 682)	(234)
Accrued fuel	14	-	(1 139)	-	-	(1 139)
Unspent conditional grants and receipts	17	(54 142 586)	(2 551 665)	-	-	(56 694 251)
Other financial liabilities		-	(7 822 715)	-	-	(7 822 715)
		(41 024 062)	550	-	-	(41 023 512)

Statement of financial performance

Controlling entity - 2019

	Note	As previously reported	Correction of error	Re-classification	Restated
Sale of goods		-	5 397 547	-	5 397 547
Contracted services	27	(142 072 245)	(1 358 217)	42 850	(143 387 612)
Depreciation and amortisation	29	(68 346 321)	256 746	-	(68 089 575)
Operational costs	34	(57 180 545)	(6 071 238)	(42 850)	(63 294 633)
Deficit for the year		(267 599 111)	(1 775 162)	-	(269 374 273)

Errors

The following prior period errors adjustments occurred:

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019

43. Prior-year adjustments (continued)

Retentions

During the 2019/2020 financial year the municipality engaged an excise to check the validity of the obligations attached to long outstanding retentions. It was noted that there were certain retentions withheld which were no longer claimable for various reasons including amongst others surrender by the contractor due to non performance, breach of contract and retentions incorrectly held on small emerging contractors. The municipality therefore decided to write off these amounts as they were no longer payable resulting in the decrease in retentions payable and work in progress by R9 147 283 and R3 372 695 respectively and a corresponding increase in accumulated surplus by R3 774 588.

Trade and other payables from exchange transactions

The municipality received certain invoices late relating to the work performed during the 2018/2019 financial. These invoices were accounted for after the finalisation of the audit resulting in the restatement of opening balances. The accounting of these invoices resulted in the following changes; Increase in contracted services, VAT receivable and Trade payables by R2 732 586, R409 888 and R3 142 474 respectively.

Certain prior year invoices accrued at year end during the 2018/2019 financial year were cancelled. This resulted in the decrease of contacted services, operational costs, VAT receivable and trade payables by R1 439 189, R436 661, R65 499 and R1 941 350 respectively.

Deductions from employees reimbursing the municipality for payments made by the municipality on behalf of the employees for their personal cellphone contracts were incorrectly credited to the suspense accounts. These amounts were reallocated during the 2019/20 financial year resulting in the decrease of other payables R1 144 557 and operational costs by the same amount.

Refunds from medical aid and other third parties were erroneously accounted for in suspense accounts. These amounts were reallocated during the 2019/2020 financial year resulting in the decrease of other payables by R538 524 and an increase in accumulated surplus by the same amount.

Transactions relating to security, legal, union fees, interest and penalties were erroneously omitted from the books Harry Gwala Development Agency. The omission resulted in the understatement of payables from exchange transactions, operational costs and contracted services by R66 511, R2 830 and R64 820 respectively.

Reestimation of useful life of property plant and equipment

During the current financial the municipality identified assets fully depreciated but still in use. The useful life of these assets was reestimated resulting correction of the prior years depreciation. The change in useful life resulted in the following adjustments to accumulated depreciation; machinery and equipment R7 800, furniture and office equipment R48 660; Infrastructure: information and communication R3 600, computer equipment R60 113, Infrastructure assets R7 346 781 and Computer software R45 328.

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	2020	2019	2020	2019

43. Prior-year adjustments (continued)

Unspent conditional grants and receipts

The municipality continued with its effort to clear old outstanding unspent conditional grants and receipts during the financial year. Efforts to get confirmation of the outstanding balance for the Gijima grant from the transferring department were fruitless as there were no records showing any amount owed by Harry Gwala District Municipality. The management therefore took a decision to write off the amount of R235 810 as it became clear that there were no obligations attached to the amount.

The Harry Gwala Development Agency corrected the amount reflected as unspent for the Department of Higher Education and Training Grant to ensure that the unspent portion agrees to the amount reflected on the bank account. This adjustment resulted in an increase in unspent conditional grants and receipts by R2 787 475 and a corresponding decrease in accumulated surplus.

Other financial liabilities and receivable from exchange transactions

During the 2018/2019 financial year the Harry Gwala Development Agency (HGDA) entered into an agreement to supply fresh fruits and vegetables to KZN schools as part of the activities undertaken on the funds received for RASET grant. HGDA also entered into another agreement with Ithala Development Finance Corporation, the agreement was that Ithala would pay the farmers when they supply their produce and recover its money once the KZN Department of Education pays the Agency for the supplies.

The transactions relating to the above two agreements occurred during the 2018/2019 financial year but was never recorded in the accounting records. The omission resulted in the understatement of revenue from sale of goods by R5 397 547 and corresponding understatement of receivable from exchange transactions. The omission of the Ithala Development Finance Corporation transactions resulted in the understatement of RASET programme expenditure, other financial liabilities and VAT receivable by R7 703 265, R7 822 715 and R119 450 respectively.

44. Comparative figures

Certain comparative figures have been reclassified.

45. 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.

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.

Cash flow forecasts are prepared and adequate utilised borrowing facilities are monitored.

Credit risk

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

Financial assets exposed to credit risk at year end were as follows:

Financial Instrument	Economic entity - 2020	Economic entity - 2019	Controlling entity - 2020	Controlling entity - 2019
Cash and cash equivalents	48 731 048	71 586 809	40 670 866	58 362 814
Trade and other receivables	34 948 508	38 989 411	34 603 075	33 591 864

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	2020	2019	2020	2019

45. Risk management (continued)

Market risk

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.

The economic entity's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the economic entity to cash flow interest rate risk. Borrowings issued at fixed rates expose the economic entity to fair value interest rate risk.

46. 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.

47. Events after the reporting date

Harry Gwala Municipality Council set on 22 October 2020 to resolve the unauthorised, irregular, fruitless and wasteful (UIFW) expenditure. Investigations were performed by MPAC with help of the appointed service providers and council took a resolution to write off the UIFW. The write off resulted in the decrease of Unauthorised expenditure, irregular expenditure, fruitless and wasteful expenditure by R476 372 363, R598 531 266 and R4 037 469 respectively.

RASET Grant amounting to R500 000 was fully spent in July 2020.

48. Unauthorised expenditure

Opening balance as previously reported	476 372 363	413 807 042	476 372 363	413 807 042
Opening balance as restated	476 372 363	413 807 042	476 372 363	413 807 042
Add: Current Expenditure	-	62 565 321	-	62 565 321
Less: Amount Approved by council	(476 372 363)	-	(476 372 363)	-
Closing balance	-	476 372 363	-	476 372 363

49. Fruitless and wasteful expenditure

Opening balance as previously reported	4 523 565	4 431 553	4 037 469	3 967 385
Opening balance as restated	4 523 565	4 431 553	4 037 469	3 967 385
Add: current expenditure	2 319 003	92 012	2 206 040	70 084
Less: Amount written off - prior period	(4 037 469)	-	(4 037 469)	-
Closing balance	2 805 099	4 523 565	2 206 040	4 037 469

50. Irregular expenditure

Opening balance as previously reported	627 156 898	486 059 620	598 531 266	460 044 832
Opening balance as restated	627 156 898	486 059 620	598 531 266	460 044 832
Add: Irregular Expenditure - current year	70 657 520	141 097 078	62 462 885	138 486 434
Less: Amount written off - prior period	(598 531 266)	-	(598 531 266)	-
Closing balance	99 282 952	627 156 698	62 462 885	598 531 266

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019
51. In-kind donations and assistance				
2 x 7 Ton Isuzu Refrigerated Truck	-	2 400 000	-	-
1 x 7 Ton Isuzu Meshed Wired	-	1 100 000	-	-
2 x 1 Ton Toyota 4x4 Hilux	-	900 000	-	-
	-	4 400 000	-	-

In June 2019, the Harry Gwala Development Agency received goods in kind from the Department of Economic Development, Tourism and Environmental Affairs for use in RASET Program. Goods received were three (3) trucks, two (2) bakkies and two (2) trailers.

52. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee	1 797 800	1 730 870	1 797 800	1 730 870
Amount paid - current year	(1 797 800)	(1 730 870)	(1 797 800)	(1 730 870)
	-	-	-	-

Material losses

Water losses	9 554 273	9 015 759	9 554 273	9 015 759
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The water losses of 31.2% (2018/19 : 31.9 %) is calculated on the system input volume of 4 337 016kl (2018/19 : 4 004 130kl) purchased at an average price of R7.05 (2018/19 : R7.05) per kl and total units sold amounting to 2 981 800kl (2018/19 : 2 725 299kl). Total water stock losses amounts to 1 355 216 kl (2018/19 : 1 278 831kl)

The following are the major root causes for the water losses:

- High increase in water carting due to draught, water being delivered by water carters is deemed as water losses.
- Ageing infrastructure around the District also causes water losses, there are still AC and asbestos pipes that are 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

Opening balance	11 942	-	11 942	-
Current year subscription / fee	4 343 697	3 831 689	3 832 960	3 445 612
Amount paid - current year	(4 343 697)	(3 819 747)	(3 832 960)	(3 433 670)
Amount paid - previous years	(11 942)	-	(11 942)	-
	-	11 942	-	11 942

PAYE and UIF

Opening balance	2 143 105	2 518 275	2 143 105	2 350 739
Current year subscription / fee	34 531 760	31 452 561	32 654 420	29 719 621
Amount paid - current year	(34 531 760)	(29 309 456)	(32 654 420)	(27 576 516)
Amount paid - previous years	(2 143 105)	(2 518 275)	(2 143 105)	(2 350 739)
	-	2 143 105	-	2 143 105

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	2020	2019	2020	2019

52. Additional disclosure in terms of Municipal Finance Management Act (continued)

Pension and Medical Aid Deductions

Opening balance	2 974 751	3 076 669	2 974 751	3 076 669
Current year subscription / fee	26 201 461	35 917 711	24 368 730	34 399 932
Amount paid - current year	(26 201 461)	(32 942 960)	(24 368 730)	(31 425 181)
Amount paid - previous years	(2 974 751)	(3 076 669)	(2 974 751)	(3 076 669)
	-	2 974 751	-	2 974 751

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	2020	2019	2020	2019

53. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the accounting officer and includes a note to the annual financial statements.

The expenses incurred as listed hereunder have been approved:

SABC Vuka Sizwe Mayoral radio slots in Ukhozi FM from August 2019 to January 2020.	104 420	-	104 420	-
John Dilika Construction Emergency emptying of 600 VIP toilets in Horseshoe LGS Projects	1 200 000	-	1 200 000	-
Emergency emptying of 600 VIP toilets in Horseshoe Shemuntu and Sons	600 000	-	600 000	-
Emergency emptying of 300 VIP toilets in Horseshoe SSR Security T/A Mahlubi Transport and plant hire	16 537 868	-	16 537 868	-
Emergency construction of rising main from Pumpstation to Water Treatment Works at Underberg as there was no water for a period of a month in Underberg and Himville				
KRN Investments Procurement of protective gear for the COVID-19 pandemic.	961 912	-	961 912	-
Mandanci Construction Procurement of protective gear for the COVID-19 pandemic.	409 219	-	409 219	-
SSR Security T/A Mahlubi Transport and plant hire Supply and delivery of water in uMzimkhulu satellite during COVID-19 pandemic.	250 470	-	250 470	-
Shemuntu and Sons Supply and delivery of water in Dr Nkosazana Dlamini zuma satellite during COVID-19 pandemic	180 000	-	180 000	-
Shemuntu and Sons Emergency high-pressure sewer jetting in Fairview Ixopo satellite.	21 200	-	21 200	-
Shemuntu and Sons Emergency high-pressure sewer jetting in uMzimkhulu satellite.	53 000	-	53 000	-
Radio Igagasi 99.5 Mayoral radio slot on Igagasi Fm delivering municipal budget and IDP as no gatherings were allowed during COVI-19 lockdown	57 500	-	57 500	-
KZN FM 99.3 Mayoral radio slot on KZN FM 93,3 delivering municipal budget and IDP as no gatherings were allowed during COVI-19 lockdown	30 000	-	30 000	-
KZN FM 99.3 Mayoral radio slot on KZN FM 93,3 delivering municipal adjustment budget and municipal service delivery issues as no gatherings are allowed during COVI-19	30 000	-	30 000	-
Fegsa projects and con 12-ton truck to deliver water around uMzimkhulu schools before they reopened during COVID-19.	98 500	-	98 500	-

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	2020	2019	2020	2019
53. Deviation from supply chain management regulations (continued)				
Cha Luke Trading 12-ton truck to deliver water around uMzimkhulu schools before they reopened during COVID-19.	252 000	-	252 000	-
Njane Trading Emergency spring protection in Emadungeni	73 900	-	73 900	-
Thando's catering (pty) ltd Emergency spring protection in Nkalokazi Madungeni	49 600	-	49 600	-
HGDA deviations Emergency procurement of goods and services as well as sole providers of goods and services.	82 823	-	-	-
	22 192 412	-	22 109 589	-

54. Covid-19 impact on financial operations

On 15 March 2020, the President of South Africa, in a national address, announced the declaration of the Covid-19 (also known as the Coronavirus) pandemic as a "national disaster". Significant consequential announcements have been made, relating to restrictions on movement, business activity, travel and other matters, all in the interests of preventing an escalation of the national disaster and alleviating, containing and minimising the effects of the national disaster. These announcements had an impact on Harry Gwala District Municipality including amongst others:

- Decrease in the collection rate on consumers debtors. The payment patterns of consumers were considered when the impairment assessment of debtors was performed.
- Increase in the number of supply chain management deviations resulting from the urgent need to supply water to communities and as well schools through water tankers.

On 5 August 2020 National Treasury issued a MFMA exemption notice extending the annual financial statements submission date by 2 months. The annual financial statements were therefore submitted to the Auditor General on 30 October 2020.

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Figures in Rand	Economic entity		Controlling entity	
	2020	2019	2020	2019

55. Budget differences

Material differences between budget and actual amounts

Service Charges - The actual is more than the budgeted amount due to an increase in consumption due to new connections and replacement of faulty meters.

Other Income - The actual is more than the budgeted amount due to staff recoveries received which were not budgeted for.

Interest on outstanding debtors - The actual outcome is higher than budgeted due to non payment of services by consumers resulting in a higher balance of consumer debtors

Government Grants and Subsidies - The actual outcome is lower than anticipated as a result of failure to spend the cogta accelerated water intervention grant. The grant was received late and the conditions of spending were not yet met at year end.

Employee related costs - The variance is within acceptable limits. The underspending was mainly due to vacant posts that were prioritised but not filled during the 2019/2020 financial year.

Remuneration of Councillors - The variance is within acceptable limits.

Debt impairment - The budget for non-cash items was understated during the budgeting process due to management anticipating an improved collection rate however due to COVID 19 the collection rate decreased significantly. This resulted in the higher actual outcome than budgeted for.

Depreciation and Impairment loss - The variance is as of under budgeting for depreciation as the value of the assets to be transferred from the work in progress was not clear. In addition there was no budget allocated for impairment loss.

Finance Charges - The variance is mainly due to the interest incurred on the court case involving the municipality and Bhungane. The municipality lost the case and was ordered to pay the outstanding amount including interest.

Bulk Purchases - The variance is within acceptable limits.

Contracted services - The municipality is continuously identifying cost drivers to try and minimise expenditure so that the municipality moves towards achieving the goal of eliminating the unfunded budget. The municipality therefore reduced expenditure on activities like security, catering and outsourced administrative and support stuff. Training and travel commitments did not take place as planned because of COVID 19.

Inventory Consumed - The variance is within acceptable limits.

Operational Costs - The variance is within acceptable limits.

Actuarial gains and loss - These no cash items were not budgeted for as it is difficult to estimate without the help of actuarial scientists.

Gains/ losses on disposal of assets - There was no budgeted allocated for gains or losses on disposal of assets.