

## 5.2 GRANTS

**APPENDIX D**  
**EMALAHLENI MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA 56 OF 2003**

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year on Investments	Interest during the year on Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019	Unspent 30 June 2019 (Creditor)	Unpaid 30 June 2019 (Debtor)
<b>National Government Grants</b>											
Equitable Share	-	-	-	115 774 600	-	-	(115 774 600)	-	-	-	-
Finance Management Grant	-	-	-	2 415 600	-	-	(2 415 600)	-	-	-	-
Municipal Infrastructure Grant	-	-	-	43 902 600	-	-	(1 345 187)	(42 556 813)	-	-	-
Extended Public Works Programme	-	-	-	2 022 600	-	-	-	(2 022 600)	-	-	-
Total National Government Grants	-	-	-	164 413 000	-	-	(119 534 187)	(44 578 813)	-	-	-
<b>Provincial Government Grants</b>											
DEDEAT Waste management grant	-	-	-	3 000 000	-	-	(2 236 541)	(246 599)	466 761	-	466 761
Library	-	-	-	900 000	-	-	(900 000)	-	-	-	-
Total Provincial Government Grants	-	-	-	3 900 000	-	-	(3 186 541)	(246 599)	466 761	-	466 761
<b>District Municipality</b>											
Paving and beautification	-	-	-	500 000	-	-	(487 826)	-	12 174	-	12 174
Ward based plans	-	-	-	500 000	-	-	(75 875)	-	424 126	-	424 126
Dryland cropping programme	-	-	-	300 000	-	-	-	-	300 000	-	300 000
Alert plant project	-	-	-	20 000	-	-	-	-	30 000	-	30 000
Construction of feedlot	-	-	-	300 000	-	-	-	-	300 000	-	300 000
Total District Municipality Grants	-	-	-	1 630 000	-	-	(563 701)	-	1 066 300	-	1 066 300
Total Grants	-	-	-	169 643 600	-	-	(123 234 526)	(44 825 412)	1 533 060	-	1 533 060

**COMMENT ON OPERATING TRANSFERS AND GRANTS:**

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**COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:**

**Expanded Public Works Programme**

The EPWP programme is a provincial government initiative to address the high rates of unemployment across the country. ELM currently uses this grant for Paving of Roads in all the three towns. A portion of the Grant is used to purchase material and another portion to fund the labour component of the project.

### **Finance Management Grant**

The purpose of the FMG is to promote and support municipal financial management reforms and assist municipalities with the implementation of the MFMA. The municipality used the grant in the current year for remuneration of Interns, funded their studies to meet the minimum competencies, AFS preparation and implementation of mSCOA.

### **DEDEAT Emalahleni Solid Waste Management Project**

The grant was received from DEDEAT with the objective to achieve the following: Job Creation in the Waste Sector, Increase, Recycling Activities Reduce Illegal Dumping Sites, Rehabilitate Indwe Landfill, and Local Economic Development.

### **District Municipality Grants**

The Chris Hani District Municipality assists Emalahleni with various projects financially and it is up to the municipality to ensure that the funds are spent in line with the conditions attached to those funds received.

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### **5.3 ASSET MANAGEMENT**

#### **INTRODUCTION TO ASSET MANAGEMENT**

ELM's Management Team has continued to ensure that a strong asset management function is implemented. The following initiatives and principles were in place during the year under review:

Management recognised the importance of optimal investment into the municipality's asset base and of ensuring that the investment maintained in working capital is kept to a minimum. The credit control policy was actively implemented, so as to encourage consumers to settle amounts owing to the Institution in a timely manner.

#### **COMMENT ON ASSET MANAGEMENT:**

Improving asset management continues to be a focus for ELM, as it is the area from which services are delivered to the inhabitants of the Municipality and subsequently the primary area of revenue generation.

In deciding which projects to implement, the relevant ELM departments undertake needs analyses to establish the communities' priority needs. This information is then fed into the IDP and used to make informed decisions with regards to which assets require prioritisation.

#### **COMMENT ON REPAIR AND MAINTENANCE EXPENDITURE:**

ELM spent R3 155m on repairs and maintenance during the year under review. This was spent on infrastructure, fleet and buildings maintenance.

The Municipality is budgeting, on average, 13% of its service revenue for repairs and maintenance.

## 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

The current ratio decreased to 0.55:1 from 0.58:1 in the prior year.

The municipality have budgeted for a surplus of R7 569 000 for the 2018/2019 financial year. The municipality is also budgeting for negative cash flows during 2018/2019 and 2019/2020 amounting to R11 582 000 and R5 086 000 respectively.

The average debtors' payment days decreased to 351 days from 748 days. Even though this is a significant increase, it is considerably below the expected 30 days. The debtor's impairment ration increased to 87% from the previous year's 86%.

### COMMENT ON FINANCIAL RATIOS:

**Liquidity Ratio:** The rate of 0.55:1 is regarded as bad and indicates the municipality's inability to pay Current Liabilities with available Current Liquid Assets. The norm is set at 1.1 : 1, so the municipality's Liquidity Ratio is worse than the Municipal Industry norm.

**Cost Coverage:** This rate has fluctuated over the past 2 years and currently is at 3.95 months, representing how many months expenditure can be covered by cash and other liquid assets available to the Municipality.

**Total Outstanding Service Debtors:** The rate of outstanding debt is steadily increasing. It is currently 87%, which is a marked increase since 2013/2014, when it was 17.4 %. Outstanding debtors continue to be a focus for the Municipality which is continuously implementing methods to decrease this rate to within a manageable range.

**Debt Coverage:** This rate is steadily improving, due primarily to no additional loans having been taken on. Currently the Municipality's rate is 5.9%.

**Creditors System Efficiency:** The Municipality maintains its policy to pay its top 20 creditors within 30 days. The constant 100% payment levels to creditors highlights this achievement.

**Capital Charges to Operating Expenditure:** This rate is steadily improving and is considered to be low. Contributing factors include no new loans having been taken up combined with an increase in Operating Expenditure year-on-year.

**Employee Costs as a percentage of Operating Revenue:** The current rate is 57% which is higher than the expected norm of 30%.

**Repairs and maintenance as a percentage of Total Revenue (excl. Capital Transfers and Contributions):**

The rate remains very low at around 2%.

## COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

### INTRODUCTION TO SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants, borrowings and operating expenditures and surpluses. Component B deals with capital spending indicating where the funding comes from and whether Municipalities are able to spend the available funding as planned. In this component it is important to indicate the different sources of funding as well as how these funds are spent.

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### CAPITAL AND OPERATION BUDGETS

#### APPENDIX D EMALAHLENI MUNICIPALITY DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year on Investments	Interest Investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019
<b>National Government Grants</b>									
Equitable Share	-	-	-	115 774 000	-	-	(115 774 000)	-	-
Finance Management Grant	-	-	-	2 415 000	-	-	(2 415 000)	-	-
Municipal Infrastructure Grant	-	-	-	43 902 000	-	-	(1 345 187)	(42 556 813)	-
Extended Public Works Programme	-	-	-	2 022 000	-	-	-	(2 022 000)	-
<b>Total National Government Grants</b>	-	-	-	<b>164,113,000</b>	-	-	<b>(119,534,187)</b>	<b>(44,578,813)</b>	-
<b>Provincial Government Grants</b>									
DEDEAT Waste management grant	-	-	-	3 000 000	-	-	(2 286 641)	246 599	466 761
Library	-	-	-	900 000	-	-	(900 000)	-	-
<b>Total Provincial Government Grants</b>	-	-	-	<b>3 900 000</b>	-	-	<b>(3,186,641)</b>	<b>(246,599)</b>	<b>466,761</b>
<b>District Municipality</b>									
Paving and beautification	-	-	-	500 000	-	-	(487 826)	-	12 174
Ward based plans	-	-	-	500 000	-	-	(75 875)	-	424 125
Dryland cropping programme	-	-	-	300 000	-	-	-	-	300 000
Alien plant project	-	-	-	30 000	-	-	-	-	30 000
Construction of feedlot	-	-	-	300 000	-	-	-	-	300 000
<b>Total District Municipality Grants</b>	-	-	-	<b>1,630,000</b>	-	-	<b>(563,701)</b>	-	<b>1,066,300</b>
<b>Total Grants</b>	-	-	-	<b>169,643,000</b>	-	-	<b>(123,284,528)</b>	<b>(44,825,412)</b>	<b>1533,060</b>

## 5.5 SOURCES OF FINANCE

SCOAFund	CurrentBudgetFinYear1
Fund:Capital:Transfer from Operational Revenue	270 000
Fund:Capital:Transfer from Operational Revenue	600 000
Fund:Operational:Transfers and Subsidies:Monetary Allocations:Provincial Government:Eastern Cape:Other:Local and Regional Economic Development	500 000
Fund:Operational:Transfers and Subsidies:Monetary Allocations:Provincial Government:Eastern Cape:Other:Local and Regional Economic Development	50 000
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	2 903 723
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	8 463 269
Fund:Capital:Transfer from Operational Revenue	3 000 000
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	7 153 128
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	1 200 000
Fund:Capital:Transfer from Operational Revenue	425 000
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	2 131 362
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	11 438 379
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	4 571 116
Fund:Capital:Transfers and Subsidies:Monetary Allocations:National Government:Municipal Infrastructure Grant	4 395 923

### COMMENT ON SOURCES OF FUNDING:

Grants and subsidies continue to comprise the most significant portion of the funding utilised for capital expenditure. The largest being the National Government, which is focused on developing new urban areas for habitation. This Grant is utilised to ensure service infrastructure is installed in new areas so as to allow for housing developments in these strategic areas.

## 6 CAPITAL SPENDING ON 5 LARGEST PROJECTS

SCOAProject	Current
Capital:Non-infrastructure>New:Community Assets:Community Facilities:Testing Stations	8 463 269
Capital:Non-infrastructure>New:Other Assets:Operational Buildings:Municipal Offices	3 000 000
Capital:Infrastructure>Existing:Upgrading>Roads Infrastructure>Road Structures	7 153 128
Capital:Infrastructure>New>Roads Infrastructure>Roads	4 571 116
Capital:Non-infrastructure>Existing:Renewal:Community Assets>Sport and Recreation Facilities>Outdoor Facilities	4 395 923

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Managing the cash resources of ELM remains a key requirement to ensure the liquidity of the Municipality in order to meet its financial obligations, both currently and into a sustainable future.

Cash flow is actively monitored by ELM, with daily cash flows being prepared and reported on in order to provide a clear indication of the current cash position. This enables the Municipality to meet its obligations as they become due. Both major revenue (grants, equitable share and high revenue inflow periods, etc.) and expenditure (bulk purchases and loan repayments, etc.) categories have been identified and accounted for appropriately to ensure that repayments are made on time and that surplus funds are invested in order to earn a favourable return on investment.

ELM's cash generating ability remains stable. While own funds invested have increased, there is an increase in both current and long-term debtors. The effects of the global economic crisis are also a cause of real concern to the Municipality. Operations have settled and tight cash controls have ensured that cash optimization in spending occurs, rather than a focus on cash generation. The area of revenue collection requires close attention so that it can be improved. This is critical to the financial sustainability of the Municipality.

ELM makes payments to creditors within the terms specified by suppliers, ensuring that investments remain in place in order to maximize the interest-earning potential of any surplus funds. Investment diversification is in practice at ELM, in an attempt to minimize risk and maximize interest earning potential.

Operating activities have not changed significantly over the past financial year.

The cash flow summary clearly indicates the decrease in Cash and Cash Equivalent at the year-end: from R5 886 million in 2017/18 to R 4 145 million in 2018/19. This is due to internally funded capital projects.

Unspent conditional grants have increased significantly to R 1 533m, from R 0 in 2017/2018. This is as a result of the CHDM grants not being spent in the current year.

## EMALAHLENI MUNICIPALITY

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	Notes	2019 R	2018 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts			
Ratepayers and other		21,430,243	33,570,663
Government - Operating		123,751,289	121,753,786
Government - Capital		45,891,711	34,557,316
Interest		870,360	1,182,620
Cash payments			
Suppliers		(57,101,353)	(75,023,432)
Employees		(79,165,282)	(73,798,076)
Councillors		(12,991,555)	(12,466,471)
Finance Charges		(109,750)	(49,780)
<b>Net Cash from Operating Activities</b>	<b>41</b>	<b>42,575,664</b>	<b>29,726,625</b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>			
Purchase of Property, Plant and Equipment		(43,950,481)	(36,553,618)
Proceeds on Disposal of Fixed Assets		22,095	114,912
Purchase of Intangible Assets		-	(202,050)
<b>Net Cash from Investing Activities</b>		<b>(43,928,386)</b>	<b>(36,640,756)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>			
Repayment of Borrowing		(368,752)	(353,452)
<b>Net Cash from Financing Activities</b>		<b>(368,752)</b>	<b>(353,452)</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>(1,721,474)</b>	<b>(7,267,583)</b>
Cash and Cash Equivalents at the beginning of the year		5,866,415	13,133,998
Cash and Cash Equivalents at the end of the y	<b>10</b>	<b>4,144,940</b>	<b>5,866,415</b>
<b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		<b>(1,721,474)</b>	<b>(7,267,583)</b>

**COMMENT ON CASH FLOW OUTCOMES:**

**Interest earned**

Lesser amounts were invested due to accelerated grant spending.

**Finance Charges**

Finance charges are insignificant as no new loans were taken

**Cash and Cash Equivalents**

Variance due to conservative cash flow budgeting.

## 5.10 BORROWING AND INVESTMENTS

### INTRODUCTION TO BORROWING AND INVESTMENTS

The Municipality's current loans balance is R 797 237, it relates to a finance lease for the Printers being currently utilised by the institution. There are no other loans been utilized.

The Municipality's investments held with financial institutions have slightly increased from R2 602 million, to R2 729 million in 2018/19.

**APPENDIX A  
EMALAHLENI MUNICIPALITY  
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2019**

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30 June 2018	Correction of Error	Received during the period	Redeemed written off during the period	Balance at 30 June 2019	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MIFMA
<b>LEASE LIABILITY</b>										
Xerox C405			30/04/2021	17 903			(5 752)	12 156	16 751	
Xerox C405			30/07/2021	17 903			(5 752)	12 156	16 751	
Xerox C405			30/04/2021	17 903			(5 752)	12 156	16 751	
Xerox C405			30/04/2021	17 903			(5 752)	12 156	16 751	
Xerox C7020/5			30/04/2021	44 831			(14 401)	30 431	41 934	
Xerox C7020/5			30/04/2021	44 831			(14 401)	30 431	41 934	
Xerox C7020/5			30/04/2021	44 831			(14 401)	30 431	41 934	
Xerox WC7225			30/04/2021	44 831			(14 401)	30 431	41 934	
Xerox WC7225			30/04/2021	44 831			(14 401)	30 431	41 934	
Xerox C8070			30/04/2021	138 883			(44 611)	94 271	129 907	
Xerox C8070			30/04/2021	138 883			(44 611)	94 271	129 907	
Xerox C8070			30/04/2021	138 883			(44 611)	94 271	129 907	
Xerox C8070			30/04/2021	138 883			(44 611)	94 271	129 907	
Xerox D95			30/04/2021	251 835			60 893	170 942	235 560	
<b>Total Lease Liabilities</b>				<b>1 147 983</b>			(368 752)	<b>779 237</b>	<b>1 073 796</b>	
<b>TOTAL EXTERNAL LOANS</b>				<b>1 147 983</b>			(368 752)	<b>779 237</b>	<b>1 073 796</b>	

## 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW

### INTRODUCTION TO BASIC SERVICE AND INFRASTRUCTURE BACKLOGS

The primary role of a municipality is to provide and facilitate the delivery of services to its communities. It is therefore imperative for the municipality to understand the extent to which households in its areas of jurisdiction have access to the various services that are essential for their livelihood. A COMPREHENSIVE INFRASTRUCTURES PLAN (CIP) was developed with assistance with the province. However, a review of the existing CIP requires a thorough review that will be informed by the current statistical data.

The CIP is used to influenced for baseline data and informing the projects to be implemented. Furthermore ELM has made a decision to develop an inclusive Infrastructure Investment Plan. ELM currently utilizes various sector plans to plan for infrastructure planning and investment. These plans are; Housing Sector Plan, Water Service Delivery Plan, Infrastructure Asset Maintenance Plan, Electricity Master Plan.

### COMMENT ON BACKLOGS:

The current reality analysis has shown that the municipality is faced with a daunting challenge marked by huge backlogs in service delivery, socio-economic problems of high unemployment and poverty levels. Solutions to these challenges can potentially be in conflict with or complement each other. For this reason, it is necessary for the municipality to have a macro strategy that will guide decision making when there are conflicting strategic options and also provide a basis for the allocation of scarce resources.

## COMPONENT D: OTHER FINANCIAL MATTERS

### 5.12 SUPPLY CHAIN MANAGEMENT

#### SUPPLY CHAIN MANAGEMENT

##### INTRODUCTION

Chapter 5 contains information regarding financial performance and highlights specific accomplishments. The chapter comprises of three components:

Component A: Statement of Financial Performance

Component B: Spending Against Capital Budget

Component C: Other Financial Matters

The Annual Financial Statements reflect the continued progress being made by the Municipality to ensure a financially viable institution, which can withstand a certain degree of financial volatility and continue to operate for the benefit of its inhabitants

Government grants and subsidies have also contributed to the significant increase in revenue, resulting from improved capital spend occurring within the Municipality. This is particularly important as it has a direct impact on the lives ELM's constituent community.

ELM is exposed to continued inflationary pressures and continues to attempt to manage these pressures through cost containment initiatives. These on-going initiatives attempt to alleviate any undue pressure being placed on the community through excessive general expenditure.

An area of particular concern is the need to increase spending on the maintenance of ageing infrastructure and other assets so as to enable them to achieve their full estimated useful lives. The Municipality has recognised that it is imperative for additional funding to be provided within the repairs and maintenance budget to address this need.

## **Chapter 6 – Auditor General Audit Findings**

### **Component A: Auditor-General Opinion of Financial Statements Year – 1**

#### **6.1 Auditor General Report Year – 1 (Previous year)**

<b>Auditor-General Report on Financial Performance: 2017/2018</b>	
<b>Audit Report Status*:</b>	Unqualified Audit Opinion
<b>Non-Compliance Issues</b>	<b>Remedial Action Taken</b>
	As per audit action plan

##### **6.1.1 Audit Report**

# **Emalahleni Local Municipality**

## **Audit Report**

**For the year ended 30 June 2016**

# **Report of the auditor-general to Eastern Cape Provincial Legislature and the council on Emalahleni Local Municipality**

## **Report on the audit of the financial statements**

### **Opinion**

1. I have audited the financial statements of the Emalahleni Local Municipality set out on pages ... to ... which comprise the statement of financial position as at 30 June 2018, the statement of financial performance, statement of changes in net asset, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Emalahleni Local Municipality as at 30 June 2018, and its financial performance and cash flows for the year then ended in accordance with South African Standards of General Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act of South Africa, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act of South Africa (Act No.3 of 2017) (DoRA).

### **Basis for opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' *Code of ethics for professional accountants* (IESBA code) and 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 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 30 to the financial statements, the corresponding figures for 2016-17 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 2017-18.

#### Unauthorised expenditure

8. As disclosed in note 36.1 to the financial statements, the municipality incurred unauthorised expenditure of R5,8 million due to over expenditure of approved budget.

#### Material losses – electricity

9. As disclosed in note 37.8 to the financial statements, material electricity distribution losses of 3 million kilowatt units (2016-2017: 2,8 million kilowatt units) was incurred, which represents 28% (2016-2017: 27%) of total electricity purchased.

#### Material impairments – trade debtors

10. As disclosed in notes 6 and 7 to the financial statements, material impairments of R42,7 million and R16,8 million respectively were incurred as a result of a provision of impairment of irrecoverable trade and other receivables from exchange and non-exchange transactions.

#### **Other matters**

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

#### Unaudited disclosure notes

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

#### Unaudited supplementary information

13. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. We have not audited this schedule and, accordingly, we do not express an opinion thereon.

#### **Responsibilities of the accounting officer for the financial statements**

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

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

## **Auditor-general's responsibilities for the audit of the financial statements**

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

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

#### **Introduction and scope**

18. 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 development priorities presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. 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.
20. I evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected development priorities presented in the annual performance report of the municipality for the year ended 30 June 2018:

<b>Development priorities</b>	<b>Pages in the annual performance report</b>
Basic infrastructure and service delivery	x – x
Local economic development	x – x

21. 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.

22. I did not raise any material findings on the usefulness and reliability of the reported performance information for these development priorities.

#### **Other matters**

23. I draw attention to the matters below.

##### **Achievement of planned targets:**

24. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year.

##### **Adjustment of material misstatements:**

25. I identified material misstatements in the annual performance report submitted for auditing. 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**

26. 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.

27. The material findings on compliance with specific matters in key legislations are as follows:

##### **Annual financial statements, performance and annual reports**

28. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 122 of the MFMA. Material misstatements of non-current assets identified by the auditors in the submitted financial statement were subsequently corrected and, resulting in the financial statements receiving an unqualified audit opinion.

##### **Procurement and contract management**

29. Some of the competitive bids were adjudication by a bid adjudication committee that was not composed in accordance with SCM regulation 29(2).
30. Some of the construction contracts were awarded to contractors that did not qualify for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A). The material non-compliance was identified on a key project for Professional and Construction services for the Construction of Cacadu Ext Access Road.

## **Other Information**

31. The accounting officer is responsible for the other information. The other information comprises the information included in the annual report, which includes the audit committee's report. The other information does not include the financial statements, the auditor's report and those selected development priorities presented in the annual performance report that have been specifically reported in this auditor's report.
32. 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 thereon.
33. In connection with my audit, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected development priorities presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
34. 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**

35. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.

36. The controls were not operating effectively at the municipality, since the annual financial statements and performance information that were submitted for audit contained numerous material misstatements that were not identified by the municipality's system of internal controls. In addition compliance with legislation was not monitored adequately throughout the year, resulting in numerous material findings on compliance with legislation.

AUDITOR - GENERAL

East London

30 November 2018



*Auditing to build public confidence*

## 6.1.2 Audit Action Plan 2017/18

### Project OPCAR (Operation Clean Audit Report) - 2017/2018

#### Joint Action Item List (JAIL)

Chairman G.P. De Jager

Date: 30-Nov-18

### AUDIT ACTION PLAN 2017 / 2018

Task Identified	No progress
Work in progress	Progress being made
Completed	Task completed

Ex No.	Finding	Classification	Root Cause	Reported in previous years (from)	Target Date	Department within the Municipality	Action / Remarks
<b>MATTERS AFFECTING THE AUDITOR'S REPORT</b>							
1	PPF - Directly attributable costs not capitalised (P&E)	Missstatements in Financial Statements	Inadequate reviews over additions to ensure asset is recorded at correct cost	No	31-Jan-19	Budget and Treasury Office - AFS	Manager AFS will perform adequate review of the fixed asset register and capitalise these directly attributable costs in accordance with GRAF 17
2	Indirect amounts capitalised for work in progress - P&E	Missstatements in Financial Statements	Inadequate reviews over additions to ensure V/P is recorded at correct cost	No	31-Jan-19	Budget and Treasury Office - I & E	Management will ensure that the fixed asset register is reviewed adequately and the figures recorded in work in progress agrees to the figures recorded to the municipality
3	Presentation & Disclosure - PPE (Work in Progress)	Missstatements in Financial Statements	Inadequate reviews over additions to ensure V/P is recorded at correct cost	No	31-Jan-19	Budget and Treasury Office - I & E	Manager AFS will implement effective timorous review of the fixed asset register
4	Improper presentation & classification of PPE	Missstatements in Financial Statements	Inadequate reviews over depreciation charges per the fixed asset register	No	31-Jan-19	Budget and Treasury Office - I & E	Management will perform adequate timorous review of the fixed asset register
5	Incorrect calculation of depreciation	Missstatements in Financial Statements	Inadequate reviews over depreciation charges per the fixed asset register	No	31-Jan-19	Budget and Treasury Office - AFS	Management will include ancillary review processes during the year end submission process
6	VAT	Missstatements in Financial Statements	Stated VAT opening balances not recoverable	No	31-Jan-19	Budget and Treasury Office - AFS	Management will review the VAT returns on a regular basis and sign the reconciliation as proof of review
7	AOFO - Local Economic Development - Consistency	Missstatements in Annual Performance Report 1	This is as a result of inadequate review of the IDP, SDBP and the APR to ensure that consistency between the planning documents and the reporting document is maintained	Yes	31-Jan-19	Economic Development/Planning	a) Continuous review of alignment of KPI and Targets b) Review of the Planning Document in January c) Develop a process plan with dates for submission of quarterly reports d) All directors to review the POE's and sign off before submission for auditing
8	AOFO - Basic Service Delivery And Infrastructure Development - Consistency	Missstatements in Annual Performance Report 1	This is as a result of inadequate review of the IDP, SDBP and the APR to ensure that consistency between the planning documents and the reporting document is maintained	Yes	31-Jan-19	Infrastructure & Human Settlement	a) Continuous review of alignment of KPI and Targets b) Review of the Planning Document in January c) Develop a process plan with dates for submission of quarterly reports d) All directors to review the POE's and sign off before submission for auditing

9	APO - Basic Service Delivery and Infrastructure Development - Presentation And Disclosure	Missstatements in Annual Performance Report	This is as a result of inadequate review of the IDP, SDBIP and the APR to ensure that consistency between the planning documents and the reporting document is maintained.	No	31-Jan-19	Infrastructure & Human Settlement	a) Continuous review of alignment of KPI and Targets b) Review of the Planning Document in January. C) Develop a process plan with dates for submission of quarterly reports d) All directors to review the POE's and sign off before submission for auditing.
10	APO: LED - People employed in projects and reported on EPWP MS system	Missstatements in Annual Performance Report	This is as a result of inadequate review of the IDP, SDBIP and the APR to ensure that consistency between the planning documents and the reporting document is maintained G26	No	31-Jan-19	Economic Development/Planning	a) Continuous review of alignment of KPI and Targets b) Review of the Planning Document in January. C) Develop a process plan with dates for submission of quarterly reports d) All directors to review the POE's and sign off before submission for auditing.
11	AoPO - Actual achievement reported in APR is not accurate	Missstatements in Annual Performance Report	This is as a result of inadequate review of the IDP, SDBIP and the APR to ensure that consistency between the planning documents and the reporting document is maintained.	No	31-Jan-19	Infrastructure & Human Settlement	a) Continuous review of alignment of KPI and Targets b) Review of the Planning Document in January. C) Develop a process plan with dates for submission of quarterly reports d) All directors to review the POE's and sign off before submission for auditing.
12	SCM: Quotations - Tenders were evaluated without meeting minimum functionality score	Non-Compliance with Laws and Regulations	Inadequate reviews of evaluation processes followed to ensure compliance with legislation.	No	31-Jan-19	Budget and Treasury Office - SCM	a) Management will ensure that the package values used and generated to be included and captured on the system is reviewed by Manager: Income and authorised by CFO before it is captured onto the financial system. B) Management will ensure that any retired employees are deregistered from the system immediately on receipt of letter of resignation. c) Management will research on the package values used to correctly calculate the leave provision.
13	SCM - Contract was advertised not according to approved specifications	Non-Compliance with Laws and Regulations	Inadequate reviews to ensure SCM laws and regulations are complied with	No	31-Jan-19	Budget and Treasury Office - SCM	This finding has been taken out and will not be actioned to as this finding was discussed my manager and the Auditor General.
14	SCM - BAC not constituted per policy	Non-Compliance with Laws and Regulations	Different interpretation between Management and Auditor General on requirements of legislation	No	31-Jan-19	Budget and Treasury Office - SCM	Management will provide training to SCM staff and ensure BAC compilation is in accordance with SCM regulation 29.
15	SCM - Deviation - Presentation & Disclosure	Internal Control Deficiency	Inadequate reviews to ensure deviations are disclosed correctly.	No	31-Jan-19	Budget and Treasury Office - SCM	Manager AFS will review the compiled AFS timeously to ensure deviations are disclosed correctly
16	Statement of Cash Flows - Overstatement of Interest Income	Missstatements in Financial Statements	Inadequate Review of planning documents against APR Inadequate review of POE files by Directorate	No	31-Jan-19	Budget and Treasury Office - AFS	Manager AFS will review the compiled AFS timeously to ensure interest income will be excluded from cashflow



-7	Employee Related Cost - Over time pay before it was authorised	<b>Statement(s) in Financial Statements</b>	Inadequate control over previous authorisation	No	31-Jan-19	Human Resources Practitioner/Corporate Services Director	Management will implement controls to ensure the directors authorisation will be in line with approved financial procedures to enhance the internal control in place
-8	Employee Related Cost - Over time paid not approved	<b>Statement(s) in Financial Statements</b>	Inadequate control over previous approval	No	31-Jan-19	Human Resources Practitioner/Corporate Services Director	Management will implement controls to ensure the directors approval will be in line with approved financial procedures to enhance the internal control in place
-9	PPE - Damaged has not impaired	<b>Statement(s) in Financial Statements</b>	Assessment processes not discriminatory	No	31-Jan-19	Budget and Treasury Office - AFS	Management AFS will ensure assessment process is updated or adequate supporting documents
20	PPE - Completed assets not transferred out of WIP	<b>Statement(s) in Financial Statements</b>	Inadequate control over transfer of completed assets cut off WIP	No	31-Jan-19	Budget and Treasury Office - AFS	Management will prepare regular accurate and complete financial and performance reports that are specific and evidence based information
21	PPE - Constituted asset recognised as complete	<b>Statement(s) in Financial Statements</b>	Inadequate control over transfer of completed assets cut off WIP	No	31-Jan-19	Budget and Treasury Office - AFS	Management will ensure that the amount recognised as the cost of an asset is equivalent to the higher of the invoice.
22	Investment property - Land has been depreciated	<b>Statement(s) in Financial Statements</b>	Inadequate review of depreciation charges for fixed asset held	No	31-Jan-19	Budget and Treasury Office - AFS	Management will prepare regular accurate and complete financial and performance reports that are specific and evidence based information
23	Assets not barcode - PPE Additions	<b>Statement(s) in Financial Statements</b>	Inadequate controls over booking of additions	No	31-Jan-19	Budget and Treasury Office - AFS	Management will ensure that the amount recognised as the cost of an asset is equivalent to the figure in the trial balance.
24	Incorrect VAT on additions - PPE	<b>Statement(s) in Financial Statements</b>	Inadequate review of additions to ensure asset is recorded at correct cost	No	31-Jan-19	Budget and Treasury Office - AFS	The asset additions will verify all relevant FASB tagged with a barcode tag
24a	General expenditure	<b>Statement(s) in Financial Statements</b>	Inadequate controls over correct allocation of cost and VAT	No	31-Jan-19	Budget and Treasury Office - AFS	Management AFS will perform quarterly review of fixed asset register and capitalise these directly into the costs in accordance with GRAP 17
25	Employee Benefits-Leave provision incorrectly valued	<b>Statement(s) in Financial Statements</b>	Reviews over system leave allocation and date	Yes	31-Jan-19	Human Resources Practitioner/Corporate Services Director	Management AFS will ensure VAT has been treated correctly
							The HR practice will verify the correctness of leave allocated on the system

26	Receivables - Bad Debts Write-off - Debts not written off are not adjusted back to zero	Missstatements in Receivables due to incorrect write-offs <b>Financial Statements</b>	3	31-Jan-19	Budget and Treasury Office - I&E	Manager I&E will perform monthly reviews over non correctness of debts written off
27	Receivables Not Exercised - Outstanding Debtors not appearing in the Valuation Roll	Comparison of debtors with valuation roll not var. ac	3	31-Jan-19	Budget and Treasury Office - I&E	Manager I&E will perform monthly reviews over non exchange creditor to ensure names are correct
28	Revenue Electricity - Incorrect Calculation of Electricity Prepaid & Surcharge	Inadequate support for prepaid electricity <b>Financial Statements</b>	3	31-Jan-19	Budget and Treasury Office - I&E	Manager I&E will ensure support for calculation of prepaid electricity is adequate
29	Revenue - Prepaid Electricity - Distribution losses incurred	Distribution losses calculated not reviewed <b>Financial Statements</b>	3	31-Jan-19	Budget and Treasury Office - I&E	Manager I&E will perform calculation losses monthly. CFC will review the calculations
30	AOPC - KPI testing schedules supporting selected performance information	This is as a result of inaccurate review of the CP SCEP and the APR to ensure the consistency between the planning documents and the reporting document is maintained	3	31-Jan-19	Infrastructure & Human Resources Settlement:	Director DHS will ensure findings agree on reported achievement
31	SCM - Supply chain BSBREE certificate not awarded BSBREE points	Non-compliance with laws and regulations <b>Regulations</b>	3	31-Jan-19	Budget and Treasury Office - SCM	Manager SCM will train staff to comply with laws and regulations
31a	SCM - Contract Management Contracts not entered into on Quotations	Non-compliance with laws and regulations <b>Regulations</b>	3	31-Jan-19	Budget and Treasury Office - SCM	Manager SCM will review SCM and cause to include termination clause in the contract
32	SCM - Contract Management Measures to monitor contract performance and supplier contract	Non-compliance with laws and regulations <b>Regulations</b>	3	31-Jan-19	Budget and Treasury Office - SCM	Manager SCM will review SCM and cause to include monitoring controls
33	Procurement and Contract Management - Suppliers not included in interest	Inadequate vendor risk management systems <b>Regulations</b>	3	31-Jan-19	Budget and Treasury Office - SCM	Manager SCM will identify instances where means available to our disposal
34	BEC not composed in accordance with SCM requirements	Non-compliance with laws and regulations <b>Regulations</b>	3	31-Jan-19	Budget and Treasury Office - SCM	Management will provide training to SCM staff and ensure BAC complete on or in accordance with SCM regulation 29

36	Contracted services: Expenses not paid within 30 days from date of receipt of invoice	Non-Compliance review of payments not submitted with Laws and Regulations	Yes	1-Jan-15	Budget and Treasury Office - AFS	Manage A&E will review invoices captured in eShare turns as payment
36	Revenue Budget Deficits - Intelligent Debit is within 10% of Income	Review of application forms for adequate Internal Control Deficiency	No	1-Jan-15	Budget and Treasury Office - AFS	Manage A&E will review application forms to ensure forms have been completed correctly
<b>ADMINISTRATIVE MATTERS</b>						
37	PPE - Prior year asset included as action in the fixed asset register	Mistakes made in inadequate reviews of WIP and fixed asset Statement 3	No	1-Jan-15	Budget and Treasury Office - AFS	Manage AFS will implement effective timorous review of the fixed asset register

**Component B: Auditor-General Opinion of Financial Statements Year – 0**

**6.2 Auditor General Report Year – 0 (Current year)**

Auditor-General Report on Financial Performance: 2018/2019	
Audit Report Status*:	Unqualified
Non-Compliance Issues	Remedial Action Taken
	See Audit Action Plan Attached

**EMALAHLENI LOCAL  
MUNICIPALITY**  
**Audit Report**

*For the year ended 30 June 2019*



*Auditing to build public confidence*

## **Report of the auditor-general to the Eastern Cape Provincial Legislature and the council on the Emalahleni Local Municipality**

### **Report on the audit of the financial statements**

#### **Opinion**

1. I have audited the financial statements of the Emalahleni Local Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Emalahleni Local Municipality as at 30 June 2019 and its financial performance and cash flows for the year then ended, in accordance with the South African Standards of Generally Recognised Accounting Practice (SA Standards of GRAP), and the requirements of the Municipal Finance Management Act 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 the opinion**

3. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the auditor-general's responsibilities for the audit of the financial statements section of this auditor's report.
4. I am independent of the municipality in accordance with 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. 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 40 to the financial statements, the corresponding figures for 30 June 2018 have been restated as a result of an error discovered during the 2019 financial year.

#### **Unauthorised expenditure**

8. As disclosed in note 44.1 to the financial statements, the municipality incurred unauthorised expenditure of R20,7 million, due to over-expenditure of the approved budget.

#### **Irregular expenditure**

9. As disclosed in note 44.3 to the financial statements, the municipality incurred irregular expenditure of R1,4 million, due to non-compliance with supply chain management processes.

#### **Material losses – electricity**

10. As disclosed in note 45.8 to the financial statements, material electricity distribution losses of 2,8 million kilowatt units (2018: 2,9 million kilowatt units) was incurred, which represents 26% (2018: 27%) of the total electricity purchased.

#### **Material losses – trade debtors**

1. As disclosed in note 38 to the financial statements, material impairments of R10,5 million (2018: R7,1 million) were incurred as a result of a movement in the debt impairment provision of irrecoverable trade debtors.

#### **Other matter**

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

#### **Unaudited disclosure notes**

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

#### **Responsibilities of the accounting officer for the financial statements**

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

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

#### **Auditor-general's responsibilities for the audit of the financial statements**

16. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
17. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

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

##### **Introduction and scope**

18. 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 programmes presented in the annual performance report. I performed procedures to identify findings but not to gather evidence to express assurance.
19. 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.
20. 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 programme presented in the annual performance report of the municipality for the year ended 30 June 2019:

Programme	Pages in the annual performance report
Programme 1 – basic service delivery and infrastructure development	x – x

21. 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.
22. The material findings in respect of the usefulness of the selected programme are as follows:

**Programme 1 – basic service delivery and infrastructure development**

23. The planned targets for the indicators listed below are not specific in clearly identifying the measure as they do not specify the streets to be paved in a certain town:

Key performance indicator	Planned target
Number of metres of streets paved	200m paved in Cacadu by 30 June 2019
	200m paved in Indwe by 30 June 2019
	300m of roads constructed (paving) in Cacadu by 30 June 2019
Number of metres of streets paved	400m of roads constructed (paving) in Indwe by 30 June 2019

**Other matter**

24. I draw attention to the matter below.

**Achievement of planned targets**

25. Refer to the annual performance report on pages ... to ... for information on the achievement of planned targets for the year and explanations provided for the underachievement of a number of targets. This information should be considered in the context of the material findings on the usefulness of the reported performance information in paragraph 25 of this report.

## **Report on the audit of compliance with legislation**

### **Introduction and scope**

26. 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.
27. The material findings on compliance with specific matters in key legislation are as follows:

### **Annual financial statements and annual report**

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

### **Expenditure management**

29. Reasonable steps were not taken to prevent unauthorised expenditure of R26,8 million, as disclosed in note 44.1 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by unplanned derecognition of a landfill site and an unfavourable court case.

### **Procurement and contract management**

30. Some goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of supply chain management (SCM) regulation 17(a) and 17(c).
31. Awards were made to providers who were in the service of other state institutions or whose directors were in the service of other state institutions, in contravention of section 112(j) of the MFMA and SCM regulation 44. Similar awards were identified in the previous year and no effective steps were taken to prevent or combat the abuse of the SCM process, as required by SCM regulation 38(1).

### **Other information**

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

33. 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 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 financial statements and the selected programmes presented in the annual performance report, or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
35. I did not receive other information prior to the date of this auditor's report. When I do receive and read this information and if I conclude that it contains a material misstatement, 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 reissue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### **Internal control deficiencies**

36. I considered internal control relevant to my audit of the financial statements, reported performance information and compliance with applicable legislation; however, my objective was not to express any form of assurance on it. The matters reported below are limited to the significant internal control deficiencies that resulted in the findings on the annual performance report and the findings on compliance with legislation included in this report.
37. The municipality's controls were not effective, as the financial statements and annual performance report submitted for audit contained numerous material misstatements that were not identified by the municipality's system of internal controls.
38. Review and supervision processes were inadequate to monitor compliance with all applicable legislation within the municipality. As a result, non-compliance with legislation was not effectively identified or prevented, some deviations were not reported to council and municipal officials were not held accountable for transgressions.

#### **Other reports**

39. I draw attention to the following engagement conducted by various parties that had, or could have, an impact on the matters reported in the municipality's financial statements, reported performance information, compliance with applicable legislation and other related matters. This report did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
40. The member of executive council (MEC) for the Eastern Cape Department of Cooperative Governance and Traditional Affairs (Cogta), has referred matters to the National Treasury for

investigation. The matters relate to alleged supply chain management irregularities and fraudulent transactions.

41. The investigation was concluded at the date of signing this report.

*Auditor-General*

East London

30 November 2019



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## **Annexure – Auditor-general’s responsibility for the audit**

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

### **Financial statements**

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

**Communication with those charged with governance**

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

### 6.2.1 Audit Action Plan 2018/19

#### Project OPCAR (Operation Clean Audit Report - ACTION PLAN)

**Date:** 06 December 2019

**Purpose:** The purpose of the JAIL is to track the allocation and status of project actions



Ex No.	Finding	Rating	Root Cause	Target Date	Prob.	Responsibility	Department within the Municipality	Action / Remarks
1	IT Service Continuity Disaster Recovery Policy not approved	Other Important Matters	Management did not develop business continuity plan and ensure that disaster recovery [Disaster Backup Test Log] strategy were formally approved. Recovery action was not taken by management to ensure that business continuity [Business Continuity Plan] disaster recovery plan are kept off site	30-Mar-20	0%	ICT MANAGER	Corporate Services	<p>1. Management to develop business continuity plan and ensure that disaster recovery plan and back-up retention strategy are formally approved</p> <p>2. The draft plan to follow the normal council process till final approval.</p> <p>3. Management to ensure that business continuity plan and disaster recovery plan are kept off site</p>
2	1) Governance: No monthly progress reports provided for Other Important Matters 2) IT Service Level Agreement not utilized	Other Important Matters	Lack of management oversight over compliance with laws and regulations	09-Mar-20	0%	ICT MANAGER	Corporate Services	<p>On a quarterly basis during the CCI steering committee meetings progress reports on the performance of the service provider as far as Service Level Agreements are concerned will be included</p>
3	Monthly debtors and creditors per month from January to December during the year	Other Important Matters	Municipality was unable to reconcile billing reports to the ledger. Most individual sub ledgers run the upgraded financial system and unable to run finance reporting	01-Jan-20	0%	Manager: Interim Financial Executive	Budget and Treasury Office	<p>1. Management will encure that monthly creditors reconciliations is performed</p> <p>2. Management will advise CAE on the debtors and creditors reconciliation is performed</p>
4	Quality reviews not performed	Other Important Matters	The municipality was not aware about the external assessments requirement	15-Nov-20	0%	Chief Audit Executive	Municipal Manager	<p>1. The Internal Audit Unit will set up a structure for external assessments and IA Unit will annually assess the performance of internal Audit Units as recommended by the standards</p> <p>2. The CAE will develop a implementation plan in hand ready for external assessments in year 3 in 2022</p>

5 Alignment of the SCM Policy with MTMA and SCM Regulations	The cause of the above finding is lack of annual review of the SCM policy against new updates in the MTMA and SCM Regulation. The current SCM Policy was last reviewed on 30 June 2017.	Other Important Matters	31-Mar-20	0% Supply Chain Management
6 Non Compliance with the SCM Policy	Lack of municipality to provide the SCM unit with training in order to refresh the officers with the SCM policy.	Other Important Matters	31-Mar-20	0% Supply Chain Management
7 AOPC Targets Are Not Specific	The cause of the above finding is that the municipality wanted to differentiate the targets funded by the conditional grants from the equitable share and management unit failed to specify the locations or areas and specify the specific roads to be done.	Other Important Matters	10-Feb-20	0% Manager: PMS
8 AOPC Consistency	Lack of proper review of the AOPC to ensure that the reported achievement is consistent with planned and reported indicator and target.	Other Important Matters	21-Jan-20	0% Manager: PMS
9 AOPC Differences between Reported Achievement and Programming	Lack of proper review of the annual performance report against the programme to ensure that the reported achievement is accurate.	Other Important Matters	21-Jan-20	0% Manager: PMS

10	Retention Supporting Evidence not provided	Other Important Matters	Procurement and Contract Management - Deviations - Deviation not tabled to council	<p>The cause of the above finding is lack of proper timing of the supporting documents in relation to the information reported on financial statements to ensure that they are easily accessible at night.</p> <p>This is caused by lack thorough and timely reviews of deviations to be approved in the quarterly meetings.</p>
11	Procurement and Contract Management - Quotations - Requirements not adhered too.	Other Important Matters	Procurement and Contract Management - Quotations - Requirements not adhered too.	<p>There is no clear tracking system for deviation form but rather when less than 3 quotes are obtained after the prescribed advertising period management then proceeds with the evaluation of the quotes.</p>
12	Contract Management: Multi-Party C - Contract end payment unclear	Other Important Matters	Contract Management: Multi-Party C - Contract end payment unclear	<p>Submission of information was due to:</p> <ul style="list-style-type: none"> <li>1) Lack of contractual requirement,</li> <li>2) Slow response by management to requests, and</li> <li>3) Lack of proper document management, following up on the validity of and contracts and authority of debt order decisions thereof. </li></ul>
13			Budget and Treasury Office	



10 Non-Compliance - Use of Consultants	Other Important Matters	Municipality does not have a policy or strategy in place for the use of consultants	21-Mar-20	Manager's Revenue and Expenditure (Budget and Reporting)
10 Control Deficiency - Fuel Expenditure	Other Important Matters	The above finding is caused by the lack of adequate controls that will enable the Municipality to prevent and detect unusual consumption of fuel	15-Feb-20	Manager - Human Resources
20 Financial Expenditure - Payments Executed Contract Without	Other Important Matters	Lack of proper monitoring expenditure incurred, including expenditure that has not yet been paid, against the contract amount to ensure that it does not exceed contract amount	21-Jan-20	Analyst (White) Project Manager/Facility Project Manager/Supervisor IT Radiant/Electrical Technicians
21 The condition of the assets is not accurate as per asset physical verifications	Other Important Matters	The lack of regular physical verification of assets as issued in the prior years (opening balances)	30-Jun-20	Community Services Community Services Direct Lender/Budget and Treasury Officer/DHS

22	The existence of the following assets could not be confirmed through physical verification	Lack of oversight over the derecognition of assets and lack of prioritisation of assets acquired in the previous 5 years	Other Important Matters	30-Jun-20 PMU Manager/Project Manager
				IDHS
23	Assets PPE - Details of WIP assets transferred not accurate and complete	Other important matters	0% Management Budget and Reporting/Asset Management Practitioner	30-Jun-20 Budget and Treasury Office
24	All Assets are barcoded	Other important matters	0% Asset Mng Practitioner	30-Apr-20 Budget and Treasury Office
25	Assets PPE & Investment property - Assets incorrectly classified	Other important matters	0% Asset Mng Facility Practitioner	30-Nov-14 Community Services Directorate/Budget and Treasury Office

26	Cash and cash equivalent Difference between the AFS and the TB	Other Important Matters	30-Nov-14 0 % Chief Financial Officer	Budget and Treasury Office
				1. The municipality will ensure that cashbooks are closed off monthly 2. Management will ensure that all cashbook and investment register balances reconcile to bank notes in General Ledger.
27	Assets PPE & Investment Property incomplete	Other Important Matters	20-Feb-20 0 % Housing Section	(D) IS 1. Municipality housing section to develop a register of all houses not yet transferred 2. Once the list has been developed it should be compared with the EAF information for KLP houses not transferred. 3. Thereafter the housing section should develop a implementation schedule for transfer of these properties. 4. The housing section and conveyancer should inform the ETO revenue section which will then advise numbers to properties that are transferred to communities. 5. The ETO revenue section will update properties masterfile with information from housing section
28	Lack of system to verify units billed by ESKOM	Other Important Matters	31-Jan-20 0 % Manager Income and Expenditure	1. Municipality will request the TOU information from ESKOM monthly. 2. The TOU information will be compared with the billing units on the bulk account established feasibility and for interpretation.
				Budget and Treasury Office

29	High electricity distribution losses	Other Important Matters	Lack of monitoring of electricity unit usage for sales and own consumption 15-Feb-20	Manager Electricity IDHS
30	Indigent's incomplete indigents register	Other Important Matters	The municipality keeps a record of the property owners per the validation tool on the indigents register 31-Jan-20	Manager Electricity IDHS
31	Indigent debtors: Unqualifying indigent debtors provided with free basic services	Other Important Matters	1) Lack of management oversight 2) Lack of understanding from the municipal indigent applicants of the required documentation and compliance with municipal expectations 3) Municipality does not update its indigent register on a monthly basis 15-Feb-20	FS Practitioner/Revenue Account Budget and Treasury Office

32	AOFO Consistency	Lack of proper review of the APR to ensure that the reported achievement is consistent with planned and reported indicator and target  Other important Matters	15-Feb-20 0% Manager PWS PECTA
		Lack of proper review of the annual performance report against the programme listings to ensure that the reported achievement is accurate  Other Important Matters	15-Feb-20 0% Manager PWS PECTA
33	ACPO Differences between Reported Achievement and programme Listing	1 Management will review that the APR to ensure that the reported achievement is consistent with planned and reported indicator and target  1 Management will ensure proper review of the quarterly and annual performance report against the programme listings to ensure that the reported achievement is accurate	

# CHAPTER 7 – APPENDIXES

## 7.1 Appendix A: Councillors; Committee Allocation and Council Attendance

List of Councillors	Political Party	Ward Representing	Number of Council meetings held (including specials)	Number of Council meetings attended
1. Thozama Mrwebi	ANC	1	20	18
2. Tobeka Sixishe	ANC	1	20	14
3. Nolisini Kama	ANC	2	20	11
4. Nokwandisa Ziduli	ANC	2	20	11
5. Xolela Njadu	ANC	3	20	12
6. Nomzi Tyulu	ANC	4	20	16
7. Lumka Mapete	ANC	4	20	18
8. Siyabulela Bongo	ANC	5	20	0
9. Nontombizanele Koni	ANC	6	05	05
10. Sibha Liwani	ANC	6	20	17
11. Sipho Zama	ANC	7	20	20
12. Dumisa Kalolo	ANC	7	20	18
13. Nosibulelo Nqono	ANC	8	20	18
14. Nomveliso Nyukwana	ANC	8	00	00
15. Linda Fatyela	ANC	9	20	15
16. Zoyisile Moshani	ANC	10	20	15
17. Badikazi Twala	ANC	10	20	14
18. Zolile Feni	DA	10	20	12
19. Kwaaiman Mjezu	UDM	10	20	12
20. Thembi Mondile	ANC	11	20	19
21. Thandeka Kulashe	ANC	11	20	17
22. Mxolisi Oyiya	DA	11	20	15
23. Zenzile Mahola	EFF	11	20	7
24. Thandiwe Ndlela	ANC	12	20	16
25. Nowandisile Kraqa	ANC	13	20	12
26. Nolitha Lali	ANC	13	20	18
27. Mncedisi Qomoyi	ANC	14	20	15
28. Ncedisa Mtyobile	ANC	14	20	19
29. Fumanekile Mthandeki	DA	14	20	14
30. Peter Greyling	DA	14	20	9
31. Lizo Paul	ANC	15	20	20
32. Mcebisi Limba	ANC	15	20	17
33. Makhosandile Makatesi	ANC	16	20	16
34. Cecil Bobotyana	ANC	17	20	12

### Traditional Leaders participating in Council

Traditional Leaders, Committees Allocated and Council Attendance					
Members of Traditional Leadership	Full Time / Part Time FT/PT	Committees Allocated	Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
1. Mr Koto	PT	EDTA		0%	50%

Members of Traditional Leadership	Full Time / Part Time FT/PT	Committees Allocated	Ward and/or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
				%	%
2. Mr DP Siyolo	PT	BTO		0%	0%
3. Mr NP Mzandisi	PT	IDHS		42%	58%
4. Mr M Kali		IDHS		50%	25%
5. Mr M Kamteni	PT	Community Services		25%	75%
6. Mr Lwanyana	PT	MPAC		0%	100%
7. Mr Gungqa	PT	Governance		50%	25%

## 7.2 Appendix B: Committees and Committee Purposes

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
1. Executive Committee	To consider the issues from Standing Committees for effective and efficient performance of functions and exercising of its powers	1. N Koni 2. T Kulase 3. N C Lali 4. S Limba 5. S Liwani 6. N Mtyobile 7. M Oyiya	05 24 24 24 24 24 24	05 22 24 19 22 19 11
2. EDTA Standing Committee	To consider matters related to the LED KPA and recommend to the Executive Committee	1. Cllr Mtyobile 2. Cllr T Ndlela 3. Cllr X Njadu 4. Cllr T Mondile 5. Cllr BP Twala 6. Mr Koto	04 04 04 04 04 04	04 04 03 03 03 01
3. BTO Standing Committee	To formulate recommendations to the Executive Mayor (Mayoral Committee) on financial matters. As an Operational Committee the scope of these financial matters would include considerations of the financial position of Council in terms of the budget from an accrual as well as a cash flow perspective, including inter alia the following – <ul style="list-style-type: none"> <li>• Budget alignment;</li> <li>• Monitoring and budget implementation;</li> <li>• Control measures</li> <li>• Financial reporting;</li> <li>• Budget management including revenue and expenditure management;</li> <li>• Capital raising; and</li> <li>• Supply Chain management.</li> </ul>	1. M Limba 2. CH Bobotyana 3. T Sixishe 4. MP Oyiya 5. LA Fatyela 6. N Nqono 7. DP Siyolo	04 04 04 04 04 04 04	04 02 03 03 02 04 01
4. Infrastructure Development	To consider and to make recommendations on all matters affecting the civil engineering and	1. NC Lali 2. T Mrwebi	04 01 04	03 01 04

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
Ent and Human Settlement Standing Committee	<p>electrical infrastructure, associated designs and mechanical and scientific services, including inter alia the following –</p> <p>Air pollution;</p> <p>Electricity and gas reticulation;</p> <p>Municipal airports;</p> <p>Municipal public works Storm water management systems;</p> <p>Water and sanitation services limited to potable water supply systems and domestic waste water and sewage disposal</p> <p>Municipal public transport systems;</p> <p>Cleansing;</p> <p>Municipal roads;</p> <p>Refuse removal, refuse dumps and solid waste disposal;</p> <p>Street lighting; and</p> <p>Traffic and parking</p> <p>Fleet management and maintenance</p> <p>Scientific services</p> <p>Built environment with the exception of town planning building control</p>	<p>3. N Kama</p> <p>4. M Qomoyi</p> <p>5. S.E Zama</p> <p>6. NP Mzandisi</p> <p>7. M Kali</p>	04 04 03 03	03 03 01 01
5. Corporate Governance Standing Committee	<p>To consider and to make recommendations to the Council on the measures necessary including inter alia the following –</p> <ul style="list-style-type: none"> <li>• Industrial relations matters, including to investigate questions relating to job evaluations and the submission thereof to the Industrial Council and to consider measures relating to Conciliation Boards and Industrial Court hearings</li> <li>• Manpower planning</li> <li>• Recruitment, selection, remuneration, utilization and development of staff;</li> <li>• Occupational Health and Safety and Industrial Health services;</li> <li>• Productivity in the municipal workforce</li> <li>• Training and staff development;</li> <li>• Employment equity and skills development</li> <li>• Employee performance;</li> <li>• Information and technology support services;</li> <li>• Contract management and negotiations in respect of salary increases and fringe benefits;</li> </ul>	<p>1. Cllr T Kulashe</p> <p>2. Cllr S Bongo</p> <p>3. Cllr L Paul</p> <p>4. Cllr N Tyulu</p> <p>5. Cllr R Feni</p> <p>6. Cllr K Mjezu</p> <p>7. Mr Gungqa</p>	04 04 03 03 03 03 03	04 0 04 04 03 03 02

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
	<ul style="list-style-type: none"> <li>• Measures required in respect of the avoidance of strike and other conflict actions;</li> <li>• Policy regarding the appointment of Directors, General Managers and Heads of Departments and confirmation of their appointments; and facilities management.</li> </ul>			
6. Community Standing Committee	<p>To consider and make recommendations to the Mayoral Committee on in respect of all environmental services matters as provided for in any relevant legislation and all community matters; to consider all matters under the control of the Director of Community Services, including inter alia the following –</p> <ul style="list-style-type: none"> <li>• Childcare facilities;</li> <li>• Pontoons, ferries,</li> <li>• jetties, piers and harbours [excluding the regulation of international and national shipping and matters related thereto];</li> <li>• Beaches and amusement facilities;</li> <li>• Cemeteries, funeral parlours and crematoria;</li> <li>• Fencing and fences;</li> <li>• Local amenities;</li> <li>• Local sports facilities</li> <li>• Municipal parks and recreation</li> <li>• Public places;</li> <li>• Horticulture;</li> <li>• Libraries;</li> <li>• Halls; and Community Support Centres.</li> </ul>	1. S Liwani 2. P Greyling 3. N Ziduli 4. ZD Mahola 5. T Mrwebi 6. M Kamteni	04 04 04 04 04 04	04 02 03 01 04 03
7. Municipal Public Accounts Committee	The purpose of the Municipal Public Accounts Committee is to strengthen the oversight arrangements in the municipality and to ensure the efficient and effective use of municipal resources. Consider and evaluate the content of the annual report and make recommendations to Council when adopting an oversight report on the annual report as required in terms of section 121 of the Local Government: Municipal Finance management Act and Circular no 32 issued by the Minister of Finance	1. Cllr L Mapete 2. Cllr N Kraqa 3. Cllr Z Moshani 4. Cllr M Mthandeki 5. Cllr M Makatesi 6. Mr AT Lwanyana	07 07 07 07 07 07	07 04 05 02 04 00
8. IDP and Budget Steering Committee	<p>The Budget Committee will fulfil the following Operational functions.</p> <ul style="list-style-type: none"> <li>• Budget Management</li> <li>• Revenue (Including Tariffs Expenditure)</li> </ul>	1. N Koni 2. M Limba 3. NC Lali	03 10 10 10 10	03 01 10 09 05

List of Committees of Council	Purpose of each committee	Names of Councillors serving in each committee	Number of Committee meetings held	Number of Committee meetings attended
	<ul style="list-style-type: none"> <li>• In-year Financial Reporting</li> <li>• Control Measures of Budget Implementation</li> <li>• Monitoring and Budget Progress</li> <li>• Budget Implementation</li> </ul> <p>It must be emphasized that the interface with the IDP, Budget Strategy and Performance Management Committee is central to the achievement of delivery objectives and must be closely monitored</p>	4. T Kulashe 5. S Liwani 6. N Mtyobile 7. M Limba	10 10	07 08
9. Training Committee	To play an oversight role on capacity building of municipal workforce, councillors and the community	1. T Kulashe 2. DS Kalolo 3 NC Lali	02 02 02	03 02 01
10. Local Labour Forum	To make recommendations to the Mayor pertaining to the formulation of policies, strategies and programmes aimed at increasing equity for vulnerable marginalized or special interest groups, with specific focus on: Young people, the aged, the disabled, gender-related issues, special projects.	1. N Lali 2. T Kulashe 3. BP Twala	01 01 01	00 01 01
11. Rules Committee	To determine the standing rules and orders of procedure for the Council.			
12. Remuneration Committee	To examine information provided to the Committee dealing with the total remuneration package of all Section 56 Managers including the Municipal Manager.	1. Cllr N Koni 2. Cllr D Kalolo 3. Cllr T Kulashe 4. Cllr M Limba	02 02 02 02	02 02 02 02
13. Audit Committee	The primary purpose of the Audit Committee is to assist the Council discharge its responsibility in maintaining and applying appropriate accounting and financial reporting processes and procedures as well as maintaining effective risk management and internal controls.	1. N Koni 2. MB Limba 3. LP Mapete	02 07 07	01 05 01
14. Occupational Health and Safety Committee	To ensure Health and Safety of employees and visitors to the municipality.	1. T Kulashe	04	03

**Annexure C – Third Tier Administrative Structure**

## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

## APPENDIX E – WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
1	Cllr. T Mrwebi	Yes	12	12	4
	Zukiswa Gatyeni				
	Bulelani Majweta				
	Thembisa Makatesi				
	Nomzamo Makeke				
	Thembelani Sabongo				
	Siyabulela Mgca				
	Songezo Bacela				
	Neziswa Maphuthuma				
	Mpumelelo Mafiliqa				
	Nomaxabiso Laho				
2	Cllr. N Kama	Yes	12	12	4
	Nosandla Ngxakatha				
	Pumeza Ndika				
	Mbuzeli Kanafana				
	Noluthando Ngqakase				
	Reli Tezapi				
	N.M Songo				
	Bavile Fanavele				
	Nomutile Ngesi				
	Ntombintle Matheza				
	Zuko Mjenxane				
3	Cllr. X Njadu	Yes	12	12	4
	Nothemba Olivia				
	Dyakophu				
	Nkosana Plaartjies				
	Singatwa Malotana				
	Nokubonga Nkwetshna				
	Nosicelo Dyasi				
	Nombalela Zanga				
	Ellias Roro				
	Morris Ndibi				
	Nicholas Gwebecimele				
	N.V Lwanyana				
4	Cllr. N Tyhulu	Yes	12	12	4
	Nowethu Xiphu				
	Nomkhitha Mbolompo				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Thozama Mseleni				
	Vuyo Kelembé				
	Mandlakazi Tyatyeka				
	Ncumisa Nonambane				
	Vuyiseka Booí				
	Siphiwo Adonis				
	Zoliswa Penxa				
	Namhla Lubala				
<b>5</b>	<b>Cllr. S Bongo</b>	Yes	12	12	4
	Yoliswa Madolo				
	Nomzi Zibi				
	Michael Simane				
	Siphiwo Mphungu				
	Funeka Magqazana				
	Phumza Cekiso				
	Noludwe Jack				
	Lumka Rasmeni				
	Zuzeka Sineyi				
	Nothobela Mtwebana				
<b>6</b>	<b>Cllr N James</b>	Yes	12	12	4
	Lucas Yapi				
	Tamara Mtirara				
	Zola Bidi				
	Yolanda Ralayo				
	Kindelwa Biso				
	Vuyokazi Ndlebe				
	Zingisa Ntsimango				
	Nowethu Juwele				
	Khayalethu Mbayise				
	Abongile Dinga				
<b>7</b>	<b>Cllr S Zama</b>	Yes	12	12	4
	Vuyokazi Macithi				
	Monwabisi Tyawana				
	Gcobani Hoho				
	Nomnikelo Mbolompo				
	Ncebakazi Ngashe				
	Phumeza Bheki				
	Nobomi Nakho				
	Nokwakha Bota				
	Mvuzo Ngemntu				
	Noluntu Soko				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
<b>8</b>	<b>Cllr N Nqono</b>	Yes	12	12	4
	Ntobeko Siko				
	Nkosinathi Guda				
	Gloria Magwebu				
	Zibele Buti				
	Nokubonga Koti				
	Loyiso Hangana				
	Noyedwa Jaxa				
	Nomakhaya Xaluva				
	Mthethunzima				
	Mlonyeni				
	Nonasile Mpandle				
<b>9</b>	<b>Cllr L Fatyela</b>	Yes	12	12	4
	Nokubonga Qampi				
	Mankayi Nontembiso				
	Nozuko Hondwana				
	Thanduxolo Ngesi				
	Vuyokazi Matholengwe				
	Nonkulululo Mdivas				
	Phathiswa Ngxazisa				
	Nolulamile Davani				
	Ntsomi Nomawethu				
	Nomthunzi Kibido				
<b>10</b>	<b>Cllr Z Moshani</b>	Yes	12	12	4
	Mandlakapheli Kuku				
	Thembiatile Gcuze				
	Nosango E. Mayika				
	Nolisten Pistoli				
	Ntombekhaya Sijaji				
	Thamsanqa Qwanya				
	Nosango Sijaji				
	Thobeka Qoko				
	Thandi Mathamba				
	Nobathembu				
	Nqumashe				
<b>11</b>	<b>Cllr T Mondile</b>	Yes	12	12	4
	Thozama Mtshayi				
	Lindelwa Roro				
	Raymond Masiza				
	Lungiswa Fasi				
	Mayekiso Phuthuma				
	Thobile Musina				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Vuyokazi Bobotyana				
	Tyalimpi Nokuphumla				
	Makatso Tsulo				
	Kholiswa Gogo				
12	Cllr T Ndlela	Yes	12	12	4
	Namfazi V. Nikani				
	Zukiswa Peter				
	Nomatarhu Nkonjane				
	Ngeteni Lungu				
	Xoliswa Mbombo				
	Nomvula Jama				
	Nobekephi Mlungu				
	Bulelwa Ntunja				
	Nomonde Mbobosi				
	Zwelandile Tukase				
13	Cllr N Kraqa	Yes	12	12	4
	Vusumzi Matyobeni				
	Mandlenkosi Tonti				
	Noluntu Vena				
	Nosamkelo Topuko				
	Siphumeze Qashani				
	Nophumzile Mntubu				
	Phumeza Sandra				
	Ntsomi				
	Neliswa V. Booii				
	Thembisa Sese				
	Frank M. Manyonga				
14	Cllr M Qomoyi	Yes	12	12	4
	N. Bomvana				
	Fezekwa Makatesi				
	Nosakhele Ceki				
	Nosakhele Beko				
	Nkuzo Nobahle				
	Siphokazi Maratana				
	Ntombesizwe Siyoko				
	Buyiswa Singeni				
	Lemakatso Siyoko				
	L.P Buyeye				
15	Cllr L Paul	Yes	12	12	4
	Albertina Kalimashe				
	Duda Allen				
	Ndumiso Bengo				

Ward Name (Number)	Name of Ward Councillor and elected Ward Committee members	Committee established (Yes/No)	Number of monthly committee meetings held during the year	Number of reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
	Nomvume Memani				
	Bukiswa Beyonce Joko				
	Phuthumile Sam				
	Rabecca Sondara				
	Chasiwe Makeleni				
	Phumeza Mtyhobile				
	Vulindlela Mbili				
16	Cllr M Makatesi	Yes	12	12	4
	Alakhe Rilityane				
	Thumeka Yoyo				
	Nolizwi Bathembu				
	Nompelo Duda				
	Malibongwe Gura				
	Nomvuko Ntantiso				
	Danisa Msini				
	Zoliswa Khuselo				
	Mhlangabezi				
	Mangqamba				
	N. Peter				
17	Cllr C Bobotyana	Yes	12	12	4
	Nobayeke Sulo				
	Zolisani Tshona				
	Maqhuma Ntamnani				
	Nokwanda Menziwa				
	Mandithini Mhlambiso				
	Zoleka Litye				
	Khangelwa Mtonono				
	Nokhwezi Galatya				
	Hemene Nosandile				
	Patrick Maliwa				
				Refer to Speakers office	

### 7.3 Appendix F: Ward Information

WARD	ISSUES RAISED
1	<ol style="list-style-type: none"> <li>Bad road from Lady Frere to Rwanatsana which resulted to resignation of teachers that were using that route.</li> <li>Absence of a bus because of bad roads at Rwanatsana</li> <li>Geographical Spread of the ward</li> </ol>

WARD	ISSUES RAISED
	4. Support of SMME's and facilitation of their registration to relevant offices 5. Fencing of grazing land
2	1. Road Network & Bad Access roads and DR Road 2. Geographical Spread of the ward 3. Issue of Scholar transport which results to school dropouts 4. Request for road network from Lady Frere town connecting ward 2 to Qamata which is part of Intsika Yethu Municipality 5. Request for a 24-hour operational Clinic
3	1. Upgrading of Sport Field 2. Shortage of nurses at the clinic and absence of the clinics committee at Ndonga Clinic 3. Bad roads from the tar road to Maqhubela School 4. Request for fencing at Siyazondla project 5. Request for an old age home
4	1. Shortage of teachers at Cacadu J.S.S 2. Rural Development & Land Reform 3. Access Roads 4. Dipping Tank 5. Street Lights
5	1. Shortage of Nurses at Philani as it services many wards 2. Shearing Shed at wards at Nolutando village 3. Assistance for a pre-school at Zingxondo village 4. Paving at Mzomhle location 5. Fencing of the ploughing land
6	1. Holani village request assistance from the Municipality for a shearing shed Bad roads in all the villages 2. CPF members must be work shopped on how to handle crime related issues 3. Support of the Cooperatives and advice from the Municipality 4. Request for formal support of the teams that are taking part in the annual tournament.
7	1. Bad roads in the whole ward especially at Blangwe village. 2. Support of the SMME's at Ward 7 3. Upgrading of Sports field 4. Shortage of teachers in most schools since the beginning of the year 5. Visibility of Police
8	1. No replacement of teachers at school 2. No electricity in all households 3. Water in Schools 4. Fencing around livestock grazing areas 5. Roads not properly done at Bhodi
9	1. Small clinic with shortage of nurses 2. Fencing around grazing land 3. Toilets, Electricity and Water services 4. Crime, Drugs & liquor problems 5. Police are too far therefore respond late when called
10	1. Request for operators to report to ward Councillor monthly to avoid strike 2. Shortage of Staff at Tsembeyi Clinic 3. High level of crime 4. Request to encourage farmers to form Cooperatives from SMME/LED Section 5. Request for DDX Police to also help Ward 10 as they are struggling to get to Dubeni Clinic
11	1. High level of violence and under-age drinking 2. Bad roads in the location 3. Overcrowded health services 4. Shortage of Doctors in Dordrecht hospital 5. Chris Hani Primary School Delay
12	1. Fencing of the grazing at Mkhaphusini village

WARD	ISSUES RAISED
	2. All School Governing Bodies were elected 3. Projects initiated by Social Development but not supported by the Municipality 4. Request for information with regards to construction of the tar road to Machubeni via Ward 12 5. Shortage of medicine at Ngqanda Clinic
13	1. Water & Free Basic Electricity 2. Foot bridges & Access Roads Renovation 3. Fencing of crop fields 4. Hawker stalls & Business Management Training 5. Luxeni Dipping tank to get Electricity in both sharing sheds, add toilet and drinking water
14	1. Rate payers say Electricity is not free and water costs are expensive 2. Unfinished Toilets and Water Extensions 3. Non-Acceptance of Demarcation by community members 4. Shortage of nurses in Mhlanga clinic 5. Lack of jobs
15	1. High level of youth unemployment 2. Bad roads 3. No netball fields 4. Child and Elderly person rape problem 5. Request for Old age home
16	1. Bad roads from town to all villages of the ward 2. Request for a dipping tank 3. Storm water drainage for the whole ward 4. Fencing at Vukani 5. Upgrading of Sport field and improvement of Mayors Cup organizing team
17	1. Digging of a Dump site at Maqhashu Village 2. Support of SMME at Ward 17 and monitoring of the projects 3. Shortage of Maths teachers for Grade 12's at Mhlonolo Senior Secondary 4. Access road at Trust Village 5. Upgrading of Sports field at Ward 17

## **APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE 2018/19**

Management has updated progress on the implementation of Audit Committee resolution and level of implementation as follows:

Level of Implementation	Resolutions and 2018/19		
Implemented			
In-Progress			
Not Implemented			

Detail summary of resolutions and progress to date:

RESOLUTION REGISTER-PERFORMANCE AUDIT COMMITTEE MEETING HELD 16 NOVEMBER 2017 AUDIT COMMITTEE RESOLUTIONS 2018/19				
23/08/2018	ITEM 5.2	Resolutions register	Resolutions register to be updated with all the resolutions	CAE Municipal Manager
				Resolutions register has been updated with all the resolutions 27 February 2018 MENYE D MPE

			IN-PROGRESS	IN PROGRESS
16/11/2018	ITEM 5.2	Resolutions Register	<p>Leave agreements- a report that details all steps taken to recover the amount and the costs incurred in pursuit of this amount be submitted to council, so the council can decide if it's worth pursuing anymore or not.</p> <p>The responsible person to be changes to Corporate Services and a draft Standard Operating Procedure be submitted on the next AC meeting scheduled for the 13th December 2018</p> <p>Records Management- Management to ensure records are properly filled and the Archiving Act, Circulars and guidelines on records management to be followed when organisation dispose information. Internal audit be approached once documents are ready for audit to verify compliance with the relevant laws and regulations.</p>	<p>Municipal Manager Director Corporate Services</p> <p>CAE</p> <p>Municipal Manager Director Corporate Services</p> <p>Corporate Services submitted a list to audited but the same issues as before were identified i.e. Items on list but not on fileboxes and items on boxes but not on list.</p> <p>Corporate still busy with this process. A new list has been submitted to Internal Audit</p>
16/11/2018	ITEM 8.1	Municipal overview	<p>The OHS matter on the municipal building to be referred to council for consideration and for council to be aware of the urgency of the situation. The institution must follow all protocol on safety to prevent any disaster in the future</p> <p>The Audit committee meeting schedule to be submitted for adoption and all audit committee be scheduled before Council Meeting.</p>	<p>Municipal Manager Director Corporate Services</p> <p>CAE</p> <p>Municipal Manager</p> <p>Draft AC work Plan is an item for the meeting on 23/05/2019</p>
16/11/2018	ITEM 8.1	Municipal overview	<p>The municipality to fill up all vacant position especially the head of departments for stability and proper governance</p> <p>The municipality to minimize or suspend the suspension before they create an environment that will put employee productivity at stake just to improve conductiveness of the work environment</p>	<p>Municipal Manager</p> <p>Municipal Manager</p> <p>There are still two vacant Senior Positions with Acting incumbents that have been advertised and recruitment processes are on the way.</p> <p>There is still an ongoing suspension of the SCM Manager, and a case of bribery was opened with the SAPS based on the Coega Report</p>

		IMPLEMENTATION		IN PROGRESS	
13/12/2018	ITEM 5.2	Comprehensive report	PMS	During the adjustment period all documents to be amended and be aligned to the IDP.  Misalignment to be rectified during the budget adjustment process	Municipal Manager Director PEDA  All directors
13/12/2018	Item 5.3	ICT Audit		The ICT unit will be prioritized for the training in the upcoming financial year due to the complexity and ever improving environment of IT  Third party logs be included on the follow up audit by Internal audit and IT also to review those logs. The municipality to work together with third parties for security and control purposes  Distribution board on the temporary server to be removed and Technical services director to take up the matter and it be sorted as soon as possible  Report on Sebata contract be submitted on the next Audit committee meeting. The time where Sebata will stop providing support and leave and the institution start to perform on its own must be identified, this must be done to avoid service provider dependency.	Director Corporate Services  Municipality could not obtain from the Service Provider  Service provider has been appointed to re wire the traffic, Library and Main building.  The system still has development challenges, and this has been communicated to treasury. Municipality is still hosted by service provider
					CFO

IN PROGRESS				IMPLEMENTED
Date	Item no	Description	Municipal Manager	
13/12/2018	Item no 5.4	<ul style="list-style-type: none"> <li>-Management to give immediate attention to the Fleet management unit as current control show major weaknesses.</li> <li>-A criminal case for theft to be opened for the fuel spending on FV/L916EC.</li> <li>-An investigation to be held on fuel management for both requisition process and petrol cards.</li> <li>-All perpetrator be held accountable for the misconduct.</li> </ul>	<p>Municipal Manager Director Corporate Services</p> <p>Management has reported to SAPS, SAPS Identified Detective R Prusent Case number CAS 64/12/2018 who is still busy with the investigation. Council took a resolution to refer the internal investigation on Fleet irregularities and fuel misappropriation to Internal Audit to work together with Labour Relations Officer. CAE AND LABOUR staff have to arrange interviewing sessions with the drivers and fleet management practitioner. Service providers do not have enough space to keep video footage for over a month thus no information was obtained. Standard Bank is also investigating the misuse of our petrol cards as there is also indication of some cards being cloned</p>	
13/12/2018	ITEM 6.1	<p>Audit Action Plan</p> <ul style="list-style-type: none"> <li>-That all audit committee members to be involved in the audit and audit reporting process.</li> <li>-Audit action plan report not to be submitted to council until all actions on findings raised have been reviewed by management.</li> <li>-Final audit action plan to be submitted on the next audit committee meeting</li> <li>-Audit action plan to be forwarded to audit committee members for comments</li> </ul>	<p>CAE Municipal Manager All Directors</p>	<p>The workshop was held on the 13/03/2019. Final Audit Action Plan was communicated to the AC by the 31 March 2019.</p>

				IMPLEMENTED	IMPLEMENTED	IMPLEMENTED
27/02/2019	ITEM 6.1	Cascading and AOP	<ul style="list-style-type: none"> <li>Adjusted SDBIP to be submitted to Council for approval           <ul style="list-style-type: none"> <li>Update on the cascading of performance and the draft incentive framework to be submitted on the next AC Meeting</li> <li>Workshop on AOPD and Program listing to be held after 15 March</li> </ul> </li> </ul>	All Directors, AMM and CAE 31 May 2019	An Implementation and Plan and processes manual have been drafted for Executive Management and submitted to Audit Committee	
	Item 7.1	Report on Mid-year financial	<ul style="list-style-type: none"> <li>Submit a report on how the municipal office building project will be funded</li> </ul>	AMM and CFO 31 May 2019	National Treasury advised not to take out the loan. Moving forward the project will only be funding if internal revenue allows.	
	Item 7.4	AG Action Plan	<ul style="list-style-type: none"> <li>A workshop to be held to correct actions given to resolve findings raised as these actions do not address the root cause of the finding           <ul style="list-style-type: none"> <li>Report on the updated action plan be sent to AC members by the 31st March 2019</li> </ul> </li> </ul>	All management 31 March 2019	The workshop was held on the 13/03/2019. Final Audit Action Plan was communicated to the AC by the 31 March 2019.	
	Item 8.1	Report of the MM	<ul style="list-style-type: none"> <li>AC resolved that AMM to engage the Council Speaker of the financial implications if the schedule of the AC meeting is pushed to a week before council           <ul style="list-style-type: none"> <li>Cogta report to be made available to the AC Members</li> <li>The fraud case opened for fleet management to be followed up and the internal investigation to continue and progress report be submitted to AC till the matter is resolved</li> </ul> </li> </ul>	AMM, CAE 31 May 2019	COGTA report was provided to the AC. Management has reported to SAPS. Council took a resolution to refer the internal investigation on Fleet irregularities and fuel misappropriation to Internal Audit to work together with Labour Relations Officer.	

Item 11	Legal Report	<ul style="list-style-type: none"> <li>Partake Lawyers to be monitored closely by the office of the AMM</li> <li>A progress report on performance of the panel of lawyers be submitted to AC meetings quarterly</li> <li>An investigation of possible fruitless and wasteful expenditure be lodged by the responsible directors and a report submitted on the next AC meeting</li> </ul>	Director Corporate Services; AMM	An investigation has been lodged and submitted to Council and resolved that an adhoc committee should be established	
23/05/2019	Item 6.1	Draft IDP Status 2019/20	<ul style="list-style-type: none"> <li>Chapter 4 of the draft IDP be submitted to Internal Audit to verify smartness of indicators and targets before 31 May 2019</li> </ul>	Director Planning	The IDP was adopted by council before the final chapter 4 was presented to Internal Audit or AC
Item 6.2	Process preparation of annual report	Process plan for	<ul style="list-style-type: none"> <li>Change date for review of APR to 22 August 2019</li> <li>All directors to ensure comments and POE are ready before the meeting</li> <li>Management to ensure that APR targets are annual rather than quarterly</li> </ul>	All Directors	
Item 6.3	Employee implementation and draft Incentive Framework	PMS	<ul style="list-style-type: none"> <li>Management to prevent the framework to council structures to get buy in</li> <li>Present the framework to Labour forum for deliberation</li> </ul>	Director Planning	
Item 7.1	Financial report section 52d	Financial report section	<ul style="list-style-type: none"> <li>Non-cash items to be reported on quarterly reports to reflect a realistic spending pattern</li> <li>Meeting with EC treasury and other stakeholders to resolve outstanding debt</li> </ul>	CFO	
Item 7.2	SCM report		<ul style="list-style-type: none"> <li>Revenue enhancement strategy to be developed</li> </ul>	CFO	
Item 7.4	MSCOA progress		<ul style="list-style-type: none"> <li>Management through the mayor to write to the Provincial Treasury to request approval of the use of service providers for fuel as it is impractical to apply SCM regulations</li> </ul>	CFO	
Item 7.5	AG action Plan		<ul style="list-style-type: none"> <li>Management to request assistance from EC Treasury specialist to resolve or unpack the ICT challenges with the server that results in the municipality hosted by service provider.</li> <li>Management to have regular meetings and discuss the implementation of the AG Action Plan and report the outcomes to audit committee</li> </ul>	CFO/AMM	
Item 8	Municipal Overview		<ul style="list-style-type: none"> <li>Fleet fraud case to be finalised and reported to AC</li> <li>Council to finalise appointment of MM and Directors</li> <li>An Action plan to address issues on the COGTA report be developed and implemented</li> </ul>	AMM/CAE/Council	
Item 9	Risk management	Risk report	<ul style="list-style-type: none"> <li>AC to monitor quarterly development against the risk of off-site disaster recovery</li> </ul>	AC/Director Corporate Services	

	<b>Item 10.8</b>	<b>AC work plan</b>	<ul style="list-style-type: none"> <li>• AC the to sign updated AC documents and they be presented to MM and Mayor for signatures</li> </ul>		<b>CAE</b>	
	<b>Item 11</b>	<b>Legal report</b>	<ul style="list-style-type: none"> <li>• A committee to investigate possible fruitless and wasteful expenditure with regards to the cost settlement against the municipality for a matter the municipality was correct to defend for illegal electricity connections</li> </ul>		Director Corporate Services/AMM	
			AUDIT COMMITTEE MEETING 25 MAY 2019			
25/07/2019	<b>Item 6.1</b>	<b>Approved</b>	<b>SDBIP</b>	<ul style="list-style-type: none"> <li>• Signed and approved SDBIP be submitted to the AC next meeting</li> <li>• Approved SDBIP to be submitted to Internal Audit to verify the smartness of indicators and targets</li> </ul>	<b>Director Planning</b>	
	<b>Item 6.2</b>	<b>Preparation of APR</b>		<ul style="list-style-type: none"> <li>• Management to ensure that the APR is submitted to Internal Audit timely to verify evidence against annual targets</li> </ul>	<b>Director Planning</b>	
	<b>Item 10.2</b>	<b>4<sup>th</sup> quarter performance</b>		<ul style="list-style-type: none"> <li>• Management to review the reporting process to ensure adherence to timeframes and minimises the engagements with internal audit to prevent impairing their objectivity</li> </ul>	All Directors	
	<b>Item 7.1</b>	<b>4<sup>th</sup> Quarter Financial report</b>		<ul style="list-style-type: none"> <li>• An update on CHD debt and all other state debtors be given to the audit committee</li> </ul>	ACFO/AMM	
	<b>Item 7.2</b>	<b>4<sup>th</sup> Quarter SCM report</b>		<ul style="list-style-type: none"> <li>• The irregular expenditure of R234 675 be referred to the Disciplinary Board for investigation of Financial Misconduct</li> </ul>	<b>AMM</b>	
	<b>Item 7.3</b>	<b>Macos progress</b>		<ul style="list-style-type: none"> <li>• Macoa report to be detailed with reasons for delays on modules that are not live yet</li> <li>• Management to request the assistance of EC treasury on the ICT challenges that results in the municipality system hosted by service provider</li> </ul>	ACFO	
	<b>Item 10</b>	<b>Legal Report</b>		<ul style="list-style-type: none"> <li>• Management and council to investigate the reason for the child accessing the substation and implement consequences to the directorate that was responsible for the station if this was due to negligence</li> <li>• Management to ensure that municipal insurance is included at the onset of a third party litigation against the municipality</li> </ul>	AMM/Director Corporate Services	

**APPENDIX H - LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS**

**Annexure I - SERVICE PROVIDER PERFORMANCE SCHEDULE FOR TECHNICAL PROJECTS**

No	DESCRIPTION OF CONTRACT/PROJECT	BID/ CONTRACT NO.	CONTRACT	CONTRACTOR/S/SERVICE PROVIDER'S NAME	CONTRACT AMOUNT	TOTAL IRO CONTRACT PAID	EVALUATING COMMENTS
1	Construction of Municipal Offices Phase 1	ELM/5/9/2016T	Nubhana Trading JV Leshole Trading	R34 995 000,00	R9 004 113.23	R9 004 113.23	Project being halted further implementation will be based on budget.
2	Professional and Construction Services for the Construction of Motor Vehicle Testing Station Phase 2 in ward 4 Through Turnkey	ELM/1/5/2018T	Mayoli Trading JV Engineering Aces	R 7 232 286.77	R6 521 972.23	R6 521 972.23	Service provided to the expected level of satisfaction after the contract was extended to 13 June 2019.
3	Professional and Construction Services for the Rehabilitation of Indwe Sports Field Phase 1 Through Turnkey	ELM/2/5/2018T	MBS Civils JV Cudjoe Quantity Surveying CC	R 11 000 000.00	R9 758 887.88	R9 758 887.88	Service provided by the service provider is not to the expected level of satisfaction. The contract has been extended to the 30 June 2019.
4	Professional and Construction Services for the Construction of Cacadu Sports Fields Phase 3 in Ward 4 Through Turnkey	ELM/9/5/2018T	Nemorango JV Nakiseni Business	R 7 250 249.98	R6 058 999.65	R6 058 999.65	Service provided is not to the expected level of satisfaction. The contract has been extended to 31 May 2019.
5	Construction of KwaDukathole Shearing Shed in ward 9	ELM/3/5/2018T	NNW Sibhoma Construction	R1 189 184.03	R1 091 197.92	R1 091 197.92	Service provided by the service provider to the expected level of satisfaction.

6	Professional & Construction Services for the Construction of Maqwathini to Thembelelile Access Road through Turnkey	ELM/2/07/2018T	Counterpoint JV Sizo Eng	R 5 024 999.75	R2 795 885.27	Service provided by the service provider is not to the expected level of satisfaction. The contract has been extended to 27 August 2019.
7	Professional & Construction Services for the Paving of DDX Internal Street in ward 11 through turnkey	ELM1/08/2018T	Counterpoint JV Sizo Eng	R 7 533 650.00	R5 309 115.68	Service provided by the service provider is not to the expected level of satisfaction. The contract has been extended to 27 August 2019.
8	Professional & Construction Services for the Paving of Indwe Internal Street	ELM/2/08/2018T	Cotterell's IV THM	R 8 114 237.85	R6 139 602.24	Service provided by the service provider to the expected level of satisfaction. The contract has been extended to 01 August 2019.
9	Supply and delivery of material for Lady Frere, DDX and Indwe	ELM/1/07/2018T	K2015077542 (Pty) Ltd	R 1 144 680.00	R1 144 680.00	Service provided by the service provider to the expected level of satisfaction.
10	Supply and Delivery of Material for Lady Frere Internal Street	ELM/3/08/2018T	K2015077542 (Pty) Ltd	R 654 750.00	R654 750.00	Service provided by the service provider to the expected level of satisfaction

**SERVICE PROVIDER PERFORMANCE SCHEDULE FOR NON-TECHNICAL PROJECTS**

N o	DISCRIPTION OF CONTRACT/PROJECT	BID/ CONTRACT NO.	CONTRACTOR'S/S ERVICE PROVIDER'S NAME	END USER	CONTRACT AMOUNT	TOTAL PAID TO CONTRACT	EVALUATING COMMENTS
1	Provision of Travel Agency Services	ELM/2/12/2015 T	Lithaba Travel Management Services	Corporate Services	rates only contract	R14 313 466.73	Service provided to the expected level of satisfaction. The contract ended On 04 February 2019, a new service provider was appointed.
2	Procurement of Valuers for Property Rates	ELM/01/03/2017T	Penny Lindstrom Valuations	BTO	R1 050 000.00	R900 030.00	Service provided to the expected level of satisfaction.
3				BTO			Performed their support as per the service level agreement. Assisted the municipality with implementation of applicable GRAP standards. Assist with NT reporting. Accounting support and transfer of skills to staff was also adhered to. The contract has been extended to 31 December 2019.
4	Provision for Account Services	Scm/75/2016/Fi n	Mubestko Africa (Pty) Ltd		rates only contract	R14 211 196.28	Services provided by the service provider not to the expected level of satisfaction.
5	Supply and Installation of Fleet Management Tracker System	ELM/4/9/2016T	Qaphela Risk Services (Pty) Ltd	Corporate Services	R183 939.78	R235 099.66	
6	Panel of Attorneys for Legal Services:	ELM/1/4/2017T	Vuba Attorneys	Corporate Services	rates only contract	R533 381.61	Service provided to the expected level of satisfaction.
6	Supply, Delivery and Installation of All in One Printers	ELM/1/3/2018T	Aloe Office	Corporate Services	R 1 610 989.92	R709 304.45	Service provided to the expected level of satisfaction.

<b>N o</b>	<b>DISCRIPTION OF CONTRACT/PROJECT T</b>	<b>BID/ CONTRACT NO.</b>	<b>CONTRACTOR'S/S ERVICE PROVIDER'S NAME</b>	<b>END USER</b>	<b>CONTRACT AMOUNT</b>	<b>TOTAL PAID TO CONTRACT</b>	<b>EVALUATING COMMENTS</b>
7	Panel of Attorneys for Legal Services:	ELM/1/4/2017T	Tonise	Corporate Services	rates only contract	R900 311.82	Service provided to the expected level of satisfaction.
8	Provision of Security Services	ELM/10/5/2018 T	Quick Save Security	Community Services	R15 290 089.1 1	R2 484 918.42	Service provided to the expected level of satisfaction.
9	Appointment of a Competent Service Provider to Develop Ward Based Plans for ELM	ELM/2/10/2018 T	Lusinale Trading CC	PEDTA			Service provided to the expected level of satisfaction.
10	Panel of Attorneys for Legal Services:	ELM/1/4/2017T	Ntsiki Phakade	Corporate Services	R487 826.00	R487 826.00	Service provided by the service provider to the expected level of satisfaction.
11	Provision of Travel Agency Services and Events Management	ELM/7/12/2018 T	Tunimart Travel (Pty) Ltd	Corporate Services		R623 302.38	Service provided by the service provider to the expected level of satisfaction.
				Rates contract		R1 223 115.50	



**Appendix J – Disclosures of Financial Interests**

**LIST OF COUNCILLORS AND EMPLOYEES WHO HAVE DECLARED THEIR INTERESTS / COMPANIES**

**COUNCILLORS**

Name of Person	Name of company	Declared (Y/N)
Koni Nontombizanele	<ul style="list-style-type: none"><li>• NF Koni Zenzele SAB Shares</li><li>• Suster Tavern</li><li>• Spaza Shop</li></ul>	Yes
Mjezu Kwaaiman	<ul style="list-style-type: none"><li>• None</li></ul>	Yes
Kraqa Nowandisile	<ul style="list-style-type: none"><li>• None</li></ul>	Yes
Moshani Given Zolisile	<ul style="list-style-type: none"><li>• None</li></ul>	yes
Oyiya Mxolisi Peacemaker	<ul style="list-style-type: none"><li>• None</li></ul>	yes
Tyulu Nomzi Mary	<ul style="list-style-type: none"><li>• None</li></ul>	yes
Kulashe Thandeka	<ul style="list-style-type: none"><li>• None</li></ul>	Yes
Makatesi Makhosandile	<ul style="list-style-type: none"><li>• Guba hoek co-op Monthly</li><li>• Guba Community Hand Trust</li><li>• Gumamhla Coal Trust</li></ul>	yes
Twala Badikazi	<ul style="list-style-type: none"><li>• None</li></ul>	Yes
Zama Sipo Ernest	<ul style="list-style-type: none"><li>• None</li></ul>	yes
Njadu Xolela Hendrick	<ul style="list-style-type: none"><li>• None</li></ul>	yes
Koto Zingisile Douglas	<ul style="list-style-type: none"><li>• None</li></ul>	yes
NdlelaThandiwe	<ul style="list-style-type: none"><li>• None</li></ul>	Yes
Mahola Zenzile Dennis	<ul style="list-style-type: none"><li>• Funeral Parlour and Cash loan</li></ul>	yes

James Nicholas	• None	Yes
Mapete Lumka	• None	Yes
Liwani Sibha	• None	yes
Ziduli Nokwandisa	• Khazimla Holdings (Pty)Ltd Husband Company	Yes
Bobotyana Cecil	• None	Yes
Kulashe Thandeka Gloria	• None	yes
Mondile Thembi	• None	yes
Nqono Nosibulelo	• None	yes
Fatyela Linda	• None	yes
Sixishe Thobeka	• None	yes

Feni Rossenberg Zihle	• New Era Bussiness Enterprises	yes
Kali Monwabisi	• None	yes
Mrwebi Thozama	• None	Yes
Siyolo Peter Dalumzi	• None	Yes
Mziwakekile Kamteni	• None	Yes
Mtyobil Ncedisa	• None	yes
Lali Nolitha	• None	Yes
Bongo Siyabulela	• None	Yes
Kalolo Dumisa	• None	Yes
Greyling Peter	• Owner Universal Garage Dordrecht	Yes
Kama Nolisten	• None	Yes
Fumanekile Mthandeneni	• None	Yes

Paul Lizo Nelson	• None	Yes
Limba Mcebisi	• None	Yes
Qomoyi Mncedisi	• None	Yes

**SECTION 57 MANAGERS**

Nyezi Nokulunga	• None	Yes
Njilo Dabula	• None	Yes
De Jager Gerald	• Owning a house at 21 Swartlang Road Queenstown	Yes
Mntuyedwa Nkululo	• 26 Grey Street, Queenstown - Rental Accommodation (7 Units)	Yes

**SUPPLY CHAIN STAFF**

Mpokela Vuyiseka	• None	Yes
Majambe Fungiwe	• None	Yes
Mejeni Zola	• None	Yes
Tsotso Babalwa	• MTN Tower	Yes
Stemela Nceba	• None	Yes
Songelwa Akhona	• None	Yes

**BTO STAFF**

Name of Person	Name of company	Declared (Y/N)
Zindlu Andile	• None	Yes
Ngeva Nomakhosazana	• None	Yes
Bizwapi Sivuyisiwe	• None	Yes
Juvele Lwandile	• Juwele Accounting & Tax Solution (Pty) Ltd • Isibane Sethenba Social Development	Yes

Manakaza Philisa	• None	Yes
Mbombo Mamela	• None	Yes
Matoti-Qambi Zola	• None	Yes
Blaweni Xolisa	• None	Yes
QondelaNomvuyo	• None	Yes
Xakwe Ntomboxolo	• None	Yes
Boniwe Sinawo	• None	Yes
Nobhula Andisiwe	• None	Yes
Stuurman Lusanda	• None	Yes
Strop Nosipho	• None	Yes
Mejeni Zola	• None	Yes
Nqokiso Malukhanye	• None	Yes
Landzela Ntombifuthi	• None	Yes
Ngxowa Mveleli	• MNM Professional Services	Yes
Mxhamli Zikhona	• None	Yes
Makhasi Nqaba	• None	Yes
	•	
<b>COMMUNITY SERVICES STAFF</b>		

Name of Person	Name of company	Declared (Y/N)
Wayne Mccaskill	• None	Yes
Mbengo Thembela Sherol	• None	Yes
Welile Mbaliso	• None	Yes
Makoma Nomfundo	• None	Yes
Gcuze Pamela	• None	Yes
Kalipha Phakama	• None	Yes
Hlangu Nkosiyabo	• None	Yes
Binase Andiswa	• None	Yes
Jack Mthandazo	• None	Yes
Mbono Mthunzi	• None	Yes
Mgemane Letshego Junior	• None	Yes
Mfihlo Asanda	• None	Yes
Gushelo Mncedisi	• None	Yes

Ntongana Nandipa Nwabisa Kwasa	• None	Yes
Nkwentsha Yandela	• None	Yes
Banca Luvuyo Lovemore	• None	Yes
Khayingana Mathias	• None	Yes
Xuba Kunjulwa	• None	Yes
Qaba Andile	• None	Yes
Mphali Victor	• None	Yes
Hamza Mandla	• None	Yes
Mntuyedwa Nomsa Charity	• None	Yes
Magalati Nombulelo Eunice	• None	Yes
Mfihlo Asanda	• None	Yes
Matyalana Bonga	• None	Yes
Hleko Sima	• None	Yes
Chaza Mandlenkosi	• None	Yes

Ntlali Nomsindisi	• None	Yes
Siyeka Malibongwe	• None	Yes
August Nondumiso	• None	Yes
Tshazibane Douglas	• None	Yes
Ntshebe Sivuyile	• None	Yes
Songo Simphiwe	• None	Yes
Khethelo Lungelwa	• None	Yes
Manjo Xolisa	• None	Yes
Zibi Ntombizanele	• None	Yes
Makinana Thobeka	• None	Yes
Hotyelwa Ntobeko Elvis	• None	Yes
Bonga Xolisa Samuel	• None	Yes
Mzileni Zindlovu	• None	Yes
Fatyela Ncediswa	• None	Yes
Bindlela Zonwabele	• None	Yes
Liwani Siphiwo	• None	Yes
Msebi Mzwabantu Andrew	• None	Yes
Bobotyana Makwenkwe	• None	Yes
Silwanyana Mandlenkosi	• None	Yes
Mtingeni Zolani	• None	Yes
Kanzi Pumlani	• None	Yes
Pijoos Mabhuti	• None	Yes
Sam Mandisa	• None	Yes
Dliwako Xolisa	• None	Yes
Magalati Ahona	• None	Yes

**INFRASTRUCTURE DEVELOPMENT AND HUMAN SETTLEMENTS STAFF**

Umanda Njuze	• None	Yes
Dofi Zovuyo	• None	Yes
Khanya Nomesi	• None	Yes
Duba Timoty	• None	Yes
Malusi Ludwe Anda	• None	Yes
Sawa Yanga Witness	• None	Yes
Damane Zandisile	• None	Yes
Ndamane Sango	• None	Yes
Nzima Bongani	• None	Yes
Soboyisi Ntozami	• None	Yes
Mati Zenzile Richard	• None	Yes
Nkololo Siyabonga	• None	Yes
Ganamfana Xolile Maxwell	• Twin Dog Construction cc • Sibanye Event Management	Yes
Siyekwana Isaac Vuyani	• None	Yes
Chasa-Maselana Yonela	• AMway Products • Property Development	Yes
Thenjwa Mhlozayo Elvis	• None	Yes
Moss Nomtha	• None	Yes
Mapoma Nocwaka	• None	Yes
Yawani Akhona	• None	Yes
Hobongwana Zolani	• None	Yes

Petse Luhle Nkasela Amanda Nosisa	• None	Yes
Petse Luhle	• None	Yes
Ndyalvan Patrick	• None	Yes
	•	

**CORPORATE SERVICES STAFF**

Masabata Swayena	• Tsimo Transports and Furniture Installations (PTY) Ltd	Yes
Madotyeni Simphiwe	• None	Yes
Gqada Ziyanda	• None	Yes
Klaas Sivuyile	• None	Yes
Maqungo Ntombizodwa	• None	Yes
Mpokela Noluthando	• None	Yes
Baza Azola	• None	Yes
Kelembe Buyiswa	• None	Yes
Peter Nonkosikho	• None	Yes
Myathaza Onela	• None	Yes
Mayise Andiswa	• None	Yes
Jentile-Phopho Lindelwa	• None •	Yes
Xozumthi Eric	• None •	Yes
Dinga sizwe	• None	Yes
Lujabe Vuyo	• None	Yes
Bushula Nelisa	• None	Yes
Rozlyn Plaatjies	• None	Yes
Ntongana Sibulele Sitsaba	• None	Yes

Skoti Mzukisi	• None	Yes
Kamteni Ziyanda	• None	Yes
Ngqelete Trevor	• None	Yes

#### IT STAFF

Ntongana Sibulele	• None	Yes
Myataza Onela	• None	Yes
Matinise Phakamisa	• None	Yes

#### PEDTA

Vanqa Aphiwe	• None	Yes
Xhego-Madubela Nomabhaca	• None	Yes
Mfundisi Joseph	• None	Yes
Mfobo Qaqamba	• None	Yes
Mciteka Bathandwa	• None	Yes
Tshona Sonwabile	• None	Yes
Makaula Lungile	• None	Yes
Cobokwana Sikhusele	• None	Yes
Ncede Noxolo	• None	Yes
Mkefa Daluxolo	• None	Yes
Mantyi Dolly Lumka	• None	Yes

#### MUNICIPAL MANAGER OFFICE

Yawa Vuyelwa	• None	Yes
SokoThembinkosi	• None	Yes
Tyembile Sandiso	• None	Yes
Mbotyi Zamuxolo	• None	Yes
Matoti Misikhaya	• None	Yes
Nqumkana Luthando	• None	Yes
Mrwebi Nwabisa	• None	Yes
Smith Yolanda	• None	Yes
Mpokela Nomsimelo	• None •	Yes
Tikana Siphosethu	• None	Yes
Mzwana Noluntu	• None	Yes
Tiwani Luxolo	• None	Yes
Madini Xola	• Jele Accounting Services - Assisting on holidays and certain week-ends.	Yes
Ngqola Andiswa	• None	Yes
Plaatjie Wanga	• None	Yes

#### DORDRECHT UNIT

Ndyumbu Owen	• None	Yes
Mayaka Sizeka	• None	Yes
Kalolo Thabisa	• None	Yes
Mayekiso Thamsanqa John	• None	Yes
Ramasehla Mabhuti	• Boarding house for school children	Yes



Elefu Spiti Mbulelo	• None	Yes
Sam Mzwakhe Richbalt	• None	Yes
Futshane Vusumzi	• None	Yes
Laaistok Monwabisi	• None	Yes
Manjiya Vuyani	• None	Yes
Stoffel Thmbalethu	• None	Yes
Nkumenge Sinethemba	• None	Yes
Nazo Malixole	• None	Yes
Boniswa Anele Patrick	• None	Yes
Pikoko Lindile	• None	Yes
Bentele Maboyi	• None	Yes
Mntwana Mzoxolo	• None	Yes
Msitshana Buntubanti	• None	Yes
Mbam Mandla	• None	Yes
Liwani Zoliswa	• None	Yes
Mkhosana Zolisa	• None	Yes
Bekker M.J.	• None	Yes
Teka Zukile	• owner of zuk's tarven	Yes
Masiza Lungiswa Gloria	• None	Yes
Marotya Lindiwe	• None	Yes
Mketo Tembela	• None	Yes
Phondoyi Lesi	• None	Yes
Gaji Phumzile	• None	Yes
Ngantweni Thulani Cristopher	• None	Yes
Sizani Thobeka Hazel	• None	Yes

#### INDWE UNIT

Nziweni Malibongwe Advocate	• None	Yes
Peti Andisiwe	• None	Yes
Siteto Sindaphi	• None	Yes
Ndyalvan Patrick	• None	Yes
Mangena Mandla	• None	Yes
Dyantyi Thembinkosi Thomas	• None	Yes
Swelindawo Lindelwa	• None	Yes
Hlekiso Thembisile	• None	Yes
Fuma Vuyisile	• None	Yes

Gwatyu Mlungisi	• None	Yes
Elefu Thembani	• None	Yes
Diko Xolile	• None	Yes
Naka Elvis	• None	Yes
Khayingana Mafiyosi Iholho	• None	Yes
Poni Mlungisi	• None	Yes
Makamba Sekiwe	• None	Yes
Noganta Sindiswa	• None	Yes
Siyoyo Asanda	• None	Yes
Nonambana Zanenkosi	• None	Yes
Mbekwa Ntombizodidi	• None	Yes
Magalati Akhona	• None	Yes
Kwatshana Mzwethu	• None	Yes
Dyantyi Phumeza	• None	Yes
Nxenye Nosakhele	• None	Yes
Tyuka Nothemba	• None	Yes
Ntangeni Zukile	• None	Yes
Nofemele Gerdrude	• None	Yes
Jacobs Phumzile	• None	Yes
Bomvana Zukile	• None	Yes

#### Appendix K: Revenue Collection Performance by Vote and By Source

*The tables below reflects the revenue collection performance compared to the budgeted amounts. The collections are classified by both the source of income as well as the municipal vote.*

**Appendix K (i): Revenue Collection Performance by Vote**

**APPENDIX C**  
**EMALAHLENI MUNICIPALITY**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**  
**MUNICIPAL VOTES CLASSIFICATIONS**

2018 Actual Income R <sup>t</sup>	2010 Actual Expenditure R <sup>t</sup>	2010 Surplus/ (Deficit) R <sup>t</sup>		2019 Actual Income R <sup>t</sup>	2019 Actual Expenditure R <sup>t</sup>	2019 Surplus/ (Deficit) R <sup>t</sup>
6,669,540	(31,782,947)	(25,113,407)	<b>Municipal Manager</b> Mayor and Council	-	-	(30,971,357)
120,665,010	(11,712,522)	76,122,521	<b>Chief Financial Officer</b> Budget and Treasury Office	129,725,197	(38,760,915)	90,956,662
RRA 475, 5,743	(19,971,938) (7,676,511)	(19,971,938) (6,779,088)	<b>Director: Administration</b> Corporation Services: Personnel and Institutional	(4,336,953) (11,624,726)	(4,336,953) (10,867,283)	
1,904,694	(10,971,215) (1,170,233) (7,489,758)	(17,076,521) (1,164,490) (2,484,758)	<b>Director: Community Services</b> Community and Social Services Sport and Recreation Housing	2,412,035 - 444,735	(8,039,398) (489,837) (7,471,871)	(5,627,363) (489,837) (7,129,136)
37,021,777	(38,072,868) (15,813,131) (8,893,281)	(1,051,091) (5,439,664) (2,448,101)	<b>Director: Technical Services</b> Road Transport Electricity Waste Management	45,924,000 16,463,650 13,477,112	(10,652,315) (33,758,025) (32,572,154)	35,271,685 (17,294,375) (19,095,082)
RRA 779,872	(190,563,906)	(6,304,034)	<b>Sub Total:</b> Less Inter-Departmental Charges	209,204,472	(212,728,603)	(3,524,131)

**Appendix K (ii): Revenue Collection Performance by Source**

**EMALAHLENI MUNICIPALITY**  
**STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2019**

Notes	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final Budget			Final Budget			Actual Outcome			Actual Outcome as % of Final Budget	
			2019			R			R				
			R	R	R	R	R	R	R	R	R		
<b>RFVFNIF</b>													
Property Rates	4,615,318	(65,618)	4,549,700	4,549,700	4,527,291							-0,49%	
Service Charges - Electricity	10,570,235	5,375,996	15,946,231	15,946,231	15,796,826							-0,24%	
Service Charges - Refuse Revenue	4,628,590	1,395,497	6,024,087	6,024,087	8,132,593							35,00%	
Rental of Facilities and Equipment	885,014	(272,621)	612,390	612,390	893,643							45,93%	
Interest Earned - External Investments	2,045,454	(1,000,000)	1,045,454	1,045,454	870,360							-16,75%	
Interest Earned - Outstanding Debtors	5,205,736	389,388	5,595,124	5,595,124	5,284,425							-5,55%	
Fines	109,555	(60,155)	49,400	49,400	8,612							-82,57%	
Licences and Permits	1,309,265	132,846	1,442,111	1,442,111	1,744,786							20,99%	
Agency Services	1,312,097	-	1,312,097	1,312,097	900,266							-39,05%	
Transfers Recognised - Operational	126,351,410	534,690	126,886,100	126,886,100	123,284,528							-2,84%	
Other Revenue	833,926	3,088,333	3,922,259	3,922,259	3,556,975							-9,31%	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>45,2,6</b>	<b>157,867,400</b>	<b>9,518,353</b>	<b>167,385,753</b>	<b>167,385,753</b>	<b>164,900,305</b>	<b>164,900,305</b>					<b>-1,48%</b>	

**Appendix L: Conditional Grants Received**

**APPENDIX D**  
**EMALAHLENI MUNICIPALITY**  
**DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003**

Grant Description	Balance 30 June 2018	Correction of Error	Restated Balance 30 June 2018	Contributions during the year on investments	Interest on investments	Repaid to National Revenue Fund	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2019
<b>National Government Grants</b>									
Equitable Share	-	-	116 772 000	-	-	-	(115 774 000)	-	-
Finance Management Grant	-	-	2 415 000	-	-	-	(2 415 000)	-	-
Municipal Infrastructure Grant	-	-	43 902 000	-	-	-	(1 345 187)	(42 556 813)	-
Extended Public Works Programme	-	-	2 022 000	-	-	-	-	(2 022 000)	-
<b>Total National Government Grants</b>	-	-	<b>164 113 000</b>	-	-	-	<b>(119 534 187)</b>	<b>(44 578 813)</b>	-
<b>Provincial Government Grants</b>									
DEDEAT Waste management grant	-	-	3 000 000	-	-	-	(2 286 641)	(246 599)	<b>-66 761</b>
Library	-	-	900 000	-	-	-	(900 000)	-	-
<b>Total Provincial Government Grants</b>	-	-	<b>3 900 000</b>	-	-	-	<b>(3 186 641)</b>	<b>(246 599)</b>	<b>-66 761</b>
<b>District Municipality</b>									
Paving and beautification	-	-	500 000	-	-	-	(487 826)	-	12 174
Ward besec plans	-	-	500 000	-	-	-	(75 875)	-	24 126
Dryland cropping programme	-	-	300 000	-	-	-	-	300 000	300 000
Alemt plant project	-	-	30 000	-	-	-	-	30 000	30 000
Construction of feedlot	-	-	300 000	-	-	-	-	300 000	300 000
<b>Total District Municipality Grants</b>	-	-	<b>1 630 000</b>	-	-	-	<b>(563 701)</b>	<b>1 066 300</b>	-
<b>Total Grants</b>	-	-	<b>169 643 000</b>	-	-	-	<b>(123 284 528)</b>	<b>(44 821 412)</b>	<b>1 533 060</b>

**APPENDIX M: CAPITAL EXPENDITURE – NEW AND UPGRADE/RENEWAL PROGRAMMES**

**APPENDIX M (i): CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME**

Project Description	Type
1180 Furniture and Equipment DDX	New
119 EC136_DDEAT_MATERIAL RECOVERY FACILITY	New
121 EC136_DDEAT_TOOLS AND EQUIPMENT	New
79 EC136_0540_MIG TRAFFIC STATION	New
81 EC136_0541_ASSET COUNCIL BUILDING NEW OFFICES PHASE 2	New
85 EC136_0511_MIG-SHEARING SHED	New
91 EC136_0522_MIG INDWE SPORTSFIELD	New
93 EC136_0525_MIG: Construction of Madumathini and Thembelini Access Road (WARD 15)	New
115 EC136_0544_MIG: CEMETERY DEVELOPMENT INDWE (WARD 15)	New
83 EC136_0521_MIG LF MULTI-PURPOSE CENTRE	New
109 EC136_0543_MIG: SOLAR STREET LIGHTS CACADU	New
111 EC136_0543_MIG: SOLAR STREET LIGHTS DORDRECHT ZOLA	New
113 EC136_0543_MIG: SOLAR STREET LIGHTS IN INDWE-EZITANDINI WARD 16	New
127 EC136 OWN FUNDS, OFFICE FURNITURE	New

**APPENDIX M (ii): CAPITAL EXPENDITURE – UPGRADE/RENEWAL PROGRAMME**

Project Description	Type
101 EC136_0540_MIG_PAVING OF ROADS_Road Structure_Mavuya	Upgrading
EC136_MIG_Surfacing of Lady Fere Internal Roads with Paving Blocks (ward 04)	Upgrading
83 EC136_0507_MIG_PAVING INDWE ROADS_Road Structure	Upgrading
95 EC136_0528_MIG_LF STADIUM PHASE 3	Upgrading
103 EC136_0540_MIG_PAVING OF ROADS_Road Structure_Sinakno	Upgrading
105 EC136_0540_MIG_PAVING OF ROADS_Road Structure_Mavuya	Upgrading
107 EC136_0541_MIG_SPORTSFIELD DDX	Upgrading
99 EC136_0538_MIG_LF PARK PHASE 2	Upgrading
107 EC136_0541_MIG_SPORTSFIELD DDX	Upgrading
127 EC136_MIG_Paving of Mavuya	Upgrading
EC136_0551_MIG_Isotokazi Access Road (Ward 1)	Upgrading
EC136_0552_MIG_Diamini Access Road ( Ward 5, 6, 7)	Upgrading
EC136_0553_MIG_Gaditume Access Road ( ward 11)	Upgrading
EC136_0554_MIG_Wisale Access Road at Umhlanga (Ward 14)	Upgrading
EC136_0555_MIG_Jinginia Access Road at Ngokok villages (Ward 17)	Upgrading

**APPENDIX N – CAPITAL PROGRAMME BY PROJECT 2019/20**

Project Description	Type	Asset Class	Asset Sub-Class	Budget Year 2019/20
10 EC136_6541_NIG_PAVING OF ROADS_Road Structure_Mavaya	Upgrading	Roads infrastructure	Roads	1,418
118 Furniture and Equipment DDX	New	Computer Equipment	Computer Software and Applications	1,066
119 EC136_DECENT MATERIAL RECOVERY FACILITY	New	Solid Waste Infrastructure	Waste Transfer Stations	260
121 EC136 DECENT TOOLS AND EQUIPMENT	New	Machinery and Equipment	Capital Stores	50
EC136_NIG_Surfacing of Lady Free Internal Roads with Paving Blocks (ward 14)	Upgrading	Roads infrastructure	Roads	1,372
79 EC136_6501_NIG_TRAFFIC STATION	New	Community Facilities	Parking Stations	352
83 EC136_6407_NIG_PAVING INDIVE ROADS_Road Structure	Upgrading	Roads infrastructure	Roads	1,292
85 EC136_6411_NIG_SHEARING SHED	New	Community Facilities	Unspecified	14
91 EC136_6422_NIG_INDIVE SPORTSFIELD	New	Sport and Recreation Facilities	Outdoor Facilities	369
93 EC136_6423_NIG_Construction of Nagwathri and Thembelitie Access Road (Ward 15)	Upgrading	Roads infrastructure	Roads	1,543
95 EC136_6428_NIG_LF STADIUM PHASE 3	Upgrading	Community Facilities	Outdoor Facilities	533
101 EC136_6540_NIG_PAVING OF ROADS_Road Structure_Sinaike	Upgrading	Roads infrastructure	Roads	5,719
115 EC136_6546_NIG_PAVING OF ROADS_Road Structure_Mavaya	Upgrading	Roads infrastructure	Roads	4,597
117 EC136_6541_NIG_SPORTSFIELD DDX	Upgrading	Sport and Recreation Facilities	Outdoor Facilities	2,450
118 EC136_6542_NIG_CEMETERY DEVELOPMENT IN WARD 15	New	Solid Waste Infrastructure	Centres/Governments	2,500
99 EC136_6533_NIG_LF PARK PHASE 2	Upgrading	Community Facilities	Outdoor Facilities	720
1217 EC136_OWN FUNDS_OFFICE FURNITURE	New	Vehicles	Motor Vehicles	1,000
EC136_6511_NIG_Tajo/cz1 Access Road (Ward 1)	Upgrading	Roads infrastructure	Roads	1,310
EC136_6555_NIG_Jingija Access Road at Ngateto Village (Ward 1)	Upgrading	Roads infrastructure	Roads	33,384

**APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD 2019/20**

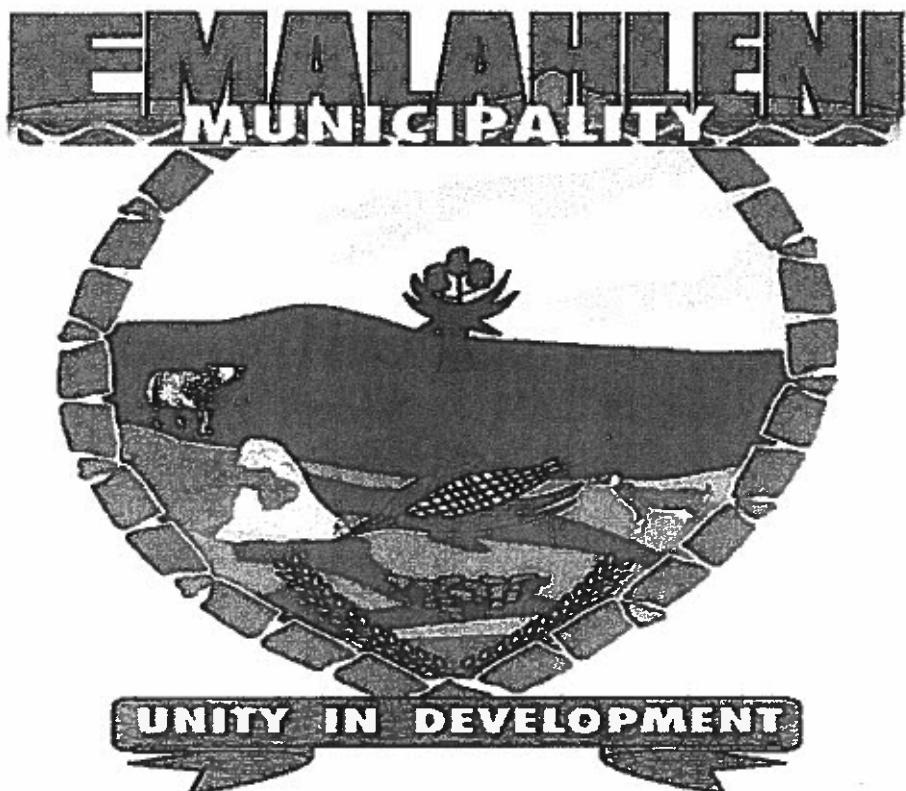
Project Description	Type	Asset Class	Asset Sub-Class	Budget Year 2019/20
101 EC135_D340_NIG_PAVING OF ROADS_Road Structure_Uphill	Upgrading	Roads Infrastructure	Computer Equipment	1,621
1100 Furniture and Equipment DDX	Vhr	Computer Equipment	Computer Software and Applications	1,056
119 EC135_D340_NIG_MATERIAL RECOVERY FACILITY	Vhr	Soil Waste Infrastructure	Kiosk Transfer Seats	300
121 EC135_D340_NIG_TOOLS AND EQUIPMENT	Vhr	Machinery and Equipment	Capital Spares	50
EC135_NIG_Surfacing of Lady free internal Roads with Zaving Blocks Yard 14	Upgrading	Roads Infrastructure	Fuels	1,012
19 EC135_D340_NIG_TRAFFIC STATION	Vhr	Community Facilities	Testing Stations	332
35 EC135_D340_NIG_PAVING NEWER ROADS_Road Structure	Upgrading	Roads Infrastructure	Fuels	1,292
34 EC135_D341_NIG_SHEARING SHED	Vhr	Community Facilities	Unspecified	12
31 EC135_D342_NIG_MOVE SPORTSFIELD	Vhr	Sport and Recreation Facilities	Outdoor Facilities	566
35 EC135_D342_NIG_Construction of Thembelile Access Road (Yard 15)	Vhr	Roads Infrastructure	Roads	1,562
36 EC135_D343_NIG_SF STADIUM PHASE 1	Upgrading	Community Facilities	Outdoor Facilities	513
103 EC135_D340_NIG_PAVING OF ROADS_Road Structure_Sinachio	Upgrading	Roads Infrastructure	Fuels	1,706
105 EC135_D340_NIG_PAVING OF ROADS_Road Structure_Navanya	Upgrading	Roads Infrastructure	Fuels	1,706
107 EC135_D341_NIG_SPORTSFIELD DDX	Upgrading	Sport and Recreation Facilities	Outdoor Facilities	1,557
119 EC135_D344_NIG_SF STADIUM PHASE 2	Vhr	Soil Waste Infrastructure	Centres/Operations	2,450
20 EC135_D345_NIG_SF STADIUM PHASE 2	Upgrading	Community Facilities	Outdoor Facilities	2,686
177 EC134_OWN FUNDS_OFFICE FURNITURE	Vhr	Office Furniture	Leer Vehicles	75
EC135_D351_NIG_Tsakidzwa Access Road (Yard 1)	Upgrading	Roads Infrastructure	Fuels	1,300
EC136_D351_NIG_Jingina Access Road at Ngoko villages (Yard 1)	Upgrading	Roads Infrastructure	Fuels	1,300
				31,904

**APPENDIX R - DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY**

**Volume II – Annual Financial Statements for 2018/19**

# **EMALAHLENI**

**MUNICIPALITY**



[These financial statements have been audited]

## **FINANCIAL STATEMENTS**

**30 JUNE 2019**

