

# **Sundays River Valley MUNICIPALITY**



## **ANNUAL REPORT 2022/2023**



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## PREFACE

### REVISED ANNUAL REPORT TEMPLATE

The purpose of this revised Annual Report template is to address the need expressed by a number of municipalities for assistance in the preparation and development of improved content and quality of Municipal Annual Reports. This template provides an update to the MFMA Circular No. 11, issued in January 2005.

This template gives effect to the legal framework requirement, concepts and principals espoused in the White Paper on Local Government and Improving Government Performance. It reflects the ethos of public accountability. The content gives effect to information required for better monitoring and evaluation of government programmes in support of policy decision making. The template provides an improved overview of municipal affairs by combining the performance report data required under Municipal Systems Act Section 46 with annual report data referred to in that Act and in the MFMA.

The revised template makes its contribution by forging linkages with the Integrated Development Plan, Service Delivery and Budget Implementation Plan, Budget Reforms, In-year Reports, Annual Financial Statements and Performance Management information in municipalities. This coverage and coherence is achieved by the use of interlocking processes and formats.

The revised template relates to the Medium-Term Strategic Framework particularly through the IDP strategic objectives; cross cutting nature of services offered by different spheres of government, municipal service outcome indicators; and the contextual material as set out in Chapters 3, 4 & 5. It also provides information on good management practice in Chapter 4; risk management in Chapter 2; and Supply Chain Management in Chapter 5; and addresses the Auditor-General's Report, dealing with Financial and Performance Management arrangements in Chapter 6. This opens greater possibilities for financial and nonfinancial comparisons between municipalities and improved value for money.

The revised template provides information on probity, including anti-corruption strategies; disclosure of financial interests by officials and councillors; disclosure of grants by external parties, disclosure of loans and grants by municipalities. The appendices talk to greater detail



including disaggregated information on municipal wards, among others. Notes are included throughout the format to assist the compiler to understand the various information requirements.

The financial years contained in this template are explained as follows:

- Year -1: The previous financial year.
- Year 0: The financial year of reporting.
- Year 1: The following year, mostly requires future targets; and
- The other financial years will follow a similar sequence as explained above.

We wish to express our gratitude to the members of the Annual Report Reference Group, consisting of national, provincial and municipal officials for their inputs and support throughout the development of this document.

MFMA Implementation Unit, National Treasury

July 2012



# CHAPTER 1

## CHAPTER 1 – MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

### COMPONENT A: MAYOR'S FOREWORD

#### MAYOR'S FOREWORD

**a. Vision:**

"A people-centred Municipality providing efficient and effective services to communities".

**b. Key Policy Developments:**

The SRVM Council has adopted the five-year IDP and budget in time for the year under review. Our IDP was assessed by the MEC and was confirmed to be credible. All the compliant budget related policies were reviewed and adopted with the final Budget on the 27th of May 2022. A cash-less policy was developed by our traffic services unit. Other policies were reviewed to close the gaps and improve operational efficiency. The municipality stabilized in terms of senior management composition of all sec56,57 positioned filled. The position of Strategic Manager remains to be filled.

**c. Key Service Delivery Improvements:**

The following are the key service delivery improvements in the financial year. The municipality through the intervention of the following grants:

MIG, WSIG, INEP and EPWP the following were achieved:

- ☐ Paterson Phase 2 Sewer network, Outfall sewer network in Molly drought projects (New reservoir in Glen Connor, equipping of Bergsig borehole, electrification of Molly community
- ☐ Nomathamsanqa Sport facility

Over and above these, there is continuous Pothole patching across the SRVM jurisdiction and Approved Registration of Molly Blackburne. Improvement of communication of programmes and public participation in municipal activities

Introduction and operationalization of the new RTMC system Learners License test system



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Participation of SRVM in the National Arbor City Awards (Position 2) on greening and Sarah Baartman Greenest municipality Awards (Position 3)

The Sundays River Valley municipality has embarked on policy reviews in the 2022/23 financial year with the primary objective of running a clean administration on the principles of good cooperative government.

Reduction of the litigation register.

### **d. Public Participation:**

The following mechanisms were used to ensure our commitment towards an accountable, efficient, and transparent government:

- Ward Committees
- IGR Forum
- IDP Representative Forum
- War Rooms
- Public meetings
- Other statutory forums
- Social Media

The above mentioned are the Methods and/or processes used to increase public awareness on service availability engage public in decision making and improve accountability to communities.

### **e. Future Actions:**

The municipality intends to upscale its service delivery and will also ensure the following outcomes are realized:

- Critically important is the monitoring of the development and implementation of audit action plan 2022/23 to improve our audit finding.
- The municipality is in the process of quantifying all complaints received by the municipality through a what's-up link. In future we will be able to report on all complaints received and report on complaints resolved and reasons for those that



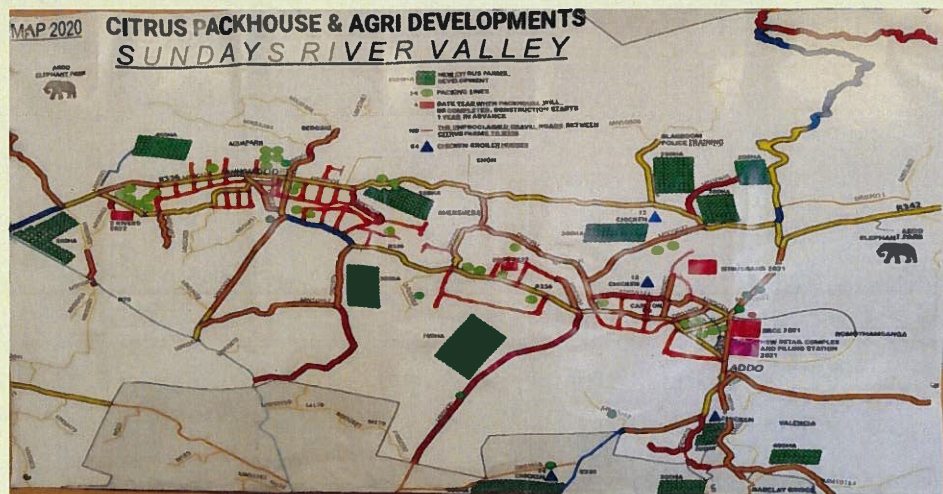
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were not resolved.

- The municipality takes note of the COGTA Support plan and intends to make that a standing item in its strategic engagements.
- Establishment of Community safety forum
- To address the low revenue challenge, the municipality intends to relocate the Driver's license testing ground from Aqua Park to Middle Street Traffic building and continue operating from the premises.
- Establish a Risk management committee and Risk management unit.
- Establishment of a Disciplinary Board and a Legal services department
- Improve on grant expenditure so as to increase funding appetite from external sources.
- Improve on sustainable water supply to attract and retain investment in Sundays River Valley
- Construction of a weigh bridge targeting trucks diverting from N10 as a revenue source
- The MEC's comments of the IDP of the municipality are taken into consideration in the municipal operational plans, but funding of some of the recommendations remains a challenge.
- It is important to note that some of the plans needed to be in place can be achieved with external financial support and engagements therefore are ongoing. These include development of Air Quality Management Plan, Integrated Waste Management Plan (Review), Community Safety Plan and Strategy, Climate Change Response Strategy, Infrastructure Maintenance Plan (Review), Development of a Regional Landfill Site.
- We intend improving cleanliness of the Sundays River Valley municipal area and eradicate illegal dumps, utilizing sustainable methods.
- The construction of District offices in SRVM is a reality, the EIA processes are underway.
- We must ensure there is reduction and or elimination of irregular, fruitless and wasteful expenditure.
- The following map represent planned citrus and Agri-developments within our municipal space:



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Initiatives committed whereby service delivery will be improved over the next few years.

### Agreements / Partnerships:

Sundays River Valley Municipality commits to honor all agreements that we entered with government departments and other agencies such as:

- SANRAL – Road's development projects
- South African Local Government Association (SALGA) – Bargaining Council Collective Agreements
- Auditor General – Audit fees
- DEDEAT – Environmental Impact Assessment Services.

**Conclusion:** Quoting from NECTAC Interactive Guide (2014), the successful implementation of any service delivery approach is dependent on **widespread support among a diverse stakeholder group**. Change requires champions, advocates and committed leadership. Stakeholders likely to be resistant should also be included and their input used to address concerns and garner more persuasive information. That is the reason why our municipality values the contributions of other stakeholders in the development and service delivery initiatives that we boast ourselves about. The real success of Sundays River Valley Municipality will only be fully celebrated when we are eventually able to provide efficient and



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effective service delivery to all our communities. With the same breath it is concerning that Intergovernmental Relations Forum is not supported as it should, this crippled the very purpose of this structure which seeks to provide shared value and unlock bottlenecks on service delivery, share resources and plans. As the municipality, however, we have committed, capacitated, with tenacity to do it only if and only if we are all prepared to walk the talk.

I would like to thank the public, councilors and the administration and sector departments and all other stakeholders for their endeavors and their pledges in ensuring that we succeed in our primary duty to bring services to the communities of SRVM.

(Signed by .)



Mayor

S. Lucas



# CHAPTER1

## COMPONENT B: EXECUTIVE SUMMARY

### MUNICIPAL MANAGER'S OVERVIEW

#### INTRODUCTION

This Annual Report is prepared in accordance with the guidelines of Circular 63 issued by the National Treasury. The purpose of the Annual Report is:

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

The Integrated Development Plan (IDP) serves as a blueprint which guides and informs all planning, budgeting, management, and decision-making processes of the municipality. The Service Delivery and Budget Implementation Plan (SDBIP) is a yearly implementation tool for the priorities and projects identified in the IDP. The in-year quarterly reports on the SDBIP are consolidated into a performance annual report as contained in component K (Organisational Performance Scorecard) of the Annual Report.

The executive summary provides a broad overview of the performance of the municipality in terms of its priorities and council oversight role. For the year under review the priorities that were approved by Council are:

- Provision of Infrastructure and Basic Services
- Local Economic Development
- Community and Social Services
- Institutional Transformation and Organizational Development
- Good Governance and Public Participation



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- Financial Viability and Management

## OVERSIGHT ROLE

The Council is the decision-making body of the municipality in line with the provisions of the relevant legislations. The IDP and the Budget are two important policy documents which are not delegated to any other Council structures for approval but Council itself. All councilors are involved in standing committees to deliberate issues and make recommendation to an Executive Committee and Council. Council is led by the Speaker and the Executive Committee is led by the mayor.

Council has established an Audit and Risk Committee (ARC) and the Municipal Public Accounts Committee (MPAC) to assist Council in its oversight role. The Intergovernmental Relations Forum sits quarterly, and it provides a platform where sector departments share and report on programs and projects they implement in our municipal space. There are however challenges in terms of attendance of the forum by sector departments.

## PROVISION OF INFRASTRUCTURE AND BASIC SERVICES

This Key Performance Area (KPA) has the following Key Performance Elements (KPE) of focus areas: [Water, Sanitation, Electricity, Housing, Roads and Storm Water, Spatial Planning]

## 2022/ 2023 MIG CAPITAL BUDGET

Sundays River Valley Municipality has received **R 38 785 000.00** under the Division of Revenue Act to implement its capital commitments.

## DEPARTMENT OF PUBLIC WORKS (EPWP)

The Municipality will receive an Allocation of **R 1 206 000.00** for the 22/23 Financial Year.

Projects Implemented with the allocation are as follows:

Project Name	Project Budget in 2022/2023	Start date	End date



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Refurbishment and Maintenance of all SRVM Buildings	R 1 206 000	01 July 2022	30 June 2023
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### WATER SERVICES INFRASTRUCTURE GRANT

The Municipality will receive an Allocation of **R 25 000 000.00 for the 22/23** Financial Year.

The project to be implemented is as follows:

Project Name	Allocation	Status Quo
Kirkwood Wastewater Treatment Works	R 22 000 000	Project on planning
Completion of Nomathamsanqa bulk and Distribution pipelines	R2 9000 000	Project on planning

### OTHER CAPITAL PROJECTS FUNDED BY PROVINCIAL/NATIONAL DEPARTMENTS

#### DEPARTMENT OF ENERGY

The Department of Mineral Resources and Energy through its Integrated National Electrical Programme (INEP) has made and R17 548 000.00 allocation to the Municipality for the 22/23 Financial Year for the Implementation of the Following Projects:

Project Name	Allocation	Status Quo
Zinyoka Electrification - Paterson	R6 512 000	Planning
15 km Zinyoka MV Line	R4 000 000	Planning



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Aquapark households' connection	R 7 000 000	Planning
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### DEPARTMENT OF WATER AND SANITATION

The Department of Water and Sanitation has set aside a budget for the 2022/23 Financial Year. Sunday's River Valley Municipality will be Implementing the Below Project:

PROJECT	BUDGET	STATUS QUO
Construction of Molly and Langbos Bulk Water Reticulation	R 17 900 000	Project on Planning
Completion of Nomathamsanqa Bulk and Distribution Pipelines	R2 900 000	Project on Planning

### LOCAL ECONOMIC DEVELOPMENT

The above priority area includes some of the following key performance elements [SMME development, Agriculture, Tourism].

COGTA has 8 KPIs that must be reported on. The following table depicts those KPIs:

No.	KEY PERFORMANCE INDICATOR	DELIVERABLES
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1	Existence of an LED Unit	The municipality does not have a unit for local economic development (LED), but one staff member. The municipality lacks human capacity to monitor the implementation of LED programmes including tourism and agricultural related programmes.
2	% Of LED budget spent on LED activities	Nothing has been spent. This is due to low revenue collection which affects cash flow of the municipality.
3	Existence of an LED Strategy	Yes, however it needs to be reviewed
4	Functionality of LED forums	The municipality has a functional SMME forum though there are administrative challenges emanating from the SMME structures. The Addo Elephant Park and the district run successful economic development forums where the municipality participates
5	Plans to stimulate the second economy	There are plans to revive township tourism through the introduction of a cultural (music) festival. The OTP and SANRAL are revitalising our areas through roads infrastructure projects
6	% of SMME supported during the financial year	100%



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7	% of job created through PPP	The municipality has no PPP
8	# of jobs created through EPWP	159

The Addo Elephant Park and local tourism organization are primarily responsible for tourism development in the municipal area while the local office of the Department of Rural Development and Agrarian Reform attend to all agricultural related programmes.

At least 159 jobs were created through infrastructure projects and EPWP initiatives.

SMME development is well catered for by the SMME Coordinator. The number of SMMEs who benefited from training programmes are 427 in total. This number is higher than what was targeted, despite the pandemic.

### COMMUNITY AND SOCIAL SERVICES

This priority area deals with the following focus areas: [Traffic Services, Fire & Disaster Management Services, Environmental Health, Libraries, Cleansing, Community and Social Amenities, Disaster and Transport]. The traffic services are fully functional. The testing route is closed due to poor road infrastructure. We are doing the refuse collection in all the wards in-house except in informal settlements that are inaccessible. Our Environmental Health Practitioners were seconded by Sahara Baartman district municipality in SRVM as peace officers. Food sampling is done through the use of the food sampling equipment that were bought.

The Sport function is no longer the function of the municipality but of DASRC. The community services official is responsible for the maintenance of community and social amenities.



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### MUNICIPAL TRANSFORMATION AND ORGANISATIONAL DEVELOPMENT

KEY PERFORMAMNCE INDICATOR	PERFORMANCE OUTCOMES
Vacancy rate for all approved posts	10%
Appointments in s57/56posts	5 (Full complement)
% of section 54/56 attending at least 1 training course	None
% of Managers in Technical service with professional qualification	95%
Level of effectiveness of PMS in the LM	Not effective. Reviews are not done, and PMS is not cascaded to all employees.  PMS Workshop was conducted, but no progress.
Adoption and implementation of HRD including WSP	WSP/ATR submitted to LGSETA on time, and its implementation is at 60%



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% of staff that have undergone skills audit within the current five-year term	28.3% (70 of 247 employees)
% of councilors who attended a leadership training within the current five-year term	87.5% (14 of 16 councilors)
% of staff complement with disability	2.4% (6 employees)
% of female employees	41.7% (103 of 247)
% of staff aged 35 or less	27.9% (69 of 247)

The municipality is supported by Sarah Baartman District Municipality to review and develop job descriptions for our staff which would contain job titles and job content. For this, these job descriptions would assist to embark on a job evaluation process wherein jobs would be evaluated to arrive at systematic ranking of jobs, and to determine the worth of jobs. The district has appointed a job evaluation expert, and he will workshop the Municipality on Job Descriptions and also contact Job Evaluations.

On the organizational structure, Council is obliged to review it on annual basis to be aligned with the provisions of the IDP and the budget. However, such alignment becomes a challenge due to additional demands and responsibilities that the structure should respond to.



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The staff component of the municipality as per organogram is comprised of 298 members of which 248 posts have been filled with 39 vacancies in existence. The strategic positions of the PMU Manager and Town Planner were filled.

In the ICT area of work, many challenges were identified during the audit conducted by Auditor General. Such areas have been developed in the form of an Action Plan to be addressed. Policies have been drafted and tabled for adoption by Council.

The Workplace Skills Plan has been developed to become a guiding framework about training of staff. The skills audit is conducted on annual basis to be certain about skills training to concentrate on. Only 3 Traffic Officers were trained on (EDL) Examiner of Driver's License Grade B, due to financial constraints.

### GOOD GOVERNANCE AND PUBLIC PARTICIPATION

NO	KEY PERFORMANCE INDICATOR	PERFORMANCE OUTCOME
1.	% of ward committees established	100%
2.	% of ward committees that are functional	100%
3.	Existence of a system to monitor CDWs	None
4.	Existence of an IGR strategy	We are implementing the provincial strategy and have developed our own Terms of Reference
5.	Effectiveness of IGR structural meetings	They are sitting regularly, and minutes are kept
6.	Existence of an effective communication strategy	The Strategy has been workshopped but not adopted yet. However, the plans



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		attached to it are being implemented.
7.	No of Mayoral Imbizos conducted	None
8.	Existence of fraud prevention mechanisms	Fraud Prevention Strategy is outdated

The municipality is doing performance management system manually because of financial constraints. We are in consultations with the Unions to have the PMS cascaded to all municipal employees. That will require a performance incentives plan to be in place. It has been a challenge to hold quarterly performance assessments due to late submission of portfolios of evidence.

Our internal audit section was under-capacitated. We had two internal auditors without the Chief Internal Auditor (CIA) as per the recommendation of the audit and risk committee. The municipality appointed the CIA late last year September 2022.

The coordination of IGR meetings by the municipality is efficient and effective, however there are still departments who do not attend or send junior officials who cannot take decisions at IGR meetings. Communities were consulted during IDP, and budget processes and their priorities were reflected in the IDP.

### FINANCIAL OVERVIEW

SRVM is a developing or growing municipality simply because it has booming citrus industry and world-renowned national conservation parks. It is one of the economic hubs in Sarah Baartman District Municipality. As a developing municipality it requires additional resources and funding to conduct the growth it desires.

COGTA has identified the following KPIs that must be reported on:

No.	KEY PERFORMANCE INDICATOR	PERFORMANCE OUTCOME
1	AG's audit opinion	22/23 Disclaimer



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2	% of expenditure of capital budget	109%
3	Salary budget as a % of the total Opex	35%
4	Total municipal own revenue as % of the total actual budget	55%
5	Rate of municipal consumer debt reduction	0%
6	% of MIG budget appropriately spent	100%
7	% of MSIG budget appropriately spent	N/A
8	Functionality of the audit committee	The audit committee hold meetings as often as possible and provides recommendations to Council for implementation
9	Trade creditors as a % of total actual revenue	26%
10	Submission of AFS after the end of financial year	AFS were submitted late in 2022/23 financial year. Submission date was 1 September 2023.

As there are limits on revenue, it is necessary to ensure that services are provided at levels that are affordable. Our biggest challenge of our financial plan is to match increased service demands with a relatively stagnant revenue base.

Financial viability and management remain one of the key priorities of Council. It remains



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more critical in the light of the current economic situation, which among other things is self-sustenance and prudent financial controls.

## 1.1. MUNICIPAL FUNCTIONS, POPULATION AND ENVIRONMENTAL OVERVIEW

### INTRODUCTION TO BACKGROUND DATA

The Constitution, Chapter 7, Section 152 (1) and (2) as well as Section 153 (c) and (b) obliges and outlines the functions and services that are to be performed by a municipality. Sundays River Valley Municipality is mandated by these pieces of legislation. The only functions that the municipality is not doing is municipal airports, municipal public transport, beaches and amusement facilities, fences and fencing and noise pollution.

The municipality is dependent mostly on grants as a result there is a strong cooperation between it, sector departments and the District Municipality. The municipality is both a water service authority and a water service provider. The Department of Water and Sanitation assist with the building of reservoirs and pump stations.

The Addo Elephant National Park and Shamwari Game Reserve are situated within SRVM, and they constitute our international tourism destination and attraction. Tourism and Agriculture are our strong sectors that contribute immensely to our economy and employment opportunities. Citrus produces almost 50% of employment in our area.

The valley is characterised by harsh climate conditions, with summer temperatures rising more than 40°C. Rainfall is spread over the year and is between 250-500mm per annum. The valley is characterised by wide, fertile flood plains and is associated with low-lying land and steep, less fertile soil. The area outside the Sundays River includes the Paterson area, the coastal belt, and the west of Alexandria.



## CHAPTER1

### Demographic Information

	2022	2016	2011
Population	53 256	59 793	54 504
Age Structure			
Population under 15	24.1%	29.1%	26.7%
Population 15 to 64	70.3%	66.5%	68.0%
Population over 65	5.6%	4.3%	5.2%

### SOCIO ECONOMIC STATUS

#### Household Dynamics

Households	19 017	17 221	14 749
Average household size	2.8	3.5	3.7
Female headed households	n/a	34.8%	34.9%
Formal dwellings	87.8%	84.2%	84.6%
Housing owned	n/a	30.5%	44.3%



## CHAPTER1

Household Services			
Flush toilet connected to sewerage	81.5%	65.0%	58.7%
Weekly refuse removal	77.1%	61.6%	61.2%
Piped water inside dwelling	55.3%	30.9%	32.3%
Electricity for lighting	94.4%	89.6%	79.8%

Major Natural Resources	Relevance to Community
<b>Sand</b>	It is used in housing construction and local brick manufacturing. Cooperatives Manufacture bricks using local sand. Paterson sand mining is identified in the IDP's ward priorities as one of the catalytic projects that needs assistance for resource mobilisation.
<b>Forests</b>	Forests are used as grazing lands and they present economic growth potential for game/livestock business initiatives.
<b>National Park</b>	Ecotourism opportunities, conservation and employment.
<b>Enon-Bersheba communal land</b>	It is readily available as the source of economic activity for the benefit of the whole community. Business plans for citrus,



## CHAPTER1

	food security; vegetable production, game are readily available for sourcing development funding.
<b>Water</b>	Canals for irrigation and domestic use. Canals for irrigation and domestic use.

### 1.2. SERVICE DELIVERY OVERVIEW

Services such as water, sanitation, electricity, road maintenance and community services are rendered by Sundays River Municipality. Services such as Environmental Health and Fire Services are rendered on an agency basis for Sara Baartman District Municipality.

Service delivery overview is illustrated under the Municipal Manager's executive summary.

### 1.3. FINANCIAL HEALTH OVERVIEW

See notes on Annual Financial Statements

### 1.4. ORGANISATIONAL DEVELOPMENT OVERVIEW

The entire organizational structure is under review and will be adopted together with the IDP and Budget on the 31 May 2022.

The approved staff complement for the Municipality is 267.

There are currently 219 filled positions which include 5 section 56 positions.

SBDM is assisting the municipality with job evaluation and currently the municipality is busy designing job descriptions of all employees of Sundays River. The job descriptions are available, but they are all undergoing a process of review.

The Constitution (Chapter 7, section 152(1) and (2) as well as Section 153 (a) and (b) obliges and outlines the functions and services that are to be performed by local government. The Sundays River Valley Municipality (SRVM) obtains these functions through either allocation by legislative framework, Authorization by Minister of Provincial and Local Government or adjustment by the Provincial MEC for local government.



## CHAPTER1

### 1.5. AUDITOR GENERAL REPORT

2022/23 Disclaimer NB: Attached AG Report.

### 1.6. STATUTORY ANNUAL REPORT PROCESS

No	Activity	Timeframe
1	Consideration of next financial year's Budget and IDP process plan. Except for the legislative content, the process plan should confirm in-year reporting formats to ensure that reporting and monitoring feeds seamlessly into the Annual Report process at the end of the Budget/IDP implementation period	July
2	Implementation and monitoring of approved Budget and IDP commences (In-year financial reporting).	
3	Finalise the 4th quarter Report for previous financial year	
4	Submit draft year 0 Annual Report to Internal Audit and Auditor-General	
5	Municipal entities submit draft annual reports to MM	
6	Audit/Performance committee considers draft Annual Report of municipality and entities (where relevant)	August
8	Mayor tables the unaudited Annual Report	
9	Municipality submits draft Annual Report including consolidated annual financial statements and performance report to Auditor General	
10	Annual Performance Report as submitted to Auditor General to be provided as input to the IDP Analysis Phase	
11	Auditor General audits Annual Report including consolidated Annual Financial Statements and Performance data	September - October
12	Municipalities receive and start to address the Auditor General's comments	November
13	Mayor tables Annual Report and audited Financial Statements to Council complete with the Auditor- General's Report	



## CHAPTER1

14	Audited Annual Report is made public and representation is invited	
15	Oversight Committee assesses Annual Report	
16	Council adopts Oversight report	December
17	Oversight report is made public	
18	Oversight report is submitted to relevant provincial councils	
19	Commencement of draft Budget/ IDP finalisation for next financial year. Annual Report and Oversight Reports to be used as input	January

### COMMENT ON THE ANNUAL REPORT PROCESS:

It is very important to adhere to the rules of Cogta and provincial government to meet the deadline and it makes it easier to prepare for year ahead because I will have a lot of information in my disposal to feed the Draft IDP.



## CHAPTER 2

### CHAPTER 2 – GOVERNANCE

#### INTRODUCTION TO GOVERNANCE

Circular 63 of the Municipal Finance Management Act (MFMA) states that good governance and public participation must “ensure accountability and government arrangements are in place. The municipal political and administrative structures have partially or fully applied the following nine major characteristics to ensure good governance:

- Participation
- Rule of Law
- Transparency
- Responsiveness
- Consensus Oriented
- Equity and inclusiveness
- Effectiveness and Efficiency
- Accountability
- Sustainability

#### COMPONENT A: POLITICAL AND ADMINISTRATIVE GOVERNANCE

##### 2.1 POLITICAL GOVERNANCE

The Municipal Systems Acts (MSA), section 4 (2) states that a municipal council must, within the municipality’s financial and administrative capacity and having regard for practical considerations,

- Exercise the municipality’s executive and legislative authority and use the resources of the municipality in the best interests of the community.
- Provide, without favour or prejudice, democratic and accountable government.
- Encourage the involvement of the community.
- Strive to ensure that municipal services are provided to the community in a financially and environmentally sustainable manner.
- Consult the community about the level, quality, range and impact of municipal services and the available options for service delivery.



## CHAPTER

- Give members of the community equitable access to the municipal services to which they are entitled.
- Promote and undertake development in the municipality.
- Promote gender equity in the exercise of the municipality's executive and legislative authority.
- Promote a safe and healthy environment in the municipality; and
- Contribute together with other organs of state, to the progressive realisation of the fundamental rights contained in sections 24, 25, 26, 27 and 29 of the Constitution.

The following additional executive obligations are imposed on every municipal council. A council must annually review-

- The needs of the community
- Its priorities to meet those needs.
- Its processes for involving the community.
- Its Organisational and delivery mechanisms for meeting those needs.
- Its overall performance in achieving the objects of local government set out in the Constitution.



**S LUCAS**



**S NODONTI**



**PN NCAMBELE**



**K SMITH**



**M PAYI**



**LE BAKA**



## CHAPTER



**M BOSMAN**



**B DYANTYI**



**XJ JONAS**



**N LANGBOOI**



**A NDAWO**



**Z QUSHEKA**



**N BAXANA**



**H HENDRICKS**



**H JAGERS**



**H BAYINI**

### COUNCIL AS AT 30 JUNE 2022-2023 JUNE

NAME OF COUNCILLOR	CAPACITY	PARTY	WARD
MC PAYI	CLLR	ANC	WARD 1



## CHAPTER

N LANGBOOI	CLLR	ANC	WARD 2
X JONAS	CLLR	ANC	WARD 3
LE BAKA	CLLR	ANC	WARD 4
Z QUSHEKA	CLLR	ANC	WARD 5
N BAXANA	CLLR	ANC	WARD 6
AM NDAWO	CLLR	DA	WARD 7
N NCAMBELE	CLLR	ANC	WARD 8

### PROPORTIONAL REPRESENTATIVES

K SMITH	CLLR	DA
B DYANTYI	CLLR	EFF
H JAGER	CLLR	ANC
H HENDRICKS	CLLR	GOOD
S NODONTI	CLLR	ANC
M BOSMAN	CLLR	DA



## CHAPTER

H BAYENI	CLLR	DA	
SH RENE	MAYOR	ANC	

### POLITICAL DECISION-TAKING

ORDINARY COUNCIL IN COMMITTEE MEETING HELD ON 08 JULY 2022					
RE S. NR	ITE M NR	RESOLUTION	RESPONSI BLE DEPT	ACTION	DATE OF COMPLETI ON
1.	4.1	<p><u>APPOINTMENT OF AN ACTING DIRECTOR COMMUNITY SERVICES</u></p> <p><b>COUNCIL RESOLVED:</b></p> <ol style="list-style-type: none"> <li>1. That the incident of cyber fraud was immediately reported to the Accounting Officer and the police.</li> <li>2. That both the police and the banks involved are currently investigating the cyber fraud.</li> <li>3. That the Accounting Officer write a formal request to Sarah Baartman District Municipality, Department of Cooperatives &amp; Traditional</li> </ol>	Office of MM	Ongoing	Ongoing



## CHAPTER

		<p>Affairs and Provincial Treasury to assist Sundays River Valley Municipality with the appointment of the independent investigating company to investigate the cyber fraud.</p> <p>4. That the Accounting Officer write a letter to Sarah Baartman District Municipality, Department of Cooperatives &amp; Traditional Affairs and Provincial Treasury seeking advice on how to handle matter.</p> <p>5. That the payment of the Service provider be delayed until the response is received from the departments mentioned on resolution (4).</p> <p>6. That the Accounting Officer write a letter to informed WRCON that, should the amount due be paid over to them and an investigation imply WRCON, the money will be recouped from their future invoices.</p> <p>7. That the Council takes note of the report of the IT Specialist attached hereto as Annexure 1</p>			
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## CHAPTER

SPECIAL COUNCIL IN COMMITTEE MEETING HELD ON 27 JULY 2022					
RE S. NR	ITE M NR	RESOLUTION	RESPONSI BLE DEPT	ACTION	DATE OF COMPLETI ON
2.	4.1	<p><u>REPORT ON R1.3 MILLION ALLEGED FRAUD</u></p> <p><b>THE COUNCIL RESOLVED</b></p> <p>That the council,</p> <p>1. Take note that the investigations from both the SAPS sides, FNB as well as Nedbank is still ongoing.</p>	Office of MM	<p>SRVM has recovered approximately R550 000 of the total loss and the remainder remains the loss the Municipality has suffered.</p> <p>Investigation in ongoing</p>	Work in progress
SPECIAL COUNCIL IN COMMITTEE MEETING HELD ON 29 JULY 2022					
RE S. NR	ITE M NR	RESOLUTION	RESPONSI BLE DEPT	ACTION	DATE OF COMPLETI ON
3.	4.1	<p><u>REPORT ON THE ATTACHMENT OF MUNICIPAL ASSETS</u></p> <p><b>THE COUNCIL RESOLVED</b></p>	Office of	<p>Municipality has paid R850 000</p>	Completed



## CHAPTER

		That the Council will not discuss the item and will not continue with the meeting.	MM	for the release of the assets. The actual case for the recission of the Judgement is on 10 November 2022.	
<b>SPECIAL COUNCIL IN COMMITTEE MEETING HELD ON 22 AUGUST 2022</b>					
RES. NR	ITEM NR	RESOLUTION	RESPONSIBLE DEPT	ACTION	DATE OF COMPLETION
4.	4.1	<u>REPORT ON STRIKE ACTION OF STAFF 17 – 19 AUGUST 2022</u>  <b><u>COUNCIL RESOLVED</u></b>  a) That the Council does not condone any illegal protest by its employees. b) That the Council does not condone any illegal appointment of an employee where processes and policies of the institution are not followed. c) That the office of the Speaker is	Office of MM	Management has received an interim order declaring the strike as illegal. The return date for the employees, if they still wish to proceed with the matter, will be on 11	



## CHAPTER

		mandated to write a letter to the office of the Member of the Executive Committee (MEC) COGTA seeking urgent advice on the matter and if needed investigation be conducted.		October 2022.  The Office of the Speaker is yet to advise whether the letter was forwarded to the Office of the MEC.	
5	7.2	<u>SUPPLEMENTARY REPORT: REVIEW OF AUDIT AND RISK COMMITTEE</u>  <b>THE COUNCIL RESOLVED:</b>  That the number of members of the Audit and Risk Committee remain at three (3).			
<b>COUNCIL IN COMMITTEE MEETING HELD ON 09 SEPTEMBER 2022</b>					
ITEM NR	ITEM NR	RESOLUTION	RESPONSIBLE DEPT	ACTION	DATE OF COMPLETION



## CHAPTER

6	4.1	<p><u>APPOINTMENT OF THE AUDIT AND RISK COMMITTEE</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>a) That the item be deferred to the next Council meeting</p> <p>b) That the Municipal Manager further investigate the matter and solicit professional advice.</p>	Office of MM	Audit and Rick Committee members appointed	28 October 2022
7.	4.2	<p><u>APPOINTMENT OF THE SELECTION PANEL FOR THE POSITION OF CHIEF FINANCIAL OFFICER</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>(a) That the Council hereby appoints the Selection panel with 5 members constituted as follows:</p> <p>1. Portfolio Head for Finance &amp; Administration portfolio – Cllr S H Rune</p> <p>2. Municipal Manager from Sarah Baartman District Municipality – U Daniels (Chairperson)</p> <p>3. Expert from Ndlambe</p>	Council	<p>Panel was constituted, Selection process to follow</p> <p>HR Practitioner (Recruitment) appointed to scribe</p>	Work in progress



## CHAPTER

		<p>Municipality</p> <p>4. Relevant official from Treasury</p> <p>(b) That the scribe be appointed by the Municipal Manager from Corporate Services.</p>			
8.	4.3	<p><u>APPOINTMENT OF THE</u> <u>SELECTION PANEL FOR</u> <u>THE POSITION OF THE</u> <u>MUNICIPAL MANAGER</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>(a) That the Council hereby appoints the Selection panel with 5 members constituted as follows:</p> <p>1. Mayor – Cllr S H Rune (Chairperson)</p> <p>2. Councillor designated by Council – Cllr Z Qusheka</p> <p>3. Expert - Municipal Manager from Sarah Baartman District Municipality – Ms U Daniels</p> <p>4. Relevant official from COGTA</p> <p>5. Relevant official from</p>	Council	<p>Panel was constituted.</p> <p>Selection process to follow</p> <p>Director Corporate Services appointed to scribe</p>	Work in progress



## CHAPTER

		SALGA			
		(b) That Corporate Services shall act as scribe.			
<b>COUNCIL IN COMMITTEE MEETING HELD ON 21 SEPTEMBER 2022</b>					
ITEM NR	ITEM NR	RESOLUTION	RESPONSIBLE DEPT	ACTION	DATE OF COMPLETION
9	6.	<u>REPORT ON IMPLEMENTATION OF COUNCIL RESOLUTIONS</u>  <b>COUNCIL RESOLVED</b>  That Council resolutions of be monitored and implemented.	Municipal Manager		Work in progress
<b>COUNCIL IN COMMITTEE MEETING HELD ON 30 SEPTEMBER 2022</b>					
ITEM NR	ITEM NR	RESOLUTION	RESPONSIBLE DEPT	ACTION	DATE OF COMPLETION
10	4.1	<u>RECRUITMENT REPORT ON THE FILLING OF THE VACANT POSITION OF THE MUNICIPAL MANAGER (MM) IN COMPLIANCE WITH LOCAL GOVERNMENT</u>			



## CHAPTER

		<u>REGULATIONS OF 2014 – BY</u> <u>MAYOR S H RUNE</u>	Council	Council appointed an Acting Municipal Manager	30 September 2022
		<b>COUNCIL RESOLVED THAT:</b>			
		<p>1. The Municipal Council notes the expiry date of the employment contract of the Municipal Manager;</p>			
		<p>2. That the Council appoint Director Corporate Services (Mr AP Kondile) as an Acting Municipal Manager;</p>			
		<p>3. The duration of acting for Mr A P Kondile be until the recruitment process of appointing the Municipal Manager is completed or 3 months, whichever comes first;</p>			
		<p>4. That the recruitment processes currently underway for the filling of the MM position, are expedited within the stipulated timeframes.</p>			
COUNCIL IN COMMITTEE MEETING HELD ON 28 OCTOBER 2022					
ITE M NR	ITE M NR	RESOLUTION	RESPONSI BLE DEPT	ACTION	DATE OF COMPLETI ON



## CHAPTER

11	4.1	<p><u>RECRUITMENT REPORT ON THE FILLING OF THE VACANT POSITIONS OF THE MUNICIPAL MANAGER (MM) AND CHIEF FINANCIAL OFFICER (CFO) IN COMPLIANCE WITH LOCAL GOVERNMENT REGULATIONS OF 2014</u></p> <p><b>COUNCIL RESOLVED THAT:</b></p> <p>(a) The Municipal Council notes the progress to date on the appointment of the Municipal Manager;</p> <p>(b) Acting MM to expedite the Competency Assessments for the 3 recommended candidates.</p> <p>(c) A final and complete report to be tabled to Council for appointment, upon completion of the Competency Assessments within the stipulated timeframes.</p>	Municipal Manager	Report Submitted to the Council	23 November 2022
12	5.1	<p><u>APPOINTMENT OF THE AUDIT AND RISK COMMITTEE</u></p> <p><b>COUNCIL RESOLVED</b></p>	Council	Audit and	28 October



## CHAPTER

		<p>(a) That Council appoints the following members as members of the ARC for the period of three years effectively from July 2022 until June 2025.</p> <ol style="list-style-type: none"> <li>1. Mrs M Knoetze</li> <li>2. Prof W Plaatjes</li> <li>3. Mrs M Wait</li> </ol> <p>(b) That Prof W Plaatjes be appointed as Chairperson of the committee</p>		Rick Committee members appointed	2022
13	5.2	<p><u>APPOINTMENT OF ACTING DIRECTOR CORPORATE SERVICES</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>(a) That Council appoint the Manager: Administration &amp; Council Support (Mrs S Fourie) as acting Director: Corporate Services, effective 01 November 2022.</p> <p>(b) That the duration of acting for Mrs Fourie be until the recruitment process of appointing the Municipal Manager is completed and Mr Kondile returns to his position, or 3 months, whichever comes first.</p>	Council	Acting Director Corporate Services appointed	28 October 2022



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COUNCIL IN COMMITTEE MEETING HELD ON 31 OCTOBER 2022					
ITEM NR	ITEM NR	RESOLUTION	RESPONSIBLE DEPT	ACTION	DATE OF COMPLETION
14	4.1	<p><u>REPORT ON EXPIRY OF THE CONTRACT OF THE CHIEF FINANCIAL OFFICER (CFO) AND THE WAY FORWARD</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>1. The Municipal Council notes the progress to date on the appointment of the Chief Financial Officer.</p> <p>2. Acting MM to expedite the Competency Assessments for the 2 recommended candidates.</p> <p>3. SCM processes to be expedited for securing dates for the Competency Assessment by the accredited service providers.</p> <p>4. That the contract of the current Chief Financial Officer Mr J Krapohl be extended for the period one (1) month from 1st November</p>	Council	Contract of the Chief Financial Officer was extended	31 October 2022



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		2022 ending 30 November 2022; and			
		5. A final and complete report to be tabled to Council for appointment, upon completion of the Competency Assessments within the stipulated timeframes before the end of November 2022.			
<b>COUNCIL IN COMMITTEE MEETING HELD ON 23 NOVEMBER 2022</b>					
<b>ITEM NR</b>	<b>ITEM NR</b>	<b>RESOLUTION</b>	<b>RESPONSIBLE DEPT</b>	<b>ACTION</b>	<b>DATE OF COMPLETION</b>
<b>15</b>	<b>4.1</b>	<u>RECRUITMENT REPORT ON THE FILLING OF THE VACANT POSITIONS OF THE MUNICIPAL MANAGER (MM) IN COMPLIANCE WITH LOCAL GOVERNMENT REGULATIONS OF 2014</u>  <b>COUNCIL RESOLVED</b>  1. The Municipal Council appoint the Municipal Manager (Mr T Klaas) for SRVM for a period of five	Council	Municipal Manager appointed	23 NOVEMBER 2022



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		<p>years.</p> <p>2. That should the candidate number one (1) not accept employment, Council reconvenes to resolve further on the matter.</p> <p>3. The appointed candidate to enter into a five-year fixed term employment contract to be entered into between the appointed candidate and SRVM as represented by the Mayor of SRVM;</p> <p>4. A final recruitment report be submitted to the MEC for Local Government informing him of the appointment and confirming that ALL prescribed recruitment processes have been complied with in terms of the LG: Regulations of 20214 as well as the provisions of the amended MSA of 2000;</p> <p>5. The offer of employment be done to the successful candidate upon receipt of the MEC Letter</p>			
16	5.1	<u>REPORT FROM MUNICIPAL MANAGER FROM SARAH</u>			



## CHAPTER

		<u>BAARTMAN DM TO COUNCIL ON THE APPOINTMENT OF THE CHIEF FINANCIAL OFFICER (CFO)</u>  <b>COUNCIL RESOLVED</b>  1. That the Council appoint Mr J Krapohl as the CFO for Sundays River Valley Municipality;  2. The Offer of Employment be made to the appointed candidate and an Employment Contract be entered into between the appointed candidate and SRVM as represented by the Municipal Manager/ Acting Municipal Manager;  3. The Council Resolution for the appointment be signed by the Speaker and submitted to MEC for Local Government informing him of the appointment and that ALL legislated recruitment processes have been followed in compliance with LG: Regulations and amended MSA.	COUNCIL	Chief Financial Officer appointed by Council	23 November 2022
17		<u>REMUNERATION OF AUDIT &amp; RISK COMMITTEE MEMBERS</u>			



## CHAPTER

		<b>COUNCIL RESOLVED</b>	Council	Remunerati	23
		(a) That Council approve the following payment for Audit and Risk Committee members:		on fees of the Audit and Risk Committee members were approved	NOVEMBER 2022
		<b>MEETIN</b>			
		<b>FEE</b>			
		Audit & Risk 6067			
		Chairperson			
		Member 4046			
		(b) That in addition to the remuneration above the members be entitled to claim for reimbursement of their travel expenditure incurred on official Council business at the Tariff determined by the Department of Transport.			
		(c) That the percentage annual adjustment of remuneration of the Audit and Risk Committee members be the same as Upper Limits for Councillors as promulgated by the Minister.			



## CHAPTER

### COUNCIL IN COMMITTEE MEETING HELD ON 14 DECEMBER 2023

ITEM NR	ITEM NR	RESOLUTION	RESPONSIBLE DEPT	ACTION	DATE OF COMPLETION
18	7.1	<p><u>REPORT ON UPPER LIMITS OF TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>That Council take note of the Upper Limits of salary increase of senior managers for the period 1 July 2021 to 30 June 2022.</p>	Office of the MM/ Corporate Services		
19	7.2	<p><u>DETERMINATION OF UPPER LIMITS OF THE SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF MUNICIPAL COUNCILS</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>(a) That Council take note of Government Gazette Nr R2698</p>	Office of the MM/ Corporate Services		



## CHAPTER

		dated 2 November 2022.			
		(b) That Councillor be paid any outstanding data allowance owed to them.			
20	7.3	<p><u>PAYMENT OF ACTING ALLOWANCE TO AN ACTING MUNICIPAL MANAGER</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>(a) That the payment for a Director acting in position of a Municipal Manager be calculated using the difference between the Municipal Manager's package and the Remuneration package of a particular Director.</p> <p>(b) That the Director: Corporate Services be paid a monthly Acting Allowance for the period started from 1st October 2022 to 31st December 2022.</p> <p>(c) That Sundays River Valley LM develop an Acting Allowance Policy for Senior Managers</p>	Office of the MM/ Corporate Services		
<b>COUNCIL MEETING HELD 24 FEBRUARY 2023</b>					
ITEM	ITEM	RESOLUTION	RESPONSIBLE DEPT	ACTION	DATE OF COMPLETION



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NR	NR				ON
21	4.1	<p><u>ESCALATION OF AUDIT ISSUES FOR THE PURPOSE OF DISPUTE - 2021/2022 FINANCIAL YEAR</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>That Council approves the escalation of the issues regarding the 2021/22 Audit as per communication to the AG to be reconsidered.</p>	Council/ Finance/ Office of the MM		
<b>COUNCIL MEETING HELD 31 MARCH 2023</b>					
ITEM NR	ITEM NR	RESOLUTION	RESPONSIBLE DEPT	ACTION	DATE OF COMPLETION
22	7.1	<p><u>REPORT ON THE IBHABHATANE MATTER</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>1. Council to note the claim by Ibbabhathane Trading and the basis of the claim;</p> <p>2. Consider the Settlement Agreement of the proposed amount of R2.5 million to be paid in three instalments, considering the cash flow situation as per CFO's advice (less than the amount of R3 859 209</p>			



## CHAPTER

	originally claimed);			
	3. Approved settlement to be FULL and FINAL settlement of the Ibbabhathane matter.			
	4. That the Municipal Manager request a breakdown of cost claimed by Ibbabhathane			
	5. That the following source documents as referred to in the report be circulated to all Councillors:- <ul style="list-style-type: none"><li>• Council Meeting (In Committee) Report by Municipal Manager dated 14 February 2021;</li><li>• Council Meeting (In Committee) - Report by Municipal Manager dated 14 June 2021;</li><li>• Legal Opinion by Adv. Ben Ford dated 30 November 2020 through P Bono Attorneys</li><li>• Court Judgement by Justice Mullins at PE Case 2880/2020;</li><li>• Letters of Demand by Chabalala Attorneys for Ibbabhathane Trading dated, 22/05/22; 25/05/22</li></ul>			



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		<p>and 05/08/22;</p> <ul style="list-style-type: none"> <li>Gareth Pugh Report dated 30<sup>th</sup> September 2021 (negotiated Settlement)</li> </ul>			
23	7.2	<p><u>REPORT ON LIFE THREATS MADE AGAINST, DIRECTOR: CORPORATE SERVICES, MR A P KONDILE</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>(a) That The Council mandates the Municipal Manager to make necessary arrangements for the Director Corporate Services; Mr Kondile to return to the office.</p> <p>(b) That Municipal Manager liaise with the SAPS to undertake a risk-based security assessment on the matter and take the necessary security precautions based on the findings.</p> <ul style="list-style-type: none"> <li></li> </ul>			
24	7.3	<p><u>RENUMERATION OF MUNICIPAL MANAGERS AND THE MANAGERS REPORTING TO THE MUNICIPAL MANAGER</u></p> <p><b>COUNCIL RESOLVED</b></p>			



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		<ol style="list-style-type: none"> <li>1. That the item is referred to the Audit and Risk Committee and South African Local Government Association</li> <li>2. That an investigation be conducted from other Local municipalities in the Sarah Baartman District.</li> <li>3. That the Council defer the item to the next Council meeting,</li> </ol>			
<b>URGENT SPECIAL COUNCIL MEETING HELD 05 APRIL 2023</b>					
<b>RES NR</b>	<b>ITEM NR</b>	<b>RESOLUTION</b>	<b>RESPONSIBLE DEPT</b>	<b>ACTION</b>	<b>DATE OF COMPLETION</b>
25	4.1	<p><u>RENUMERATION OF MUNICIPAL MANAGERS AND THE MANAGERS REPORTING TO THE MUNICIPAL MANAGER</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>That the Council approves that the remuneration of the following individuals increase to the total remuneration package (Maximum) in terms of the Municipal Systems Act 322 of 2000 (Upper Limits of Total Remuneration Packages payable to Municipal Managers and Managers directly accountable to Municipal</p>			



## CHAPTER

		<p>Managers. (Government Gazette Volume No. 47538 of 18 November 2022).</p> <ul style="list-style-type: none"> <li>• Municipal Manager as from Date of appointment – 1 January 2023</li> <li>• CFO as from date of appointment - 1 December 2022</li> <li>• Director Community Services as from 1 of April 2023</li> <li>• Director Infrastructure as from 1 April 2023</li> <li>• Director Corporate Services as from 1 April 2023</li> </ul>			
26	4.2	<p><u>REPORT ON THE IBHABHATHANE MATTER</u></p> <p><b>COUNCIL RESOLVED</b></p> <ol style="list-style-type: none"> <li>1. Council to note the claim by Ibhathane Trading and the basis of the claim;</li> <li>2. Consider the Settlement Agreement of the proposed amount of R2.5 million to be paid in three instalments, considering the cash flow situation as per CFO's advice (less than the amount of R3 859 209 originally claimed);</li> </ol>			



## CHAPTER

		<p>3. Approved settlement to be FULL and FINAL settlement of the Ibbabhathane matter.</p> <p>4. That the report be referred to Municipal Public Accounts Committee for investigation.</p>			
27	4.3	<p><u>REPORT ON LOCAL LABOUR FORUM MATTER</u></p> <p><b>COUNCIL RESOLVED</b></p> <p>1. That all remuneration of increments implemented in the report be temporarily withheld and investigation be conducted.</p> <p>2. That Council establish an investigation committee to investigate the implementation of increments.</p> <p>3. That the Investigation Committee be comprised of the following:</p> <ul style="list-style-type: none"> <li>- South African Local Government Association (SALGA)</li> <li>- Department of Cooperative Governance &amp; Traditional Affairs (COGTA)</li> <li>- Local Government Bargaining</li> </ul>	Council	Investigation Committee established	Work in progress



## CHAPTER

		Council			
		4. That written notices be extended notifying affected employees that their increments will be temporarily withheld until the investigation is concluded.			
<b>URGENT SPECIAL COUNCIL MEETING HELD 31 MAY 2023</b>					
<b>RES NR</b>	<b>ITEM NR</b>	<b>RESOLUTION</b>	<b>RESPONSIBLE DEPT</b>	<b>ACTION</b>	<b>DATE OF COMPLETION</b>
28	4.1	<u>APPOINTMENT OF AN ACTING MAYOR</u>  <b>COUNCIL RESOLVED</b>  - That the Council appoint Councillor MC Payi as an Acting Mayor, from 31 May 2023 to 04 June 2023.	COUNCIL	Acting Mayor appointed	31 May 2023
<b>COUNCIL MEETING HELD 29 JUNE 2023</b>					
	4.1	<u>DETERMINATION OF UPPER LIMITS OF THE SALARIES, ALLOWANCES AND BENEFITS OF DIFFERENT MEMBERS OF</u>			



## CHAPTER

		<u>MUNICIPAL COUNCILS (DRAFT NOTICE)</u>  <b>COUNCIL RESOLVED:</b>  That Council take note of the draft Notice on Determination of Upper Limits of the Salaries, Allowances and Benefits Of Different Members Of Municipal Councils			
	4.2	<u>UPPER LIMITS OF TOTAL REMUNERATION PACKAGES PAYABLE TO MUNICIPAL MANAGERS AND MANAGERS DIRECTLY ACCOUNTABLE TO MUNICIPAL MANAGERS – GOVERNMENT GAZETTE NR 48789 DATED 14 JUNE 2023</u>  <b>COUNCIL RESOLVED:</b>  That Gazette 48789 dated 14 June 2023 be implemented regarding the <ul style="list-style-type: none"> <li>• 3% cost of living adjustment effective from the 1 July 2022, and</li> <li>• The monthly non-pensionable R1695 for the 22/23 financial year.</li> </ul>			
	5.1	<u>UPDATE ON SECURITY RISK TO</u>			



## CHAPTER

	<u>THE DIRECTOR CORPORATE SERVICES</u>			
	<u>COUNCIL RESOLVED:</u>			
	That the report be referred back for further information.			

### 2.2 ADMINISTRATIVE GOVERNANCE

The municipal Manager is the accounting officer of the municipality for the purposes of the Finance Management Act. He provides guidance on compliance with this Act and other legislation applicable to local government.

Senior management positions of the municipality are all filled. They comprise of the Municipal Manager and four section 56 managers. The section 56 managers are responsible for providing reports to the standing committees, the Exco and Council. The Municipal Manager and the Directors work together to formulate policies and procedures for adoption by Council. The performance agreements of senior managers outline the strategies and projects to be developed, together with targets for service delivery. Each department is provided with a budget through which the IDP is implemented.

Council has established and implemented a Performance Management System, and it is administered in-house.



**MUNICIPAL MANAGER**

(Mr. T Klaas)



## CHAPTER

### FUNCTIONS

In terms of Section 55 of the Municipal Systems Act, the Municipal Manager is responsible and accountable for some of the following functions:

- The formation and development of an economical, effective, efficient, and accountable administration.
- The management of the municipality's administration in accordance with this Act and other legislation applicable to the municipality.
- The implementation of the municipality's Integrated Development Plan, and the monitoring of progress with implementation of the plan.
- The management of the provision of services to the local community in a sustainable and equitable manner.
- The appointment of staff other than those referred to in section 56 (a), subject to the Employment Equity Act, 1998 (Act No.55 of 1998).
- The management, effective utilization, and training of staff.
- The maintenance of discipline of staff. The promotion of sound labour relations and compliance by the municipality with applicable labour legislation.

There are also functions entrusted in the office of the Municipal Manager. These include:

- Local Economic Development
- Performance Management
- Intergovernmental Relations
- Special Programmes
- Service delivery
- Financial Management

TIER 2: section 56 DIRECTOR" S



## CHAPTER

<b>Director: Corporate Services</b> <b>(Mr.P.Kondile)</b>	<b>Director: Technical Services</b> <b>(Mr. X Mntonintshi)</b>	<b>Director: Community Services</b> <b>(Mrs.A.N. Mbongwe)</b>	<b>Chief Financial Officer</b> <b>(Mr. H Krapohl)</b>
<b>Functions:</b>  Human Resources management Skills Training and Development Registry and Archives Administration	<b>Functions:</b>  Basic service delivery and infrastructure development Electrical distribution and system maintenance	<b>Functions:</b>  Traffic Services Fire and Disaster Management Library Services Environmental Health and Cleansing	<b>Functions:</b>  Income and Revenue Management Expenditure Management Supply Chain Management



## CHAPTER

Legal Services	Planning, development and maintenance of roads, streets and storm water infrastructure	Sport, Recreation, Arts and Culture	Budget and Reporting
Labour Relations			Asset management
Council Support			Contract Management
Information & Communications	Planning, operation and maintenance of water reticulation system and sewerage treatment infrastructure		Risk management and internal controls
Technology (ICT)	Management of civil engineering contracts and projects		



## CHAPTER





# CHAPTER

## COMPONENT B: INTERGOVERNMENTAL RELATIONS

### INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

The SRVM IGR structure is functional, and it meets once per quarter. It is under the Municipal Manager's office, and it is chaired by the Mayor or the Speaker in his absence. SRVM participates in the local, district and provincial IGR structures. The effectiveness of the forum can be measured by great attendance by sector departments, the private sector and other community stakeholders and successful partnerships in developmental projects.

#### 2.3 INTERGOVERNMENTAL RELATIONS

##### PROVINCIAL INTERGOVERNMENTAL STRUCTURE

SRVM participates in the following Provincial Intergovernmental Relations:

- Premiers Coordinating Council
- Political MUNIMEC comprising Province and all local municipalities in the Eastern Cape
- Provincial Speakers' Forum
- Provincial Communicators' Forum

##### RELATIONSHIPS WITH MUNICIPAL ENTITIES

At a local level the municipality has still some challenges of which some are a competency of sector departments. These challenges are recurring since the previous financial year:

- Sewer pipe connections for housing development which result in sewer overflow.
- Poor road infrastructure
- Housing development
- Land for emerging stock farmers.
- Formalization of informal settlements



## CHAPTER

- Land audit and access to land for development
- Formal clinic for Enon-Bersheba community

### **DISTRICT INTERGOVERNMENTAL STRUCTURES**

We further participate in the following District Intergovernmental Relations:

- IGR Forum
- IDP Representative Forum
- District Support Team
- District Mayors' Forum
- Municipal Managers' Forum
- Chief Financial Officers' Forum
- District Wide Infrastructure Forum
- District Communicators' Forum

## **COMPONENT C: PUBLIC ACCOUNTABILITY AND PARTICIPATION**

### **OVERVIEW OF PUBLIC ACCOUNTABILITY AND PARTICIPATION**

The municipality holds public meetings where the IDP is presented and take comments or inputs from community members on the services they would like to receive in each financial year. Ward Councillors also hold meetings in their respective wards to provide feedback and listen to the needs of their communities. There is an official Facebook page where the municipality posts about its service delivery programmes, notices about service delivery challenges and any other relevant information. The municipality is also making use of WhatsApp line to receive complaints and general enquiries.

### **2.4 PUBLIC MEETINGS**



## CHAPTER

### COMMUNICATION, PARTICIPATION AND FORUMS

The municipality holds public meetings where the IDP is presented and take comments or inputs from community members on the services they would like to receive in each financial year. These meetings are hosted in all wards. There is an official Facebook page where the municipality posts about its service delivery programmes, notices about service delivery challenges and any other relevant information. The municipality is also making use of WhatsApp line to receive complaints and general enquiries.

Due to budget constraints, the municipality is unable to purchase space in the media to communicate its programmes, however, to mitigate this the Communications Unit utilizes news coverage to communicate its programmes. Media entities we have relations with include the SABC, Mpuma Kapa TV, Nkqubela FM, and Herald newspaper which runs print and online. We do not have a website due to technical issues, but our IT is in the process of procuring a new website which assist in amplifying the voice of the municipality.

The municipality produces information pamphlets and posters which are distributed to public spaces and posted in visible places across the Valley. During emergencies we also communicate through loud hailing.

### WARD COMMITTEES

The function of ward committees resides with the Office of the Speaker. Corporate Services' department is responsible for secretariat services of ward committee meetings. The schedule of ward committee meetings was developed. Notices are sent out for the meeting. There are minutes and attendance registers for the meetings that set.

List of meetings.

#### COMMENT ON THE EFFECTIVENESS OF THE PUBLIC MEETINGS HELD:

- There is poor attendance in some wards by community members.
- Some members of the ward committees are not active in the community and the forums they represent are not holding them accountable.
- Not all issues of ward committees find expression to council.
- Some ward councilors are not holding feed-back meetings in their constituencies.



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The implementation of civic education programmes remains a challenge with officials clashing with Ward Councillor's / Speaker on their roles and functions and this needs to be addressed. The Public Participation Units is not fully staffed, and this remains a challenge which impacts the unit's ability to conduct its function effectively.

### 2.5 IDP PARTICIPATION AND ALIGNMENT

IDP Participation and Alignment Criteria*	Yes/No
Does the municipality have impact, outcome, input, output indicators?	Yes
Does the IDP have priorities, objectives, KPIs, development strategies?	Yes
Does the IDP have multi-year targets?	Yes
Are the above aligned and can they calculate into a score?	Yes
Does the budget align directly to the KPIs in the strategic plan?	Yes
Do the IDP KPIs align to the Section 57 Managers	Yes
Do the IDP KPIs lead to functional area KPIs as per the SDBIP?	Yes
Do the IDP KPIs align with the provincial KPIs on the 12 Outcomes	Yes
Were the indicators communicated to the public?	Yes
Were the four quarter aligned reports submitted within stipulated time frames?	Yes, miss deadline

\* Section 26 Municipal Systems Act 2000

## COMPONENT D: CORPORATE GOVERNANCE

### OVERVIEW OF CORPORATE GOVERNANCE

### 2.6 RISK MANAGEMENT

To achieve of Municipal objectives



## CHAPTER

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-The executive management will at any time know where & what are the critical risks within the municipality.

-To enhance informed decision-making processes.

-To ensuring compliance with laws and regulations

-To close of gaps that can slow the processes.

-To reduces operational surprises and losses.

-To manage resources effectively.

**Following are the top five risks identified in the Municipality.**

- 1 Inability to maintain electricity infrastructure.
- 2 Lack of contract agreement with chemical suppliers and water testing laboratory
- 3 Ineffective waste management
- 4 Noncompliance with legislation and bylaws by the municipality
- 5 Poor bylaw enforcement

### **2.7 ANTI-CORRUPTION AND FRAUD**

The municipality developed fraud prevention plan that is in draft stage, and it require approval by Council.

Following are the key fraud risk areas identified within the municipality.

- 1 SCM
- 2 Asset management
- 3 Human resources and Payroll
- 4 Revenue management
- 5 Expenditure management
- 6 Fleet management
- 7 ICT

There were processes/ controls put in place to manage or mitigate risks occurrence on the above areas which are:

Approved policy on Anti-Fraud and corruption

Segregation of duties

Firewall in place

Anti-virus in place

Approved Password Policy



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Approved ICT Strategy in place

'Tracking

Approved litigation policy

Trip authorities

Monthly monitoring of tracker reports

Logbooks

Overtime policy

HR officers to run operations.

It should be noted that during 2022.23 financial year Payroll staff was suspended due to fraud signals identified on the payroll run.

### **2.8 SUPPLY CHAIN MANAGEMENT**

The municipality has a Supply Chain Management Policy, and it incorporates the recent amendment of B-BEE Regulations which came into effect on the 1<sup>st</sup> of April 2017. The internal control environment is not so strong, and it needs some improvements.

All the bid committees are in place and sufficient warm bodies are employed to ensure adherence to procurement regulations. Training has been provided for SCM unit to capacitate officials ensuring improved service delivery.

### **2.9 BY-LAWS**

no by-laws were introduced during the year.

### **2.10 WEBSITES**

We do have a website, but it is not up to date. There is a lot of missing information because some of the options are not working. We are however in the process of creating a new and a modern website which will be more interactive and informative, and SCM processes will be followed in acquiring news website for the Municipality.

### **2.11 PUBLIC SATISFACTION ON MUNICIPAL SERVICES**



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There were no satisfaction surveys conducted in the current financial year. Generally, people are not satisfied with the services that the municipality is rendering. The evidence to that is received during community consultation on IDP ward priorities. More than 80% of ward priorities are issues that are recurring and not implemented. There is currently very minimal to no protest in SRVM. There are 3 outstanding petitions (Enon-Bersheba Petition, Zuney Petition, Nomathamsanga Petition. Petitions are directed to the Offices of the Speaker and Municipal Manager to ensure they are resolved. Petitioners are kept informed on the status of petitions on a regularly basis and after every Petitions Committee Meeting.

### CHAPTER 3 – SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART I)

#### INTRODUCTION

The Infrastructure & Planning Department is responsible for the service delivery of the Sundays River Valley Municipality. The Department comprises of the KPA's listed below:

Project Management Unit  
Water & Sanitation  
Roads & Stormwater  
Electricity  
Town Planning & Housing

The following are priority problems that need to be addressed as a matter of urgency.

Old, dilapidated, and Irreparable infrastructure (Roads & Stormwater, Water and Sewer Pipelines, Water & Sewer Treatment Works)

Poorly planned, poorly designed infrastructure (with inherent challenges)

Neglected infrastructure (due to poor or no maintenance and insufficient finances to eradicate the backlog.)

Services provided at a loss resulting in loss of revenue due to water losses and illegal electricity connections.

Vandalism to all Infrastructure assets (Water & Waste Treatment Works Plants, theft of high mast lights cables, Copper from overhead lines)

Rapid illegal growth of informal settlements due to population growth that is not catered for.



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No Land audit to identify pockets of land for development.

The Infrastructure Planning and Development is guided by the below strategic objectives:

Upgrade electricity network for future development

Ensure access and continuous supply of good quality water and sanitation to each user by 2030.

Ensure SRVM communities have access to good quality roads built according to applicable standards.

To ensure complaint reporting in all aspects of all grants.

To promote programmes of shared economic growth, land redistribution and general economic redress for the poor and disenfranchised.

To enhance internal capacity in order to improve service delivery performance.

The Infrastructure Planning and Development had the below Capital Projects in 2022/2023 as part of the MIG, WSIG, INEP & EPWP grants

Project Name	Contractor Name	Consultant Name	Funder	Budgeted In 2022/23	Status Quo
Upgrading of Roads & Stormwater in Enon and Bersheba – Phase 2	N/A	LA Consultant Engineers	MIG	R 1 164 276	The procurement process was started in 2022/2023. The construction phase will begin in the next 2023/2024.
Upgrading of Sewerage Network in Paterson Phase 2	Excellect CC	Bosch Projects	MIG	R 1 604 947	The project was completed in 2021/2022. The only outstanding issue was retention monies.
Upgrading of Emsengeni Taxi Loop - Phase 2	ZamaZondo	LA Consultants	MIG	R 4 427 878	Project is in practical completion.



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Construction of Multi- Purpose Sports Recreational Facility in Nomathamsanqa in Addo	Matela Civil and Construction	Melokuhle Management	MIG	R 16 637 419	Project is in construction phase.
Construction of a New Community Hall in Moses Mabhida	ZKS Projects	Buchule Engineers	MIG	R 11 272 148	Project is in construction phase.
Upgrading of Sewerage Network in Addo (Budget Maintanance)	Excellect CC	Bosch Projects	MIG	R 1 616 059	The project was completed in 2021/2022. The only outstanding issue was retention monies
Augmentation of Bulk and Distribution of Water Infrastructure to the Valleys of Enon and Bersheba	Ikhono Projects	LA Consultants Engineers	MIG	R 563 023	The project was completed in 2021/2022. The only outstanding issue was retention monies
Refurbishment of Enon and Bersheba Water Borne Sanitation- Phase 1	ZKS Projects	Black Mountain Engineers	MIG	R 8 500 000	The procurement phase started in 2022/2023, the construction is scheduled to start in 2023/2024. As the contractor will be appointed in the



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					2023/2024 financial year.
Emergency flood works in Vygie and Adam Street	N/A	LA Consultant	MIG	R5 560 000	. Construction in progress.
Zinyoka Electrification	N/A	Vokon	INEP	R 6 512 000	Project completed. Awaiting outage from Eskom.
15 km Zinyoka MV Line	N/A	Vokon	INEP	R 4 000 0000	Phase 1-4 is completed. Phase 4-6 is outstanding.
Electrification of Aqua Park Household	N/A	Vokon	INEP	R 7 036 000	In progress. Received additional funding hence the implementation.
Kirkwood WWTW - Green Drop Reprioritization	N/A	Lech Consultants	WSIG	R17039380,20	In construction phase will be completed in the 2023/2024 year.
Nomathamsanqa: Completion of Water Backlogs	N/A	Bosch Projects	WSIG	R 2 96 619,80	Complete
Installation of Bulk and Domestic Water Meters in Kirkwood and surrounding Area	N/A	LA Consultants	EPWP	R 700 000	Complete
Refurbishment and Maintenance of all Municipal Buildings	N/A	N/A	EPWP	R 506 000	Complete

### 2023/2024 Capital Projects



## CHAPTER

Sundays River Valley Municipality will receive **R 27 920 000.00** to implement its capital commitments. Below are the projects to be implemented:

MIS NUMBER	PROJECT NAME	MIG AMOUNT REGISTERED (Rands)	BUDGETED IN 2023/24
EC2017/18/03/ 23	Upgrading of Roads & Stormwater in Enon and Bersheba – Phase 2	R 24 354 663,94	R 7 099 521
CS/EC/2020/2 1/11/67	Construction of Multi- Purpose Sports Recreational Facility in Nomathamsanqa in Addo	R 24 337 418,58	R 3 625 496
CS/EC/2020/2 1/11/68	Construction of a New Community Hall in Moses Mabhida (Budget Maintenance)	R 23 480 697.00	R 2 000 000
EC/2021/22/12 /147	Refurbishment of Enon and Bersheba Water Borne Sanitation- Phase 1	R 13 948 110,00	R 6 032 129
R/EC/19575/2 1/22	Emergency flood works in Vygie and Adam Street	R 8 861 405,00	R 700 000
EC/2022/23/11 /155	Infrastructure Asset Management	R 1 500 000,00	R 550 000
R/EC/20298/2 4/25	Construction of Roads and Stormwater in Paterson	R 14 875 965,00	R 1 466 804
N/A	PMU Administration	R 1 496 050,00	R 1 496 050.00
<b>TOTAL</b>			<b>R 27 920 000</b>



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### **Water & Sanitation**

The municipality is both a water services authority and water services provider. The municipality is in a process of reviewing the WSDP as per Water Services Act 108 of 1997. Sarah Baartman District Municipality is assisting the Sundays River Valley Municipality & other local municipalities in reviewing a Water Services Development Plan and will be submitted to for Council approval. According to the 2016 community survey, SRVM population is approximately 59794 people within 17222 households (HH) residing within the Sunday's River Valley Local Municipality. The average number of people per HH is 3,5.

SRVM is responsible for ensuring that efficient, quality, affordable, economical, and sustainable water services is accessible to all the communities.

Kirkwood & Surroundings: Water is purchased from the Lower Sundays River Water Users Association to a raw water catchment storage. Raw Water is then pumped to the Kirkwood Water Treatment, Addo Nomathamsanqa, Enon-Bersheba Plants where it is purified as per SANS Standard 241: 2015 of drinking water. Purified Water is then stored in reservoirs for distribution to the Kirkwood Town, Bergsig, Aqua Park, Moses Mabida and Emsengeni Communities.

- Addo & Paterson: Raw water from the canal is channeled into Caesar's Dam. From Caesar's Dam raw water is pumped to the Addo Water Treatment Plant where it is purified to SANS Standard 241:2015 for drinking water. Purified Water is then pumped into reservoirs and distributed to Addo Town, Nomathamsanqa, Noluthando, and Langbos. The same water is also pumped to Paterson through a 35km rising main and then stored in retention reservoir and elevated tower.
- Enon & Bersheba: Raw water from the canal is channeled into the Dam water is gravitated into the Enon/Bersheba Water Treatment Plant where it is purified as per SANS 241:2015 of drinking water standard. Purified water is pumped into water reservoirs where it is stored and gravitated to Enon and Bersheba Communities.
- Glenconnor: Raw water is pumped from the boreholes to elevated tank, treated, and distributed to communal standpipes.



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- Kleinpoort: Raw water is pumped from the boreholes to elevated tank, treated, and distributed to communal standpipes.
- Zuney: Raw water is pumped from the boreholes to elevated tank, treated, and distributed to communal standpipes.

The SRVLM has identified the following challenges with respect to water provision and supply:

- Kirkwood WTW: - Currently under capacity due to population growth. - Raw water storage capacity is insufficient, and unable to sustain for a period more than 48hours - Clean Water Storage Reservoirs not sufficient to last for a period more than 48 hours. This results in water shedding; however, Department of Water & Sanitation have initiated an augmentation project to address water shortages.
- Paterson Bulk Water Supply: The Paterson Bulk is still problematic due to Caesars water treatment works project that is incomplete.
- Enon & Bersheba Bulk Reticulation: Enon and Bersheba is serviced with poorly align bulk and distribution pipe system which leads to low pressures, high pressures, and inherent pipe bursts.

### Bulk Water Supply Analysis

- Exponential Growth of Greenfields & Informal Settlements: Due to growing levels of informal settlements the valley generally has been challenged to meet the infrastructure requirements.

NO.	TOWN	TOTAL WATER DEMAND	TOTAL WATER SUPPLY
1.	Kirkwood	7.0 ML/ day	4,0 ML/day
2.	Addo	9,5 ML/day	5,0 ML/day
3.	Enon Bersheba	3,2 ML/day	3,3 ML/day

### POTABLE BULK WATER SUPPLY

### STATUS OF BOREHOLES



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NO.	BOREHOLE NAME	SAFE SUSTAINABLE YIELD (L/S)	OPERATIONAL (YES/NO)	COMMENTS
<b>PERSTON</b>				
1.	Glenconnor	0.56	Yes	Borehole has high levels of calcium and magnesium. Functional Functional
2.	Kleinpoort	0.86	Yes	
3.	Zuney	1.94	Yes	
4.	Paterson X5	0.94	Not operational	Due to cable theft & vandalism it is now non-functional, however a business proposal has been submitted for funding.  Functional
5	Bergsig	1.2	Yes	

The Sundays River Valley Municipality's Green Drop Score currently stands at 0% due to dysfunctional wastewater treatment works and the score for Blu drop is 68% which is below the required 95%. The Process Controllers and plumbers are in training with LGSETA facilitated by Sarah Baartman district municipality and this will improve the blue drop status. The WSDP is being reviewed for approval by Council and it will be implemented, and this will improve the blue drop status score.

The Sunday Rivers Valley Green Drop Improvement Plan (GDIP) provides a system-specific work-plan to improve the Green Drop score of each of the 4 wastewater systems which are:

- **Kirkwood:** Kirkwood services the Greater Kirkwood WWTW which is located south of Moses Mabida. This works now serves the whole of the town as the old Kirkwood WWTW was decommissioned. A pump station at the old Kirkwood WWTW pumps the sewage from Kirkwood to the WWTW at Moses Mabida.
- **Addo & Surrounds:** The WWTW in Addo consists of a large oxidation pond with a single floating aerator.



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- Paterson: Paterson is served by oxidation ponds with a design capacity of 0.5ml/day.
- Enon & Beersheba: The WWTW in Enon/Bersheba consists of 7 evaporation ponds situated on the outskirts of the town.

### **Green drop score improvement include:**

The refurbishment of Kirkwood WWTW is underway.

The project will include construction of emergency ponds at Kirkwood WWTW with all security measures.

Construction of gravity Wastewater ponds in Addo and include both water and sewer bulk and internal reticulation.

Refurbishment of Enon and Bersheba water borne sanitation -phase 1

Construction of Langboos and Molly Outfall Sewer

Development of Infrastructure and equipment Maintenance plan that includes preventative, planned and daily maintenance.

### **Blue drop score improvement include:**

Implementation and monitoring of Water Safety Development Plan.

Training of Process Controllers and plumbers through LGSETA facilitated by Sarah Baartman District Municipality

SANS 241:2015 compliance

Water purification Chemical compliance

Water and wastewater infrastructure maintenance implementation.

Compliance Status	Interventions	
	Short Term	Long Term



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Green Drop Score (2021/2022) = 0 % Lack of Infrastructure within informal settlements and ageing infrastructure	The refurbishment of Kirkwood WWTW is underway. Business Plans to be submitted for funding proposals	The project will include construction of emergency ponds at Kirkwood WWTW with all security measures. Implement projects and make sure that all SRVM communities have access to basic services
Blue Drop PAT Score 2021= 68 %	All Treatment Works have been Classified. Calibration of Inflow Meter to be done in 23/24. Review and implementation of Water Safety Plan O & M implementation in all WTW	Compliance in all WTW Upgrade of Kirkwood Raw water storage reservoirs through RBIG

### Roads & Stormwater

#### 2.2.4 Roads and Stormwater

##### **Road Network Serving the Sundays River Valley Local Municipal Area**

The road network within the Sundays River Valley Local Municipal Area falls under the jurisdiction of three (3) authorities, namely:

- South African National Roads Agency Limited (SANRAL), who is responsible for National Route N10, N2, R72, R75, R336 and R335, and R342 which traverses the area. SANRAL is currently in the process of upgrading R335, R336 & R342
- Eastern Cape Department of Transport, who is responsible for provincial trunk, main, district and minor roads within the farm area; and
- The SRVLM, who is responsible for all municipal roads.

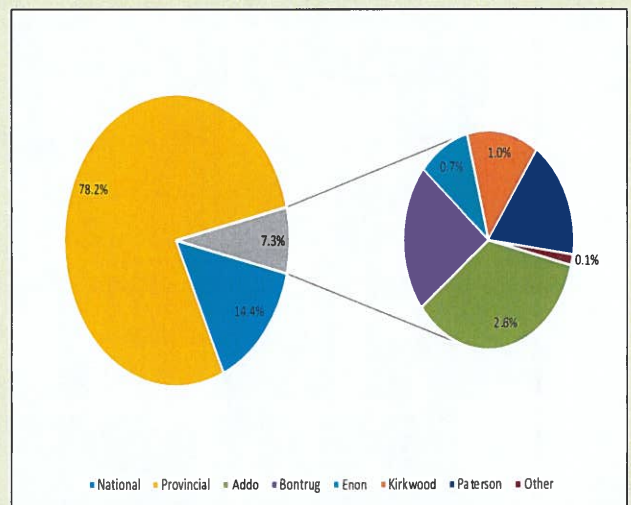
The paved and unpaved road network within the Sundays River Valley Local Municipal Area, together with the relevant road authority, is indicated in **Table 1** and **Figure 1** below.



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**Table 1: Length of Road by Authority in the Sundays River Valley Local Municipal Area**

Road Authority	Road Length (km)	Percentage
National (SANRAL)	274.0	14.4%
Provincial	1 485.8	78.2%
<b>Sub-Total</b>	<b>1 759.8</b>	<b>92.7%</b>
Municipal (Sundays River Valley LM)		
Addo	50.0	2.6%
Bontrug	30.1	1.6%
Enon	13.8	0.7%
Kirkwood	19.0	1.0%
Paterson	24.3	1.3%
Other	2.2	0.1%
<b>Sub-Total</b>	<b>139.3</b>	<b>7.3%</b>
<b>Total</b>	<b>1899.1</b>	<b>100.0%</b>



**Figure 1: Length of Road (%) by Authority in the Sundays River Valley Local Municipal Area**

### Municipal Road Network

The total road network within the Sundays River Valley Local Municipal Area and under the jurisdiction of the municipality consists of **139.3km**, of which **42.7km (or 30.6%)** are Paved roads.

Paved roads comprise flexible (tar), block and concrete roads. Unpaved roads comprise gravel and earth (in-situ) roads as well as tracks.

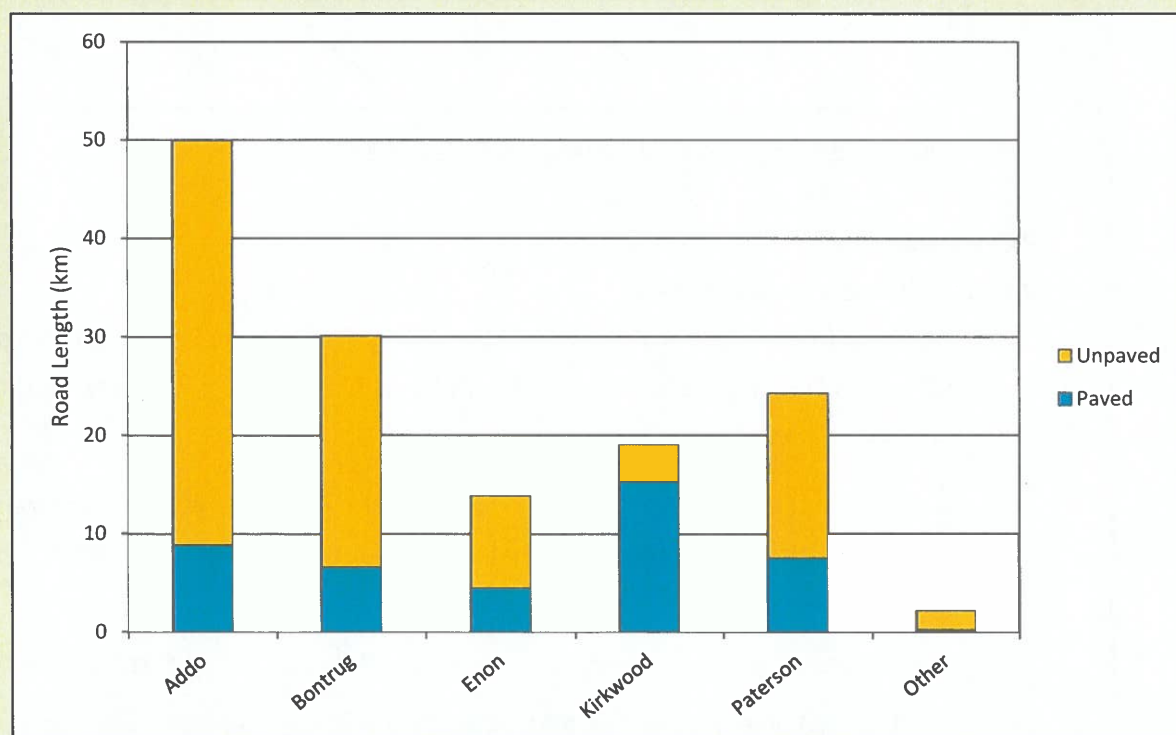
**Table 2** and **Figure 2** to **Figure 3** below indicate the length of the road network under the jurisdiction of the SRVLM by Road Type.



## CHAPTER

**Table 2: Length of Road (km) per Surface by Town**

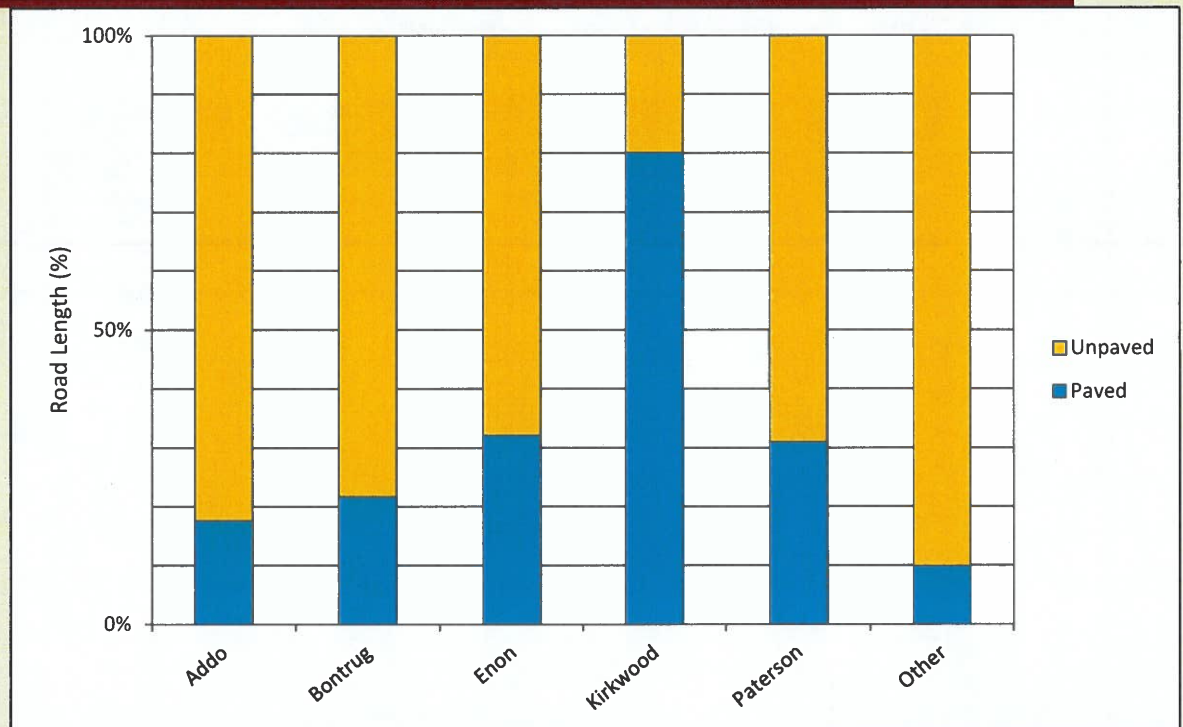
Town	Municipal Road Length (km)		
	Paved	Unpaved	Total
Addo	8.8	41.2	50.0
Bontrug	6.5	23.6	30.1
Enon	4.4	9.4	13.8
Kirkwood	15.2	3.8	19.0
Paterson	7.5	16.8	24.3
Other	0.2	2.0	2.2
<b>Total</b>	<b>42.7</b>	<b>96.7</b>	<b>139.3</b>
<b>Percentage</b>	<b>30.6%</b>	<b>69.4%</b>	<b>100.0%</b>



**Figure 2: Length of Road (km) per Surface by Town**



## CHAPTER



**Figure 3: Length of Road (%) per Surface by Town**

### PAVED ROADS

#### Visual Condition Assessments

The condition of the Flexible Road network was visually assessed using the draft TMH 9 method. The assessment consists of ratings for surfacing, structural and functional conditions where:

- the surfacing condition is related to its quality as a suitable riding surface for traffic and as an impermeable layer that prevents the ingress of water into the pavement structure.
- the structural condition corresponds to its ability to withstand traffic loads; and
- the functional condition is a measure of the level of service currently provided by the pavement to the road user.

#### Current Visual Condition (2023)

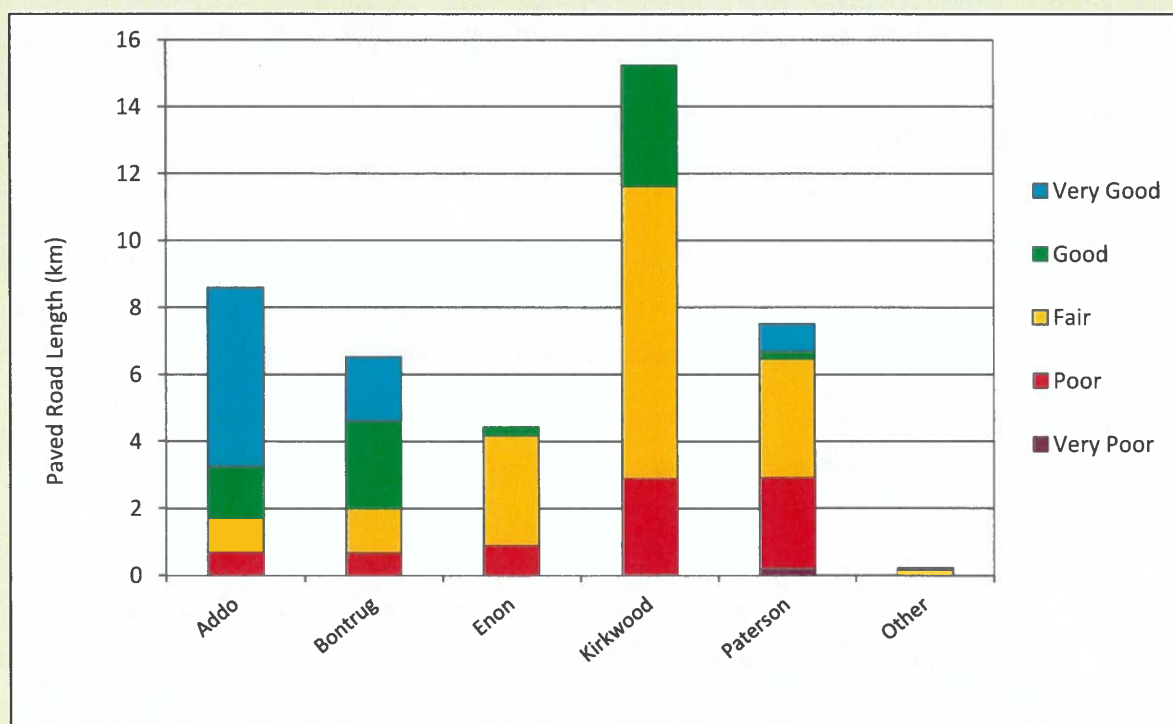


## CHAPTER

The condition of the paved municipal roads, as calculated from the latest visual assessments, grouped by town, is presented in **Table 3** and **Figure 4** to **Figure 5** below.

**Table 3: Length of Paved Road (km) per Condition Category by Town**

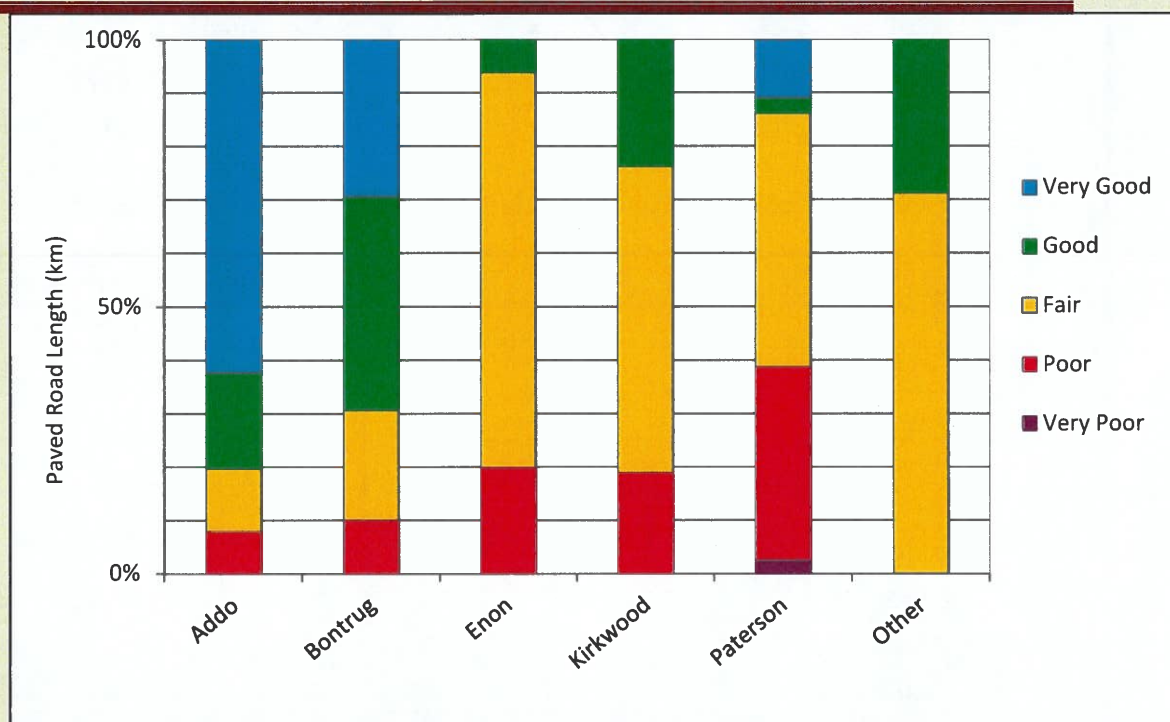
Town	Paved Road Condition: Road Length (km)					Total Length
	Very Good	Good	Fair	Poor	Very Poor	
Addo	5.4	1.5	1.0	0.7	0.0	8.6
Bontrug	1.9	2.6	1.3	0.6	0.0	6.5
Enon	0.0	0.3	3.3	0.9	0.0	4.4
Kirkwood	0.0	3.6	8.7	2.9	0.0	15.2
Paterson	0.8	0.2	3.6	2.7	0.2	7.5
Other	0.0	0.1	0.2	0.0	0.0	0.2
<b>Total</b>	<b>8.1</b>	<b>8.3</b>	<b>18.1</b>	<b>7.8</b>	<b>0.2</b>	<b>42.5</b>
<b>Percentage</b>	<b>19.0%</b>	<b>19.6%</b>	<b>42.6%</b>	<b>18.4%</b>	<b>0.4%</b>	<b>100.0%</b>



**Figure 4: Length of Paved Road (km) per Condition Category by Town**



## CHAPTER



**Figure 5: Length of Paved Road (km) per Condition Category by Town**

### MAINTENANCE

#### Categories

The VCI together with trigger values for degree and extent ratings of specific distress items were processed and revealed that different road links required different types of maintenance varying from routine to rehabilitation. Project types identified include:

- Preventative Maintenance.
- Special Maintenance; and
- Rehabilitation.

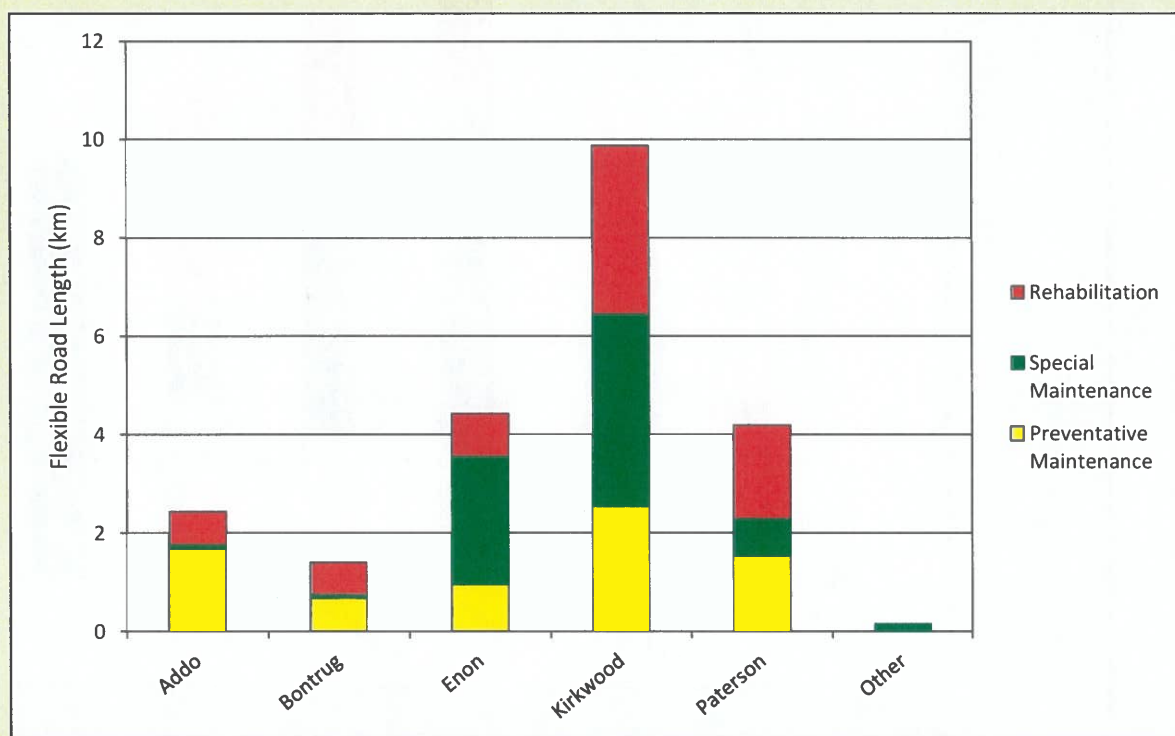
A summary of the Rehabilitation, Special Maintenance and Preventative Maintenance needs for the paved (flexible) roads, grouped by town, is presented in **Table 4** to **Table 5** and **Figure 6** to **Figure 7** below.



## CHAPTER

**Table 4: Length of Flexible Road (km) per Need Category by Town**

Town	Flexible Need Categories: Road Length (km)			
	Rehabilitation	Special Maintenance	Preventative Maintenance	Total
Addo	0.7	0.1	1.7	2.4
Bontrug	0.6	0.1	0.7	1.4
Enon	0.9	2.6	0.9	4.4
Kirkwood	3.4	3.9	2.5	9.9
Paterson	1.9	0.8	1.5	4.2
Other	0.0	0.2	0.0	0.2
<b>Total</b>	<b>7.5</b>	<b>7.6</b>	<b>7.4</b>	<b>22.5</b>
<b>Percentage</b>	<b>33.5%</b>	<b>33.8%</b>	<b>32.8%</b>	<b>100.0%</b>



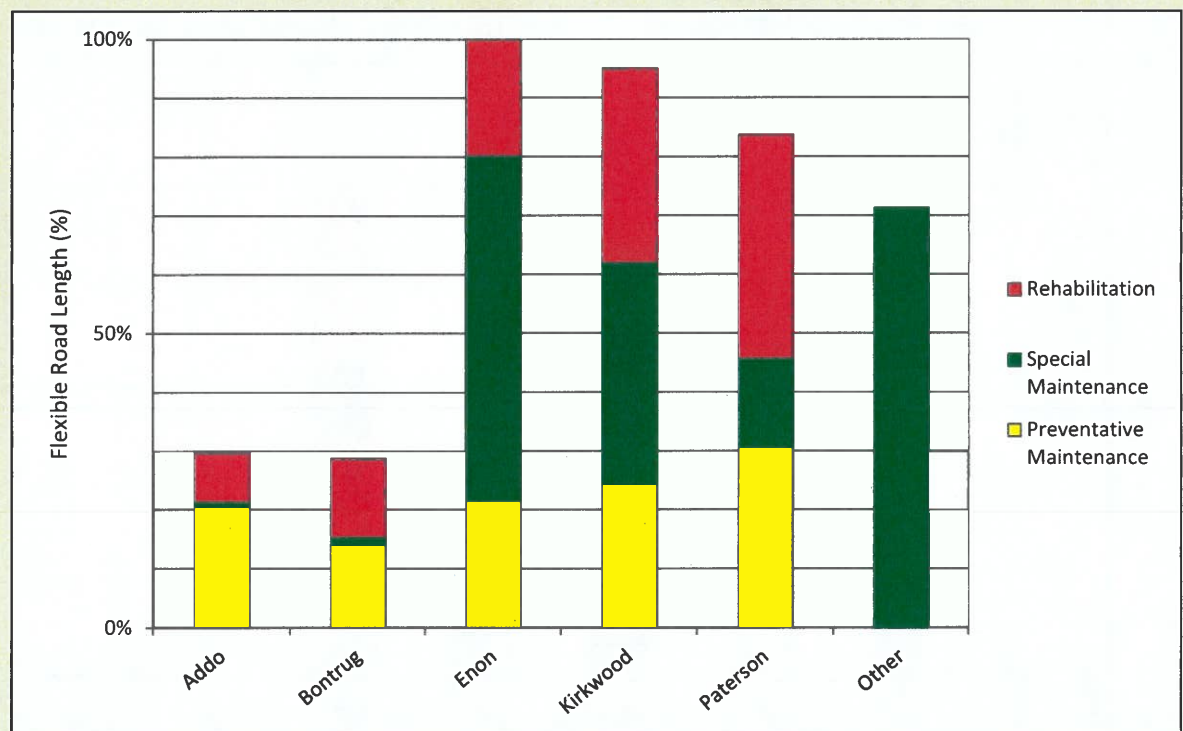
**Figure 6: Length of Flexible Road (km) per Need Category by Town**



## CHAPTER

**Table 5: Length of Paved Road (%) per Need Category by Town**

Town	Flexible Need Categories: Road Length (%)			
	Rehabilitation	Special Maintenance	Preventative Maintenance	Total
Addo	8%	1%	20%	30%
Bontrug	13%	1%	14%	29%
Enon	20%	59%	21%	100%
Kirkwood	33%	38%	24%	95%
Paterson	38%	15%	31%	84%
Other	0%	71%	0%	71%
<b>Total</b>	<b>23%</b>	<b>23%</b>	<b>22%</b>	<b>68%</b>



**Figure 7: Length of Flexible Road (%) per Need Category by Town**



## CHAPTER

### UNPAVED ROADS

#### Visual Condition Assessments

##### Current Visual Condition (2023)

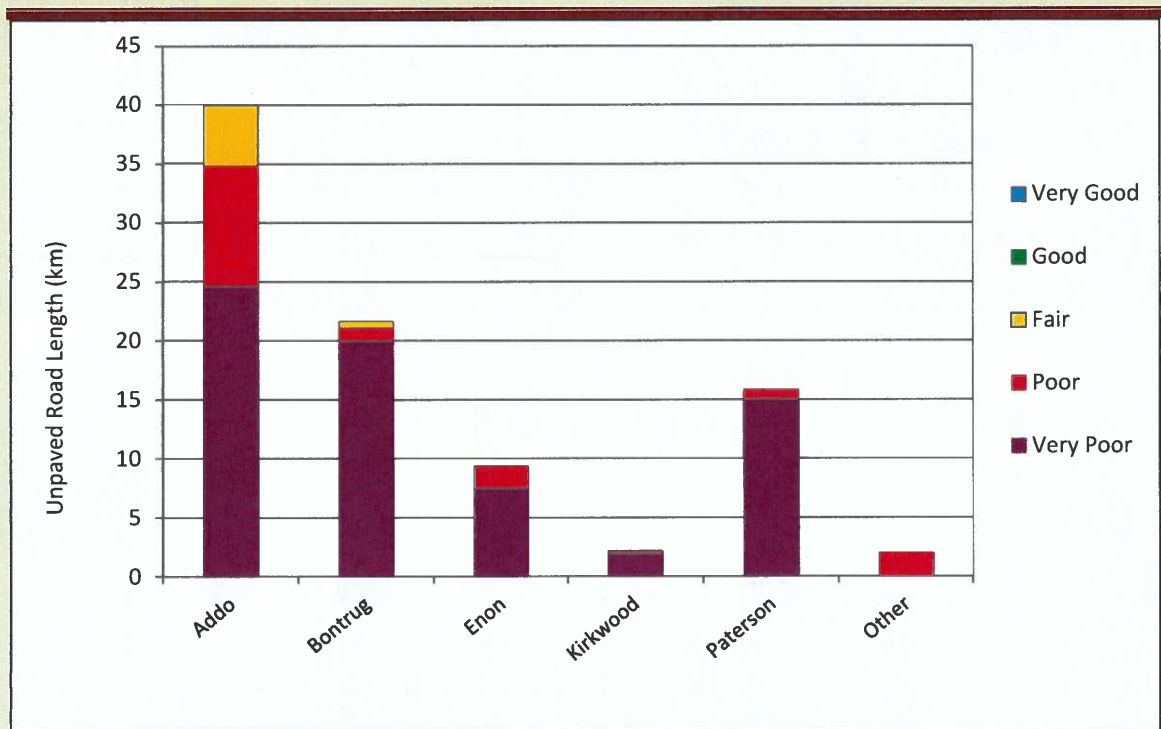
The condition of the unpaved municipal roads, as calculated from the latest visual assessments, grouped by town, is presented in **6** and **Figure 8** to **Figure 9**. The condition of all Tracks is reflected as very poor in the table and figure.

##### **6: Length of Unpaved Road (km) per Condition Category by Town**

Town	Unpaved Road Condition: Road Length (km)					Total Length
	Very Good	Good	Fair	Poor	Very Poor	
Addo	0.0	0.0	5.2	10.2	24.6	40.0
Bontrug	0.0	0.0	0.6	1.0	20.0	21.6
Enon	0.0	0.0	0.0	1.9	7.4	9.3
Kirkwood	0.0	0.0	0.0	0.3	1.9	2.2
Paterson	0.0	0.0	0.0	0.8	15.0	15.8
Other	0.0	0.0	0.0	2.0	0.0	2.0
<b>Total</b>	<b>0.0</b>	<b>0.0</b>	<b>5.8</b>	<b>16.1</b>	<b>69.0</b>	<b>90.8</b>
<b>Percentage</b>	<b>0.0%</b>	<b>0.0%</b>	<b>6.3%</b>	<b>17.8%</b>	<b>75.9%</b>	<b>100.0%</b>



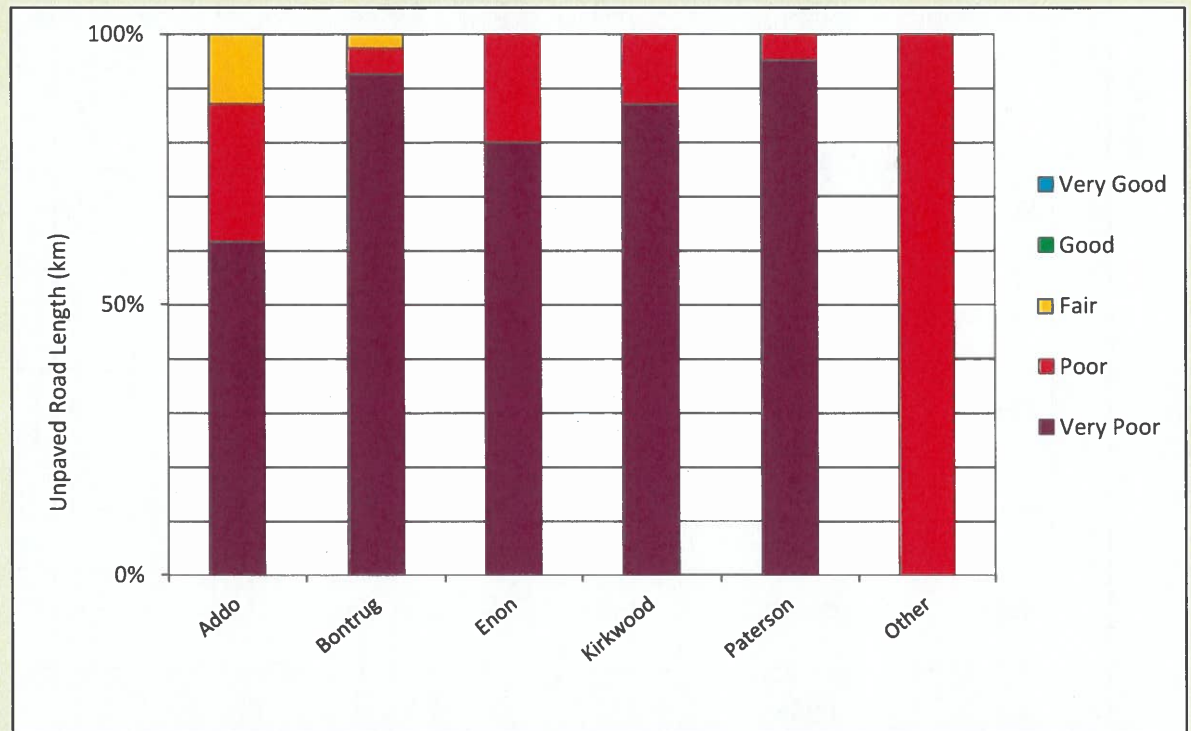
## CHAPTER





## CHAPTER

**Figure 8: Length of Unpaved Road (km) per Condition Category by Town**



**Figure 9: Length of Unpaved Road (%) per Condition Category by Town**

### 1. MUNICIPAL ROADS ASSESSMENT

#### KIRKWOOD/TOWN

8.5km assessed(paved)

STREET	DISTANCE (Apprx)	POTHOLES (mm dia)		W/D		RECON (m)	CRACKS (m)	COLLAPSE (m <sup>2</sup> )	EDGE BREAKS (m)
		5- 300	300- 3m	C1	C2				



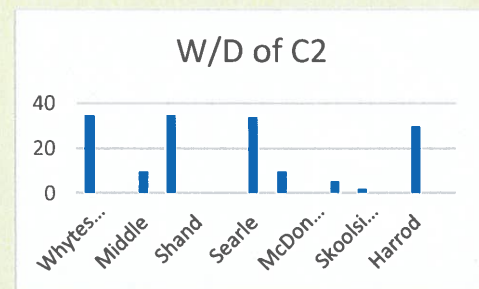
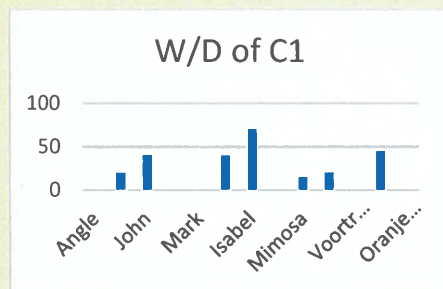
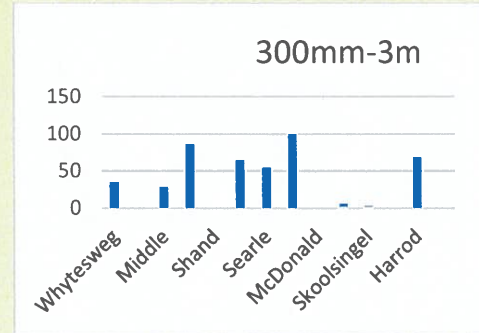
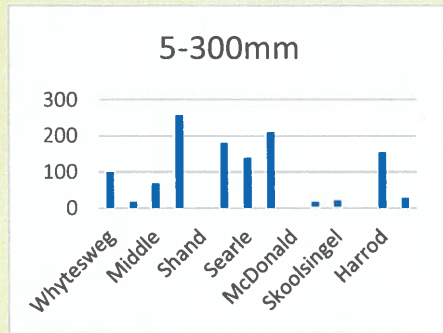
## CHAPTER

Whytesweg	1km	100	35	70	35	0	0	0	0
Angle	380m	20	0	0	0	0	0	0	0
Middle	550m	70	29	20	10	150	0	0	0
John	1km	256	86	40	35	1000	0	0	350
Shand	680m	0	0	0	0	0	0	0	0
Mark	330m	180	65	0	0	330	0	0	80
Searle	1km	140	55	40	34	310	0	0	0
Isabel	680m	210	99	70	10	680	0	0	0
McDonald	680m	0	0	0	0	680	0	0	0
Mimosa	500m	15	5	15	5	0	0	0	0
Skoolsingel	400m	20	2	20	2	0	0	0	0
Voortrekker	490m	0	0	0	0	490	0	0	0
Harrod	300m	153	69	45	30	300	0	0	0
Oranjesingel	570m	30	0	0	0	0	0	0	0



## CHAPTER

<b>TOTAL</b>	<b>8,5km</b>	<b>1194</b>	<b>445</b>		<b>6</b>	<b>3940</b>	<b>0</b>	<b>0</b>	<b>430</b>
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## CHAPTER



### NOTES

These type of roads are damaged 70-90% overall and potholes cannot be repaired.

These type of roads have been completed recently.

These type of roads are damaged 40-60% & potholes can be repaired.



## CHAPTER

### KIRKWOOD/BERSIG

1540m assessed(paved)

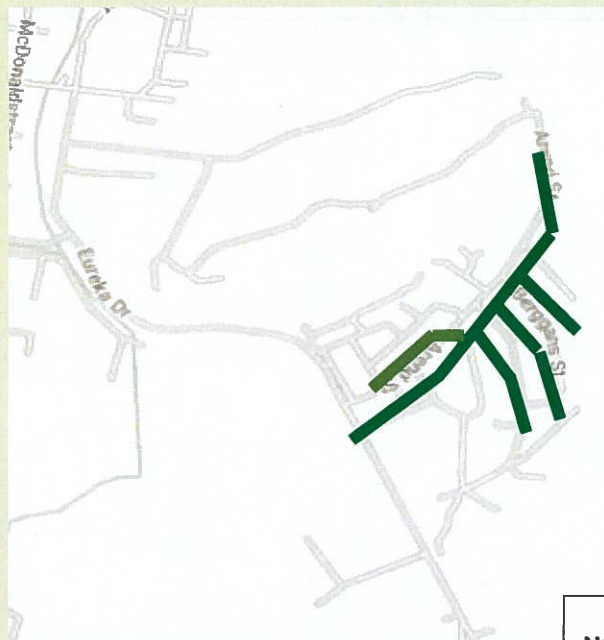
AREA	DISTANCE (APPRX)	POTHOLE(DIA )		W/D		RECON(M)	CRACKS (M)	COLLAPSE (M <sup>2</sup> )	EDGE BREAKS (M)
		5- 300mm	300- 3m	C 1	C2				
Arend	800	0	0	0	0	0	0	0	0
street 1	150	0	0	0	0	0	0	0	0
Berggans	290	0	0	0	0	0	0	0	0
street 2	300	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>1540</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**note:** These roads are paved with paving blocks and the remaining roads in this area are gravel roads that were either damaged beyond repair or never been constructed before.

- Gravel road(street blading: 10% done of routine maintenance as indicated on the map)



## CHAPTER



### NOTES

These roads have no potholes  
at the time of the assessment

Gravel road(street blading)  
(10% done of routine maintenance)

### KIRKWOOD/AQUA-PARK

1920m assessed(paved)



## CHAPTER

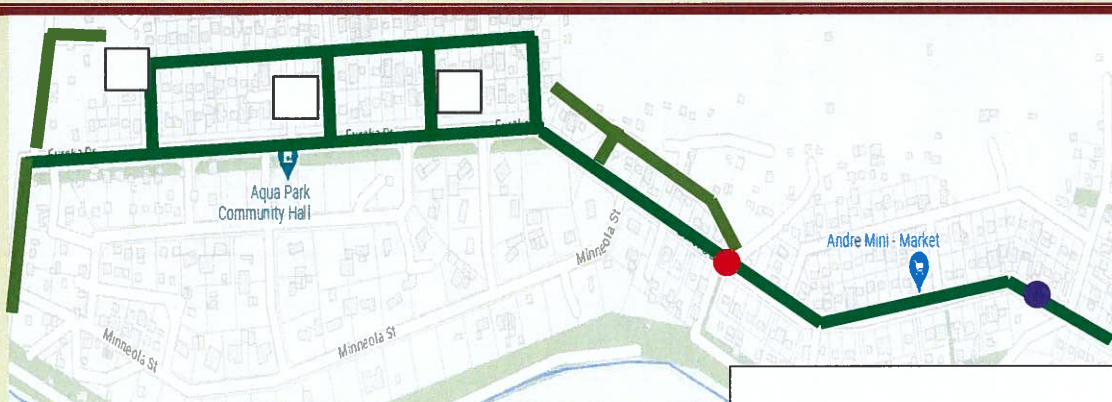
AREA	DISTANCE (APPRX)	POTHOLES(MM DIA)		W/D		RECON(M)	CRACKS (M)	COLLAPSE (M²)	EDG E BRE AKS (M)
		5-300	300- 3m						
Eureka drive	1800	0	1	0	0	0	0	0	0
street 1	60	0	0	0	0	0	0	0	0
street 2	60	0	0	0	0	0	0	0	0
TOTAL	1920	0	1	0	0	0	0	0	0

**note:** These roads are paved with paving blocks and the remaining roads in this area are gravel roads that were either damaged beyond repair or never been constructed before.

- 0% Done. Scheduled to be done.
- Gravel road(street blading: 1km done of routine maintenance as indicated on the map)



CHAPTER



NOTES

These roads have no potholes  
at the time of the assessment.

This area has a ponding  
challenge due to the road not  
having a stormwater inlet to  
channel the water away from  
the road.

This is as a result of  
water carnal in the area.

MOSES MABIDA



## CHAPTER

4950m assessed

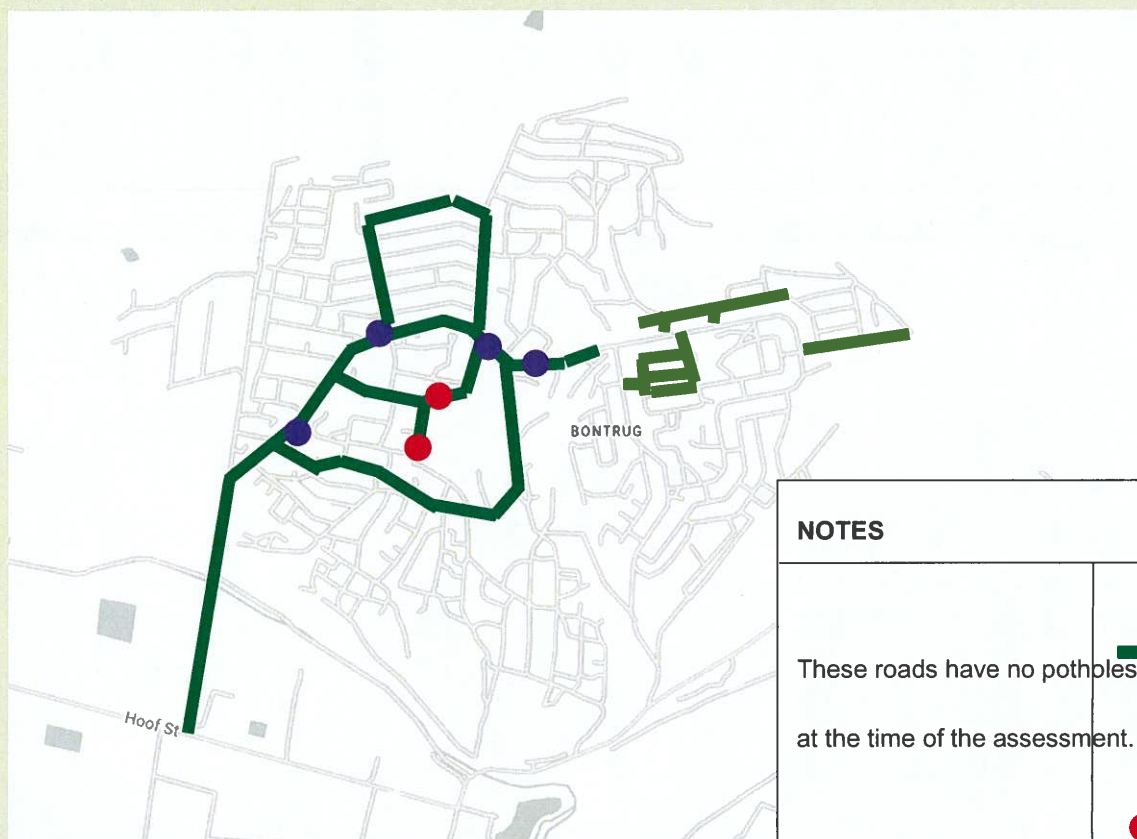
AREA	DISTANCE (APPRX)	POTHOLES(DIA)		W/D		RECON(M)	CRACKS (M)	COLLAPSE (M <sup>2</sup> )	EDGE BREAKS (M)
		5- 300mm	300-3m						
Entrance road	800	0	0	0	0	0	0	0	0
Chris Hani	2200	15	2	15	2	0	240	0	0
Taxi loop	1200	0	0	0	0	0	0	0	0
MG Tiyo	750	0	0	0	0	140	0	0	0
<b>TOTAL</b>	<b>4950</b>	<b>15</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>140</b>	<b>240</b>	<b>0</b>	<b>0</b>

**note:** These roads are paved with paving blocks(MG Tiyo and Taxi loop), asphalt/tar(Chris Hani and entrance road) and the remainder of the roads in this area are gravel roads that were either damaged beyond repair or never been constructed before.

- 100% potholes repaired at Chris Hani Road
- Gravel road(street blading: 1km done of routine maintenance as indicated on the map)



## CHAPTER



### NOTES

These roads have no potholes at the time of the assessment.

These are the sagging areas which require re-construction due to the severity of the damage

These are potholes that are Above 300mm dia. In size.

ENON/BERSHIBA



## CHAPTER

n/a assessed

AREA	DISTANCE (APPRX)	POTHOLE(DIA)		SAG (M <sup>2</sup> )	RECON(M )	CRACKS (M)	COLLAPSE (M <sup>2</sup> )	EDGE BREAKS (M)
		0- 300mm	300-3m					
N/A	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**note:** The area does not have paved roads or previously paved roads are damaged beyond recognition. All the roads are gravel roads.

gravel roads that were either damaged beyond repair or never been constructed before.



## CHAPTER

### ADDO/NOMATHAMSANQA

4300m assessed

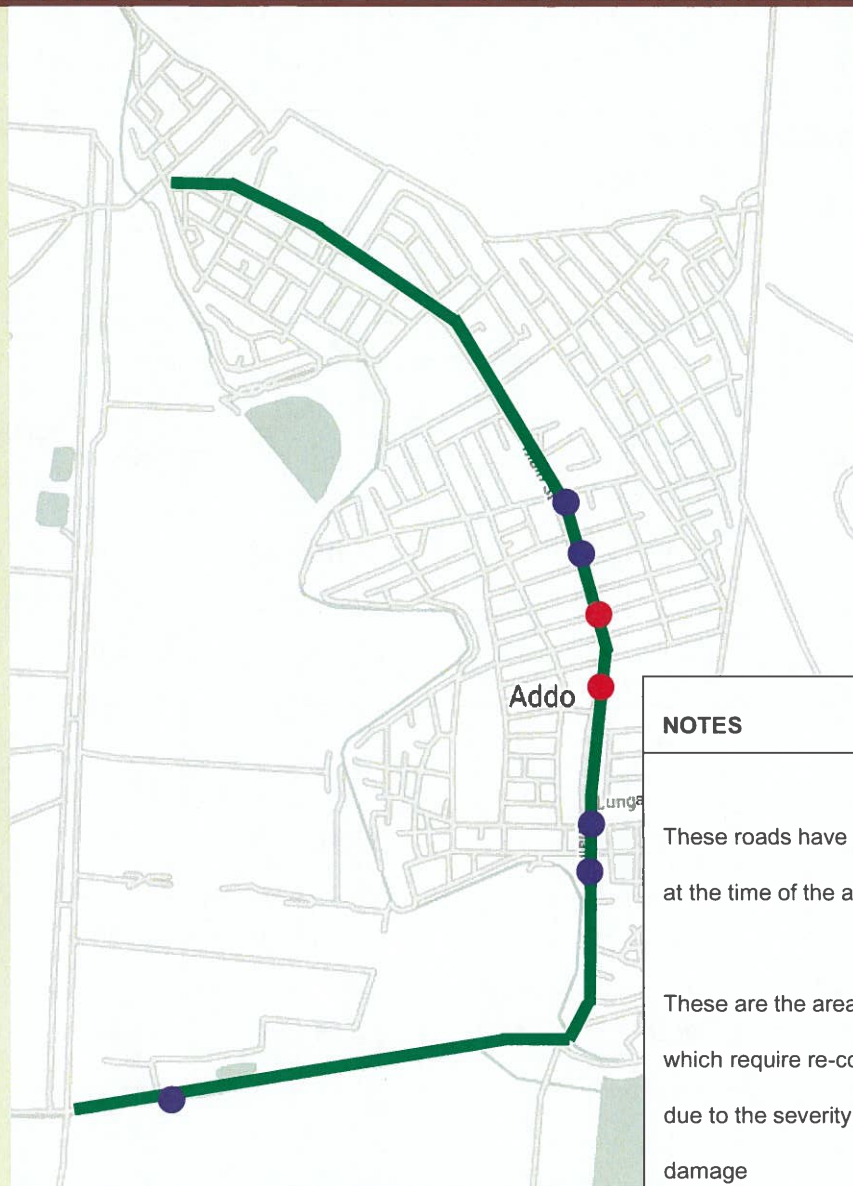
Area	distance (Apprx)	potholes(mm dia)		W/D		recon(m)	Cracks (m)	Collapse (m²)	Edge breaks (m)
		0-300	300-3m	C1	C2				
Nomathamsanqa									
Main road	4300	120	5	70	5	150	0	0	200
<b>TOTAL</b>	<b>4300</b>	<b>120</b>	<b>5</b>	<b>70</b>	<b>5</b>	<b>150</b>	<b>0</b>	<b>0</b>	<b>200</b>

**note:** The remainder of the roads are gravel roads.

- 58% of repairs done on C1 and 100% on C2



## CHAPTER



### NOTES

These roads have no potholes at the time of the assessment.

These are the areas which require re-construction due to the severity of the damage

These are potholes that are Above 300mm dia. In size.

POTHOLES



## CHAPTER

### ADDO/VALENCIA

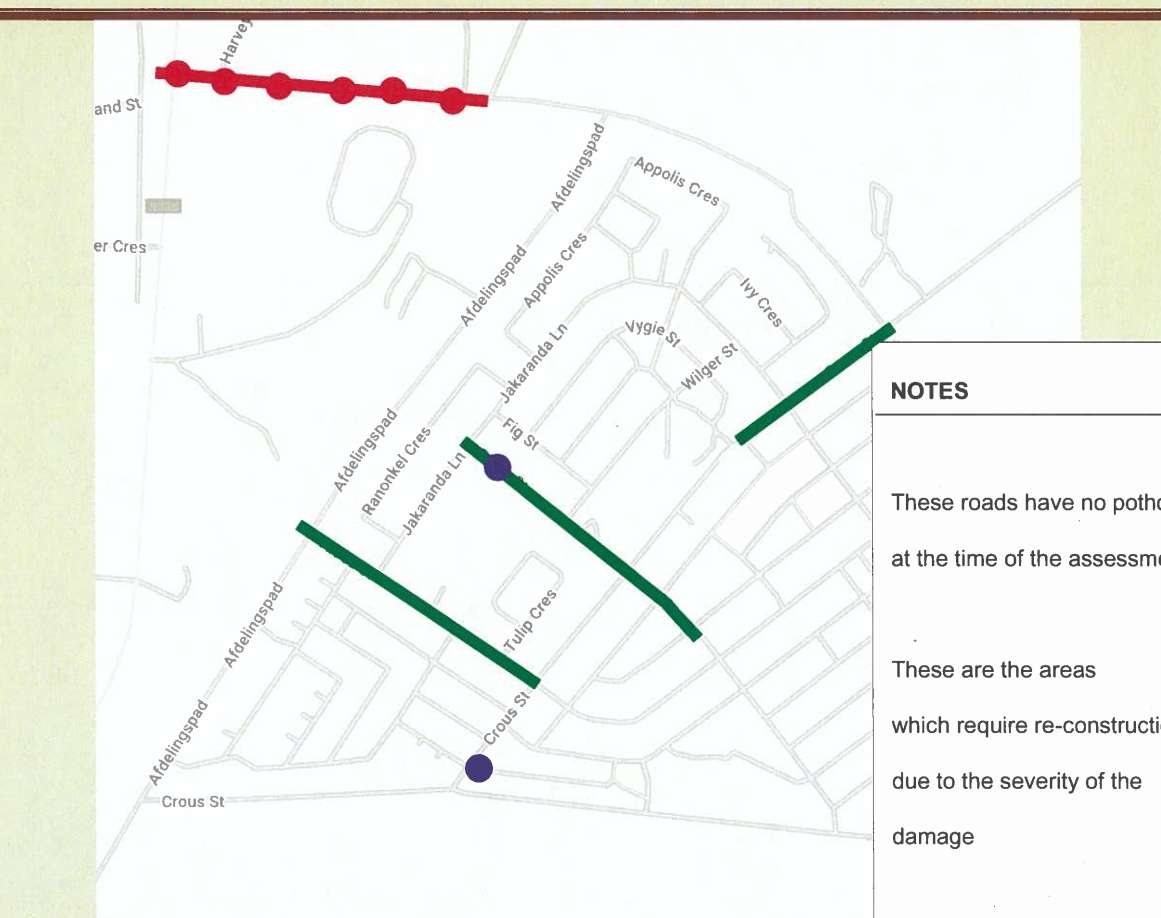
2530 assessed.

AREA	DISTANCE (APPRX)	POTHOLE(DIA)		W/D		RECON(M)	CRACKS (M)	COLLAPSE (M²)	EDGE BREAKS (M)
		0-300mm	300-3m						
				C1	C2				
Aloes	390	0	0	0	0	0	0	0	0
Billes	760	10	0	10	0	0	0	0	0
Entrance	450	16	9	16	9	450	0	0	900
Crous	930	0	0	0	0	60	60	180	200
<b>TOTAL</b>	<b>2530</b>	<b>10</b>	<b>5</b>	<b>26</b>	<b>9</b>	<b>60</b>	<b>50</b>	<b>180</b>	<b>200</b>

- 100% Done at Bellies street and Entrance road.



CHAPTER



NOTES

These roads have no potholes at the time of the assessment.

These are the areas which require re-construction due to the severity of the damage

These are potholes that are Above 300mm dia. In size.



## CHAPTER

### PATERSON

2227 assessed

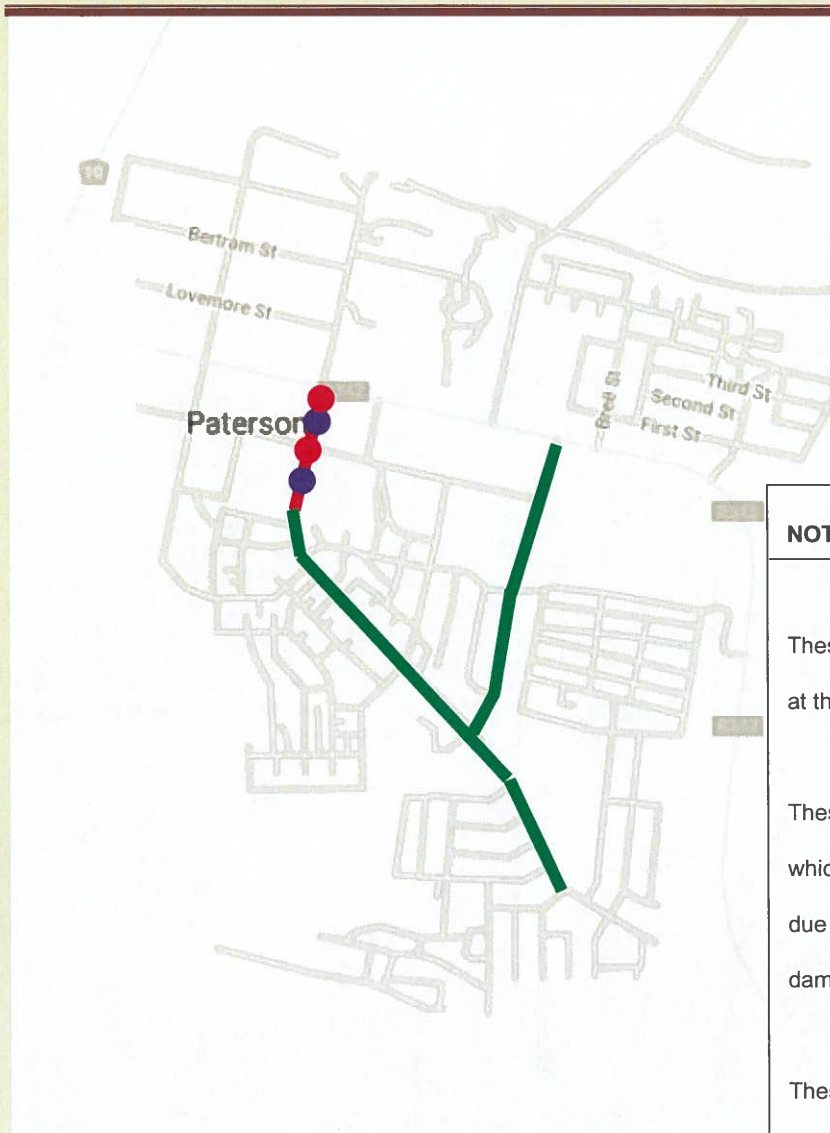
AREA	DISTANCE (APPRX)	POTHOLES(DIA)		W/D		RECON(M )	CRACKS (M)	COLLAPSE (M²)	EDGE BREAKS (M)
		0-300mm	300-3m	C1	C2				
Butchner	2227	76	12	76	12	300	0	0	0
TOTAL	2227	76	0	76	12	300	0	0	0

**note: The remainder of the roads are gravel roads.**

- 0% Done and scheduled to be attended to.



## CHAPTER



### NOTES

These roads have no potholes at the time of the assessment.

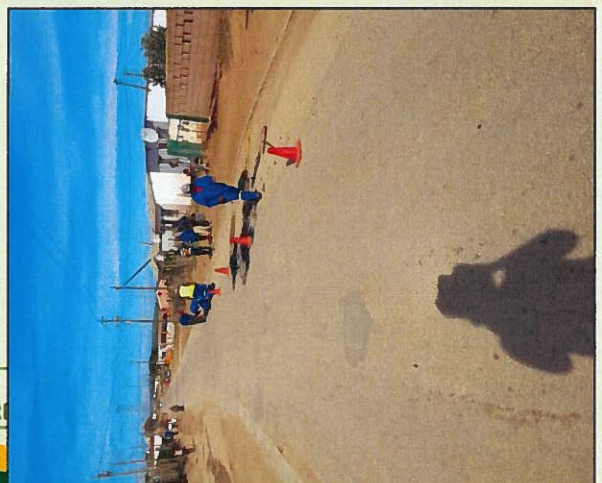
These are the areas which require re-construction due to the severity of the damage

These are potholes that are Above 300mm dia. In size.



## CHAPTER

### GALLERY





Potholes are a common road hazard that result from a combination of factors, primarily caused by the wear and tear of roads due to traffic, weather conditions, and subpar maintenance. They form when water seeps into cracks in the road surface, freezing and expanding, weakening the asphalt. Repeated stress from vehicles further exacerbates the damage, causing the pavement to break and eventually create a hole.

- Causes:

**Water Infiltration:** Rain and snowmelt infiltrate cracks in the road, leading to freeze-thaw cycles that weaken the pavement.

**Traffic Loads:** The constant weight and impact of vehicles can accelerate pavement deterioration, especially on roads with heavy traffic.

**Aging Infrastructure:** As roads age, they become more susceptible to cracks and structural weaknesses.

- Prevention:

**Regular Maintenance:** Scheduled inspections and maintenance can catch minor issues before they escalate into potholes.

**Quality Materials:** Using high-quality materials during construction and repair can extend the lifespan of the road.

**Proper Drainage:** Efficient drainage systems can prevent water from accumulating beneath the road surface, reducing the risk of freeze-thaw damage.

- Repair:

**Patch Filling:** Small potholes can be temporarily patched with asphalt mixtures, but these may require regular maintenance.

**Infrared Patching:** This method involves heating the damaged area, removing the old asphalt, and replacing it with new material, creating a longer-lasting repair.

**Full-depth Reconstruction:** For severely damaged roads, a complete reconstruction may be necessary, involving excavation, recompacting the base, and laying new pavement.



## CHAPTER

### POTHOLES BY AREA:

AREA	DISTANCE (Apprx)	POTHOLES (mm dia)		SAG (m <sup>2</sup> )	RECON (m)	CRACKS (m)	COLLAPSE (m <sup>2</sup> )	EDGE BREAKS (m)
		0-300	300-3m					
Kirkwood/Town	8500	1194	445	6	3940	0	0	430
Aqua-park	1920	0	1	0	0	0	0	0
Bersig	1540	0	0	0	0	0	0	0
Moses Mabida	4950	15	6	849	140	240	0	0
Nomathamsanqa	4300	120	5	0	150	0	0	200
Valencia	2530	10	5	180	60	50	180	200
Paterson	2227	76	0	0	300	0	0	0
<b>TOTAL</b>	<b>25967</b>	<b>1415</b>	<b>462</b>	<b>1029</b>	<b>4590</b>	<b>290</b>	<b>180</b>	<b>830</b>



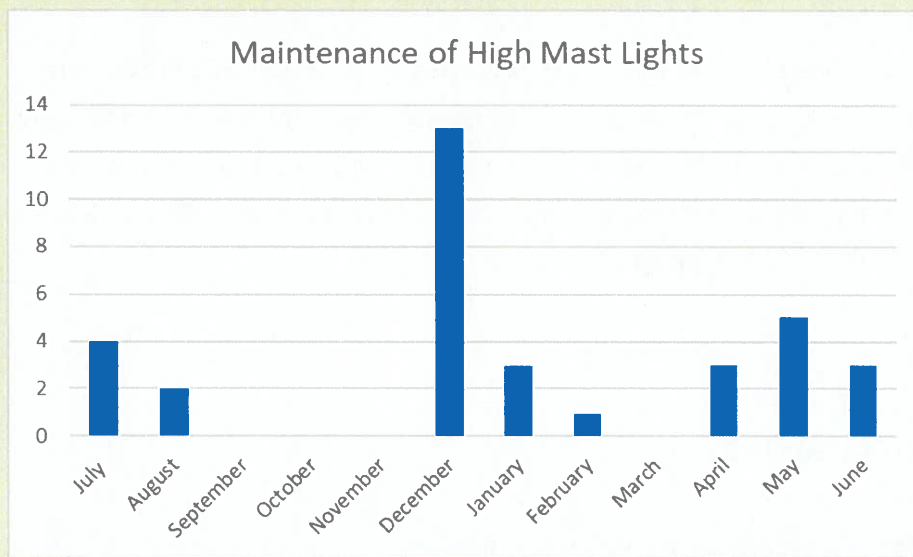
## CHAPTER

### Electricity

#### Electricity Department

- High mast lights maintenance
- Streetlights maintenance
- Connection of new high mast lights
- High mast lights components request.
- Cable thieves
- Repairs of vandalized services

#### 7.1.1 HIGH MAST LIGHTS MAINTENANCE



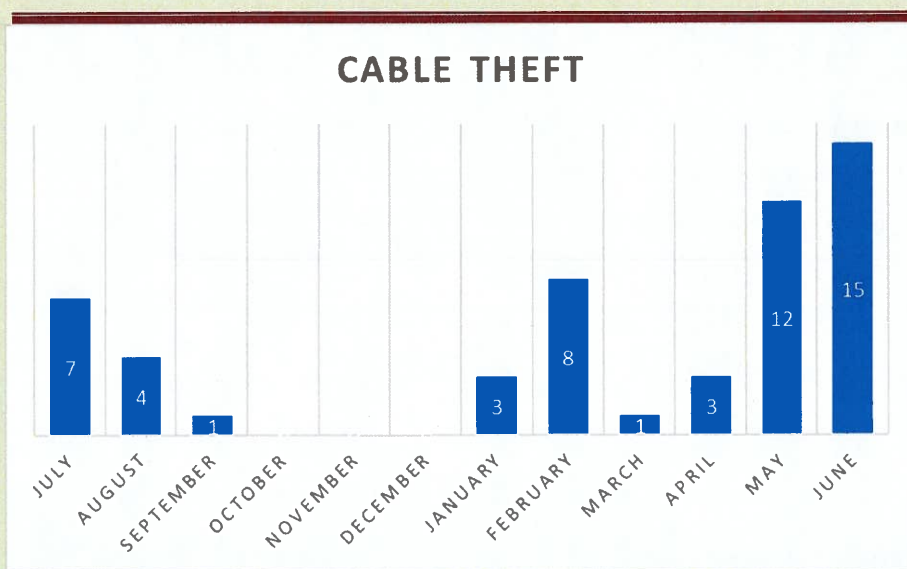
#### 7.1.4 CABLES THEFT

Supplying cable theft incident at Kirkwood Raw Water Pump station

The whole communities of Kirkwood were affected (Aquapark, Bergseg, Moses Mabida, Msengeni and Kirkwood town).



## CHAPTER



The above is least of cable theft incident which had happened from 01 April 2023 to 30 June 2023. The department noticed a spike in cable theft incidents where every week they will always be one or two incidents of cable theft, load shedding has also contributed to an increase in cable theft incidents. Cable theft incidents are reported to the SAPS (case numbers: 135 / 3 / 2023, 60 / 5 / 2023, 24 / 6 / 2023, 13 / 7 / 2023, and 14 / 7 / 2023).

### Maintenance of Kiosk

#### CONTENT AND DISCUSSIONS:

1. Network Reticulation challenges for LV and MV

2.

(a) The areas that need to be electrified ASAP.

The following work was not done.

- Electrical kiosk in Bergsig (old, damaged kiosk needs to be changed ASAP)
- Aquapark, Bergsig shacks and 7 Dee laan RDP houses (must be electrified and connected permanently ASAP to prevent electrical hazard for animals and people).



## CHAPTER

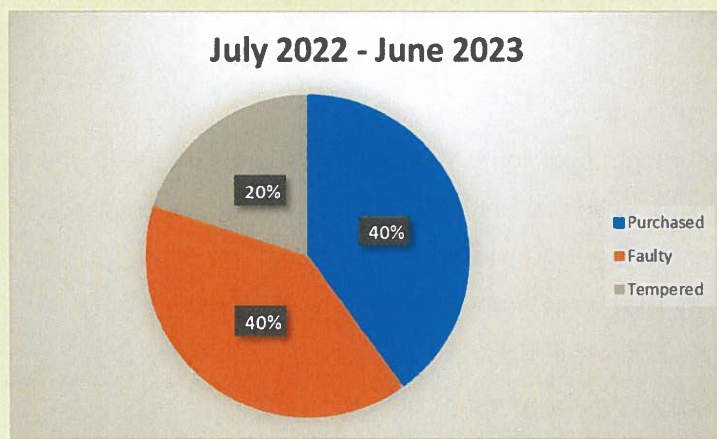
- Molly Village (please note that this area service by Eskom) at Nomathamsanqa (Project on going).

(b) **Electrical breakdowns in Eskom areas reported and attended.**

The following work was done.

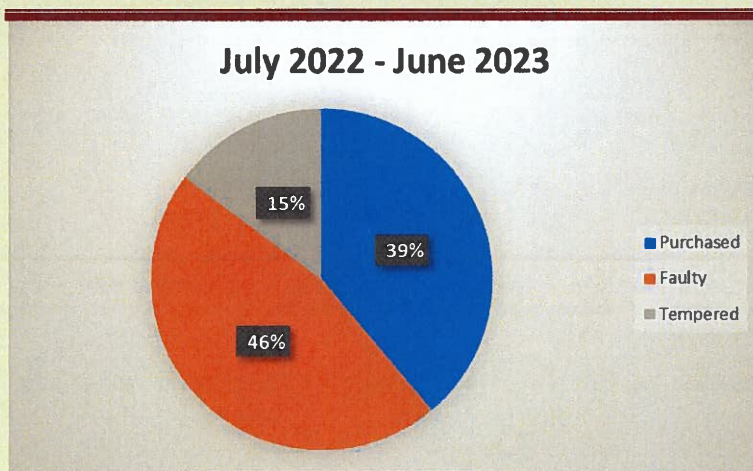
- Calling Eskom customer service to report power failure and faulty meters to assist SRVM communities that are supplied by Eskom (Nomathamsanqa, Valencia, Moses Mabida, Enon/Bersheba, Paterson Morrison, KwaZenzele & Izinyoka).

### 3. Pre-Paid Meter





## CHAPTER



#### 4. Fines for illegal connection on pre-paid meters

The following work was done.

- (a) Paid fines (7)
- (b) Unpaid fines none

#### 5. New connection for high mast lights

Application completed for four high mast lights three in Nomathamsanqa and one in Paterson and we are waiting for Eskom to send the invoice. The quotation was accepted by the Municipality Manager and signed.

##### (a) **Number of high mast lights that were maintained were 26 in total.**

- Moses Mabida (2 in ePlatini and Bontrug) 100% was completed.
- Bersheba 3 high mast lights maintenance done.
- Nomathamsanqa (Addo 11) maintenance none and we are waiting for materials.
- Msengeni (4) 90% NB: timer installed removed day and night switch done
- Valencia (Addo 4) 90% NB: timer installed removed day and night switch done and one connected permanent to Eskom power supply.

##### (b) **Number of high mast lights were fixed after was vandalized (5)**

- Bersheba (3) Done and completed (materials was purchased and received)
- Moses Mabida (2) Done and completed (Zone 4)



## CHAPTER

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### 6. **Pumps for Water Treatment works was vandalized**

- Supplying cable theft incident at Kirkwood Raw Water Pump station
- The whole communities of Kirkwood were affected (Aquapark, Bergsig, Moses Mabida, Msengeni and Kirkwood town).

### 7. **Pumps for Wastewater Treatment works was vandalized**

- Pumps were vandalized. (Mid-pump station & Enon pump station)

### 8. **Other related issues and maintenance projects**

- Service Provider must provide us with MV and LV single line diagram (for INEP projects) and no updates for informal settlement electrification (for all Aquapark shacks and Bergsig shacks)

### 9. **Maintenance at Municipal Buildings**

- None

### 10. **Challenges**

- Lack of material and tools (we need power tools, crane truck and Bakkie).
- Outstanding payment of Standby (from 31 July 2021 until April 2023).
- Lack of communication between Management and Staff (example Municipal Manager, CFO and HR Department they failed to communicate with the staff regarding overtime, standby, car allowances, cell phones, 2 laptops and one desktop) cut off overtime (Mr Moeti Taidile) by sending email for notice period.



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- Finance must monitor all customers having pre-paid meter and most of the customers in town they bypass the Municipality boxes (e.g., 1. Finance department having access to the meter system and 2. They must give us all the customers that are not paying their rate for electricity cut off).
- Lack of communication between technical team (Electrical Team) and Finance Department (CFO Office) example 1. Finance purchasing electrical equipment's and materials without consulting Technical Director, Senior Electricians, and IT Manager. 2 When we request materials for maintenance of High Mast lights and Street lights we are waiting too long.
- Cables Theft around Kirkwood town, Moses Mabida, Enon and Bersheba Water Treatment Works and Wastewater Treatment Works.
- Shortage of Staff Fault reporting Centre position (where number of faults reporting centres operating 24hours a day) to issue fault reference numbers to customers, obtain the name, telephone numbers, nature of fault and physical address of the customer and facility to redirect after hours calls.
- Shortage of Staff Artisan, electrical assistance, and general workers.
- Unsafety working conditions (because of employer does not provide workers with PPE).
- NB: We cannot climb some of the poles, because are rotten (service provider must transfer the LV line to the new poles).
- No storeroom to safely keep electrical materials.
- Finance department must assist technical department to processing of pre-paid meter registration on the system for all RDP houses and shacks in 7 De-Laan Aquapark.



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- Our electrical team were chasing out by community to stop them not cutting off their illegal connection or straight connection on the kiosk until they got permanent connection supply by municipality.
- We have 30 RDP houses at 7 De-Laan that are getting straight connection from the vandalized kiosk and therefore 180 informal settlement they also connected illegal (76 in Bergsig and 104 in Aquapark shacks).
- There are 65 electricity kiosks at Bergsig needed to be replaced ASAP, because all these kiosks are very dangerous, unsafety and harmfully to the community more especially children and animals.
- We also have problem of the rotten Mini Sub-station, electrical poles around town, and this make it difficult for us to climb to those poles when we have fault because its note safety.
- Lack of maintenance capacity.

### 11. Causes of electrical loses

- The reasons for electricity losses are caused by a lot of houses that are not paying the bill to municipality because they are connected straight connections and illegal on the municipality line. There is also an increase of informal settlements where there are illegal connections available.
- Illegal connections in Aquapark at 7 De Laan RDP houses, Aquapark 7 De Laan shacks and Aquapark new shacks.
- Illegal connections in Bergsig shacks.



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### 12. Complaints attended on daily basis

- Attending callout from customers.
- Faulty meters.
- Request of new connections for pre-paid meters.
- Customers request to change from KWH meter to pre-paid meters.
- Resetting timer and replacing day night for streetlights and high mast lights.
- Meter registration and filling of documents.
- Repair and joining faulty damaged underground cables.
- Attend emergency on overhead LV line damaged by heavy trucks.

### Town Planning

A Municipal Spatial Development Framework (MSDF) is an important Municipal Policy instrument provided for in legislation. Spatial development planning is a process to co-ordinate and optimise human activities, which require physical space or have an impact on physical space. Physical planning is therefore a public sector function which aims to promote public investment and regulatory frameworks within which private sector and public sector decision making and investment can take place.

The following represents the SRV Municipality institutional mechanisms and tools for land use management and implementation. SRVM has become fully compliant to the Spatial Planning & Land Use Management Act 16 of 2013. The SRVM SDF/LUMS was completed in June 2023.

- Approved Spatial Planning & Land Use Management By-laws (No. 3635 dated 24 March 2016)
- Spatial Development Framework (2022) & Sundays River Vally Integrated Land Use Scheme approved by SRVM Council on 15 June 2023
- Zoning Maps dated 2004 and outdated • Zoning Register kept, but not accurate.
- In-house GIS function not available



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- SRVM has joined the District Municipal Planning Tribunal which is fully functional.
- A council resolution recommending the Appeal Authority be the EXCO was recommended for approval.

### **4.4 WASTE MANAGEMENT (THIS SECTION TO INCLUDE: REFUSE COLLECTIONS, WASTE DISPOSAL, STREET CLEANING AND RECYCLING)**

#### **INTRODUCTION TO WASTE MANAGEMENT**

The setting of of National Domestic Waste Collection Standards, was informed by, among other pieces of legislation, the Constitution of Republic of South Africa(1996) and National Environmental Management: Waste Act, 2008(Act No. 59 Of 2008). The level of service rendered within SRVM area of jurisdiction by the method of supervised disposal as guided by Waste Management Officer(later being known as Waste Management Practitioner).

During the year 0 the municipality was operating with only two 4 tons refuse trucks which could not provide adequate coverage in areas such as Lower Valley (Addo, Enon/Bersheba, Paterson and Langbos areas). In order to mitigate this the council had to outsource the refuse removal services to the service providers who were contracted on month to month basis. The street cleaning services were almost non-existent at these areas during this period mainly because of staff shortage. The introduction of EPWP programme through the support of Public Works department managed to bring more improvement as the municipal staff was beefed-up; furthermore Sarah Baartman District donated to the municipality with extra two refuse trucks.

The top four service deliveries enteties are as follows:

1. Collection: which entails regular and consistent household refuse removal services. Each location enjoying once a week collection and provision of refuse bags to the residents on by-monthly basis.
2. Refuse removal trucks: It is crucial that the SRVM refuse trucks are well serviced and maintained in good standard.
3. Communication and Awareness: The seamless partnerships, working together with the local councillors proved to pay great rewards in ensuring that the community waste management needs are addressed; furthermore the close inter-departmental



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relations paved the way for successful interventions on addressing waste management services so is the positive role of other stakeholders.

4. Greening: The greening programme entails maintenance of existing municipal trees, planting of new trees within the valley as well as beautification of illegal dump sites and municipal yards. The tree maintenance programme is further guided by the recently introduced Sundays River Valley Municipal Tree Policy.

The municipality has a fully integrated waste management service which is executed by the department of Community Services. It comprises of household and business collection, transportation and disposal including the disposal of dead animals. Management and clearing of illegal dumps, street sweeping. Monitoring and introduction of recycling activities. Management of municipal owned trees and parks/open spaces. Community Service is responsible for the management of the three Landfill Sites namely Emsengeni, Sunland and Paterson. Refuse is collected two days per week in business areas and once for residential areas per week. In the Lower Valley (Addo, Valencia, Nomathamsanqa, Paterson, Kwazenzele, Morrison) and Enon-Bersheba (Upper Valley) waste was collected by local Cooperatives but now it is collected by the municipality. There are three landfill sites in the Sundays River Valley Municipal area of jurisdiction, and all three are fully operational. Out of 13 576 households in our billing system, 100% have access to waste removal services.

The Department of Forestry, Fisheries and Environment is one of the important and significant municipal partners that contributed to poverty alleviation with its programme of employing more than two hundred participants for street cleaning and greening of the settlements within the SRVM. Secondly Department of Cooperative Governance and Traditional Affairs through the Community Works Programme (Job creation). This programme contributed to a remarkable reduction of dumpsites within the valley.

### 3.5 HOUSING

Project Name: Upgrading of Informal Settlements Programme (UISP)

NOSINI

1. Standpipes 0, Jojo Tanks 4, Pourflush Toilets 0, Communal Ablution Facility 1, Skip Bins 2

2. Zone 4



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Standpipes 0, Jojo Tanks 4, Pourflush toilets 0, Communal Ablution Facilities 3, Skip Bins 3  
Total 10

### 3. Behind Creche

Standpipes 0, Jojo Tanks 2, Pourflush Toilets 0, Communal Ablution Facilities 2, Skip Bins 2,  
Total 6

### Springane

Standpipes 8, Jojo Tanks 4, Pour Flush Toilets 8, Communal Facility 0, Skip Bins 0, Total 20

### Platini

Standpipes taps 0, Jojo Tanks 4, Pour flush Toilets 0, Communal Ablution Facility 3, Skip Bins  
3, Total 10

### Orange Farm

Stand Pipes Taps 0, Jojo Tanks 2, Pour Flush Toilets 0, Communal Ablution facility 2, Skip  
Bins 0, Total 4

### Mollyblackburn

Stand Pipes Taps 0, Jojo Tanks 4, Pour Flush Toilets 350, Communal Ablution facility 0, Skip  
Bins 4, Total 358.

### Valencia

Standpipes Taps 4, Jojo Tanks 0, Pour Flush Toilets 86, Communal Ablution Facility 0, Skip  
Bins 3 Total, 93

Total Stand Pipes = 12

Skip Bins = 17

Total Jojo Tanks = 24

Total = 501,00

Total Pour Flush Toilets = 444

Total Communal Ablution facilities = 11



## CHAPTER

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Deliverables to date

Nosini

1= Jo-jo Tank

ZONE 4

2= Jo-jo Tanks

SPRINGANE

= 2 Jo-jo Tanks

PLATINI

=2 Jo-jo Tanks

ORANGE FARM

=2 Jo-jo Tanks

MOLLYBLACKBURN

=4 Jo-jo Tank

102 Pour Flush Toilets

VALENCIA

=4 Stand Pipes

45 Pour Flush Toiles

### **3.8 TRANSPORT (INCLUDING VEHICLE LICENSING & PUBLIC BUS OPERATION)**

#### INTRODUCTION TO TRANSPORT



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The road transport function is administered by the Community Services directorate. The municipality is dependent on the district for transport planning through an Integrated Transport Plan. We have a unit for motor vehicle licensing and registration. Our Traffic Officers provide an excellent traffic law enforcement and licensing services. The municipality does not have its own public bus operation. However, bus services are rendered by private companies mainly to transport employees of citrus industry. The municipality has provided taxi ranks in a number of areas across the valley, both in Kirkwood and Addo Central Business District .

### COMPONENT C: PLANNING AND DEVELOPMENT

#### LOCAL ECONOMIC DEVELOPMENT OVERVIEW

Sundays River Valley Municipality seems not to put emphasis on local economic development. This is evidenced by the fact that the LED position has been taken out of the organogram lately. The position has been vacant since 2013 and only one official is responsible for SMME development, yet our region is rich in Agriculture and Tourism. The underlying report dwell more on National, Provincial, District and Private Sector Programs that the municipality taps into and support.

Local Economic Development ([LED](#)) is an approach towards economic development which allows and encourages local people to work together to achieve sustainable economic growth and development thereby bringing economic benefits and improved quality of life for all residents in a local municipal area.

As a programme, LED is intended to maximise the economic potential of all municipal localities throughout the country and, to enhance the resilience of the macro-economic growth through increased local economic growth, employment creation and development initiatives within the context of sustainable development. The “local” in economic development points to the fact that the political jurisdiction at a local level is often the most appropriate place for economic intervention as it carries alongside it the accountability and legitimacy of a democratically elected body.



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Local economic development is seen as one of the most important ways of decreasing poverty. It must aim to create jobs by making the local economy grow. This means that more businesses and factories should be started in the municipal area. As part of the IDP, key stakeholders in a municipality must come together to reach agreement and take decisions to make the economy grow and create income opportunities for more people, especially the poor.

National government makes policy and provides funds, research and other support for local economic development. Municipalities decide on LED strategies and the process of arriving at a LED strategy must be part of the Integrated Development Program.

The LED strategies should be based on the overall vision outlined in the IDP and should take into account the results of the analysis done to identify problems and prioritise development projects. It should also look at things like integrating our residential and work areas, building development corridors between areas and supporting the economy with good public transport.

National and Provincial government provides support for municipalities in developing local economic strategies

The Department of Provincial and Local Government has identified the following as key principles underlying LED:

- Poverty and unemployment are the main challenges facing South Africa. LED strategies must prioritise job creation and poverty alleviation
- LED must target previously disadvantaged people, marginalised communities and geographical regions, black economic empowerment enterprises and SMMEs to allow them to participate fully in the economic life of the country
- There is no single approach to LED. Each locality may develop an approach that is best suited to its local context
- LED promotes local ownership, community involvement, local leadership and joint decision making



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- LED involves local, national, and international partnerships between communities, businesses and government to solve problems, create joint business ventures and build local areas
- LED uses local resources and skills and maximizes opportunities for development
- LED involves the integration of diverse economic initiatives in an all-inclusive approach to local development
- LED relies on flexible approaches to respond to changing circumstances at local, national and international level

### **LED strategies for Municipalities**

Developing an LED Strategy requires that a municipality does an analysis of the existing situation, looks at opportunities for growth and decides on the best strategies to achieve their goals.

The following are some key strategies that a municipality can put in place to meet its goals:

- Developing the infrastructure of the municipality to make it easier for businesses to operate (i.e. houses, transport, roads, water and electricity etc.). This is mainly addressed in the IDP of the municipality. Whilst it contributes to providing better living conditions it also creates an environment that promotes economic growth.
- Promoting tourism, which currently is one of the biggest growth industries in South Africa. This includes developing local tourist sites and facilities, improving security and ensuring that all residents are welcoming of tourists.
- The municipalities tender and procurement policies must favour small contractors and emerging businesses. Where these companies cannot provide the required services, steps must be taken to get larger companies to enter into joint ventures with smaller partners.
- Marketing the municipality, its infrastructure and people to local and international businesses. This can be combined with service centres that provide assistance and information to businesses that wants to start operations in the municipality.

LED provides support in the following areas:



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- 
- Development and review of national policy, strategy, and guidelines on LED.
  - Providing direct and hands-on support to provincial and local government
  - Management and Technical Support to Nodal Economic Development Planning.
  - Facilitating coordinating and monitoring of donor programmes, and
  - Assisting on LED capacity building processes

Local economic development and the drafting of the Sundays River Valley municipal LED strategy and priorities is guided by the principles and objectives of the National Development Plan, the New Growth Path, the National Spatial Development Perspective (NSDP), etc.

The LED Plan had ensured synergy and alignment with the objectives of national and provincial government programs. In addition to the Constitution, several government policies and statutes are relevant to LED at the local government level.

The White Paper on Local Government (1998) reinforces the concept of developmental local government which is defined as:

“Local government committed to working with citizen and groups within the community to find sustainable ways to meet their social, economic and material needs and to improve the quality of their lives”

It further states that the powers and functions of local government should be exercised in such a way that it has maximum impact on the development of communities, to meet the basic needs of the poor and to grow the local economy.

Due to its influence on local economies, local government needs a clear vision for the local economy and needs to work in partnership with local business to maximize job creation and investment by taking responsible steps to ensure the overall economic and social conditions of the locality are conducive to the creation of employment opportunities.

Relevance: The White Paper guides LED at a local government level, as it advocates support services and leadership in the field of economic development and provides a mandate for LED to create an enabling environment for sustainable economic growth.



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The objectives and municipal performance for LED is depicted under the organizational scorecard in **Component K**



## CHAPTER 2

### COMPONENT D: COMMUNITY & SOCIAL SERVICES

This component includes libraries and archives; museums arts and galleries; community halls; cemeteries and crematoria; child care; aged care; social programmes, theatres.

#### INTRODUCTION TO COMMUNITY AND SOCIAL SERVICES

SRVM Libraries forms an important part of the services offered to the people of all communities including the disadvantage ones. The entire community has the right to free access to library and information services. The reason for this is that it promotes a culture of reading, library use and learning that enriches the whole community and to ensure that we accommodate the disabled community (mini-lib services for the blind and partially sighted). Library Services ensures that this information is free, equitable and accessible to everyone.

Through our mobile library we assist underprivileged communities who cannot easily reach our libraries by providing free access. we also render our services to old age home, pre-schools, local schools and prison by means of book loans.

#### 3.12 LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC)

##### LIBRARIES

###### Book Circulation

- Library Services is responsible for improving public library access to all communities. This is done by developing and sustaining a culture of reading and the provision of access to information of all throughout community of SRVM. This year we succeeded in rendering:
- Information resources in various formats, available for loan as well as reservation services for such resources.
- Research and reference resources in various formats for use in the library.



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- 
- Educational resources supplementary to the formal education sector and for informal educational endeavors.
  - Readers' advisory and guidance services for library users of all ages and all educational levels. Accepting that the vast amount of information that can be accessed via the Internet is of variable quality and accuracy, and thus it is the function of the librarian to guide users towards reliable information and resources that meet the users' requirements.
  - Exhibits and displays to promote library material and activities, and a reading culture.

### Library Programs

SRVM libraries develop interest of using library Services to the community. The programme provides a unique opportunity to improve public image within a service community and offers excellent collaboration opportunities with community leaders, groups and organizations that will enhance overall use and access of library services:

By doing storytelling to the nearest pre schools

We partnered with local schools to include awareness-building of the value of libraries and reading, inculcating a culture of lifelong learning, and providing access to resources that are complementary to the formal educational sector. This includes building up a collection of career-oriented resources, both printed and electronic. Awareness campaigns such as celebrating library week, world read aloud day, career expo, national book week, and world play day, holiday program and international literacy day. These had an impact and opportunities to expose young library users to a wide range of fields and subjects (career expo) and for students to discover career interests and aptitudes.

### COMMUNITY FACILITIES

As the municipality it then becomes mandatory that as an institute to prescribe a set of norms and objectives for the management of these facilities that should align to:

- The provision of a public facility to the local and wider community for recreation, community activities and services, training etc.
- To ensure equitable access to diverse recreation and social opportunities across the



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### Municipality.

- To encourage multiple use of facilities.
- To safeguard the community by taking appropriate measures to control risk.
- To effectively manage assets held by municipality on behalf of the community.
- To develop a sense of belonging and ownership amid constituencies
- To build a sense of place/sense of community.
- To provide an economic return to municipality commensurate with the use of the facility.
- To manage facilities in an environmentally sensitive manner where appropriate.

Municipality has several public amenities. These amenities are used for various events and activities ranging from meetings/ conference, burial activities and needs like church or weddings and municipal activities. **Public Amenities:** are resources, conveniences, facilities or benefits continuously offered to the general public for their use and or enjoyment, with or without charge (e.g. community halls, sports fields, cemeteries, and parks etc.)

Thus, it becomes imperative that an allocation of minimum standards for public amenities that should follow:

- a) Public amenities must be easily accessible, fenced and clear signage for emergency and security purpose
- b) Must have access to restrooms
- c) Must have disabled ramps
- d) Provide areas for information display
- e) Installed with electricity
- f) Complies with the OHS Act and all applicable health and safety
- g) Beautification and landscape
- h) Provision of signage and dust bins

Sundays River Valley Municipality administers the following community halls listed in the table below. The purpose of this standard operating procedure is to outline the process for



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reserving the Public Amenities Officer's public conference rooms.

Component	Status	State	Location	Ward
	(In Use, Not in Use)	(Poor, Fair, Good)		
Bersig Community Hall	In Use	Fair	Kirkwood	Ward 2
Bershiba (Zinakile) Community Hall	In Use	Fair	Bershiba Enon	Ward 8
Enon Community Hall	Not In use	Not in use	Bershiba Enon	Ward 8
Valencia Community Hall	In Use	Good	Valencia	Ward 3
Masizakhe (Nomathamsangqa Addo) Community Hall	In Use	Good	Nomathamsangqa Langboss	Ward 5 & 6
Sinako (Paterson) Community Hall	In Use	Good	Paterson	Ward 4
Mzamomhle & Kuyasa Community Hall	Not In use	Not in use	Moses Mabhida	Ward 1



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### **INTRODUCTION TO LIBRARIES; ARCHIEVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES– LIBRARIES**

SRVM Libraries forms an important part of the services offered to the people of all communities including of the disadvantage ones. The entire community has the right to free access to library and information services. The reason for this is that it promotes a culture of reading, library use and learning that enriches the whole community and to ensure that we accommodate the disabled community (mini lib services for blind and partially sighted). Library Services ensures that this information is free, equitable and accessible to everyone.

Through our mobile library we assist underprivileged communities who cannot easily reach our libraries by providing free access. we also render our services old age home, pre-schools, local schools, and prison by means of book loan.

#### **COMMENT ON THE PERFORMANCE OF LIBRARIES; ARCHIVES; MUSEUMS; GALLERIES; COMMUNITY FACILITIES; OTHER (THEATRES, ZOOS, ETC) OVERALL:**

**Library week:** South African Library Week has been commemorated every year since 2001 and is always observed in mid-March.

The aim of Library Week is to celebrate the intellectual and literacy heritage of our nation. Library Week also seeks to contribute to the understanding of the important role that libraries play in a democratic society through advancing literacy, making the basic human right of freedom of access to information a reality, and promoting tolerance and respect among all South Africans.

**Holiday program:** SRVM Libraries offer a range of activities for children and young people at our libraries throughout the year. These activities are aimed at providing to children, and also promote library services and provide a safe environment for children during the holidays. the activities are offered free of charge during library hours to both members and non-members of the libraries for recreational purposes and leisure.

**International Literacy Day:** Since 1967, International Literacy Day celebrations have taken place annually around the world to remind the public of the importance of literacy as a matter



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of dignity and human rights, and to advance the literacy agenda towards a more literate and sustainable society. SRVM libraries help to develop the lifelong love of books and reading for pleasure. They also promote indigenous language publishing to foster South African literature. We celebrated by inviting local schools to take part in the following activities such as reading various indigenous languages, Math's 24 and we added a new activity called words within a word.

**Career expo:** On 09 May 2023, SRVM Libraries, in Partnership with SRVM and Government Departments conducted a successful career expo. Departments such as Department of Education, Department of Correctional Services, San Parks, Department of Health, SANRAL, Love Life, Independent Electoral Commission and SRCC, they all have information tables so that grade 12 learners can be taken through concerning career choices. All high Schools in SRVM were invited.

**BUDGET:** We receive a grant from DSRAC 1.2 million annually, the challenge is there is no budget allocated to the specific programs only staff salaries allocated. There are limited resources to carry out all the calendar of event activities.

### 3.13 CEMETORIES AND CREMATORIUMS

#### INTRODUCTION TO CEMETORIES & CREMATORIUMS

Our cemeteries have moved closer to reaching capacity, demographics have changed. There is very little change in the traditional norms and practices, traditional full burials are still the norm. When forecasting future capacity of using mortality rates, population forecasts, methods of disposition, market capture, and future interment needs. And critically analyzing the municipalities site inventory you find existing constraints and opportunities presented in many changing aspects of the municipality. Cemetery needs were combined with the inventory to create a high-level concept plan that can be used to develop the cemeteries for the next 20 to 30 years.

The Cemetery Needs Analysis established the need for additional space and a range of interment options to serve Municipal residents. To meet this need, the municipality has



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submitted an item to councils to seek approval that:

1. Additional land be allocated and planned as soon as possible. And fast track the Establishment of new cemeteries for Ward 8 and Ward 4 on identified properties as proposed by the Spatial development Framework.
2. That Council approves for the establishment of new cemeteries.
3. That Councils to deliberate on submissions and make decisions on proceeding and approval for the establishment of new cemeteries.

Sunday River Valley Municipality					
Town/Settlement/	Name of Cemetery	Landowner	Status	Coordinates	Comments
Ward 7	Glenconor Cemetery	Sundays River Valley Municipality :  Portion 25 of UITZICHT, 155/UITEN HAGE RD	Presumption: +10 years taking into cognisance of locality population, but no scientific calculation done	33°23'31.0" S 25°09'21.8" E	The locality of Glenconnor currently utilises the cemetery of privately-owned property but is land that has been allocated for burial but not utilised. With the property being registered under the Sarah Baartman District Municipality.
Ward 7	Westbank	Sundays	Presumption:	33°27'17.6"	The site is



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	Cemetery	River Valley Municipality :  Portion 108 of CLAAS KRAAL, 539/UITEN HAGE RD	+10 years taking into cognisance of locality population, but no scientific calculation done	S 25°29'32.9" E	located on Westbank side of farm location and caters for the farm dwellers of around the location
Ward 2	Bersig/Kirkwood Cemetery	Sundays River Valley Municipality :  ERF 459 and ERF 460	Presumption: 1.5 years taking into cognizance of locality population but no scientific calculation done	33°23'13.5" S 25°27'24.2" E	Site recently expanded with new 1,2m high diamond mesh wire fence, with visible access gate. The cemetery has been well maintained in terms of vegetation overgrowth. There are no facility or proper infrastructure in place. The geotechnical soil conditions appear to be favourable and close classification to



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					sandy loam. The location is isolated from residential units
Ward 1	Moses Mabhida Cemetery	Sundays River Valley Municipality :	Full capacity and closed and closed for new interment	33°23'32.6" S 25°28'46.4" E	The site has poorly designed or lack of proper access roads, fencing is in place but high risk of theft and vandalism. There are no facility or proper infrastructure in place. It has very poor geotechnical soil conditions with the soil been typified as rocky. The location of which is densely populated by surrounding informal settlement.
Ward 8	Miskraal Cemetery	Sundays River Valley Municipality :	the site is located on R336 on Mistkraal	33°27'15.8" S 25°29'32.3"	the site is located on R336 on Mistkraal locality and caters for the



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		Farm 42 of Portion 420 STRATHSO MERS ESTATE	locality and caters for the majority of farms that are transverse by R336 ending in Summerville	E	majority of farms that are transverse by R336 ending in Summerville
Ward 8	Enon Cemetery		Presumption: less than 1.5 years taking into cognisance of locality population, but no scientific calculation done	33°23'31.4" S 25°32'40.4" E	The location of these two sites are located in a property that is said to belong to Witrevier Communal Property Association. Currently the two location's for Enon and Beersheba respectively is set to reach full capacity soon. But one advantage is the availability of land to choose from the hydrogeological



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					condition suffice.
Ward 8	Bershiba Cemetery		Presumption: less than 1.5 years taking into cognisance of locality population, but no scientific calculation done	33°24'55.4" S 25°32'58.3" E	The location of these two sites are located in a property that is said to belong to Witrevier Communal Property Association. Currently the two location's for Enon and Beersheba respectively is set to reach full capacity soon. But one advantage is the availability of land to choose from the hydrogeological condition suffice.
Ward 6	Sunland Cemetery	Sundays River Valley Municipality :	Presumption: +10 years taking into cognizance of locality population,	33°28'32.8" S 25°37'14.8" E	The site has a total approximate area of 19.7 Hectare and currently used as a landfill site and



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		FARM 639	but no scientific calculation done		<p>cemetery simultaneously.</p> <p>The cemetery is currently not maintained, and no burial activities monitored.</p> <p>Assistance is required to clear overgrown bushes and to demarcate/fence off the two sections in this property</p>
Ward 3	Valencia Cemetery	<p>Sarah Baartman District Local Municipal</p> <p>Portion 306 of COMMAND O KRAAL ESTATE, 113</p>	<p>Presumption: +10 years taking into cognisance of locality population, but no scientific calculation done</p>	<p>33°32'33.3" S</p> <p>25°41'42.3" E</p>	<p>The site has poorly maintained or lack of proper access roads, there is no fencing in place or any structure demarcating the location. There are no facility or proper infrastructure in place the</p>



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					<p>geotechnical soil conditions appear to be favourable and close classification to sandy loam. The location is isolated from residential units and caters for residence of Ward 3, 5 and 6.</p> <p>The total of land covers approx. 28 Hectares.</p> <p>The site and location present an opportunity to create what can be perceived as ideal design and enough cemetery that encapsulate all necessary amenities</p>
Ward 5	Nomathamsa nqa	Sundays River Valley	Full capacity and closed	33°31'39.9" S	site has been closed for burial,



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	Cemetery	Municipality :  Erf 2071 in ADDO	for burials	25°42'35.5" E	local narrative presumes that there are individual plots that have been reserved. The location of which is densely populated by surrounding informal settlement.
Ward 6	Langboos Cemetery	Sundays River Valley Municipality :	Presumption: +5 years taking into cognizance of locality population, but no scientific calculation done	33°30'06.7" S 25°41'41.0" E	
Ward 4	Paterson/Mor eson Cemetery	Sundays River Valley Municipality :	Presumption: less than a year's taking into cognisance of locality population but no	33°26'27.9" S 25°58'15.5" E	Site recently expanded with new 1,8m high diamond mesh wire fence- currently stolen, with visible access gate. The



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			scientific calculation done.		cemetery has been maintained in terms of vegetation overgrowth and litter. There are no facility or proper infrastructure in place. The geotechnical soil conditions appear to be favourable and close classification to sandy. The location is located within the residential units with proximity to SAPS, but this has not deterred the theft of the fence.
			Urgent action is needed		

### COMMENT ON THE PERFORMANCE OF CEMETORIES & CREMATORIIUMS OVERALL:

Strategic Objective	Project	Key Performance	Annual Target	Quarter 3 Target	Quarter 4 Target	Status	Reasons for Underperformance



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		Indicator					
Communities of SRVM with specific reference to youth have access to suitable and affordable recreational and sport facilities and public amenities.	Establishment of new cemeteries	Number of cemeteries established	2X Cemeteries established	Initiate procurement processes for fencing and earthworks on the site	Establishment of 2 cemeteries	<p>Submission to council have been submitted for the last 2 consecutive financial period. But council has not deliberated nor approved.</p> <p>Thus, this delays the office ability to facilitate the DEDEAT Application.</p> <p>Please refer to evidence submitted to POE file for 1<sup>st</sup> Quarter 2022/23</p>	Delay in council deliberation and approval
Strategic Object	Project	Key Performance	Annual Target	Quarter 3 Target	Quarter 4 Target	Status	Reasons for Underperf



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ve		ce Indic ator					ormance
Commu nities of SRVM with specific referenc e to youth have access to suitable and affordab le recreati onal and sport facilities and public amenitie s.	Cemet ery mainte nance	Numb er of ceme teries maint ained	2X Cemet eries maintai ned	SCM & Procure ment initiations	N/A	None where established	Delays in council submissio n of new regulations and adoption thereof

### 3.14 CHILD CARE; AGED CARE; SOCIAL PROGRAMMES .



### COMPONENT E: ENVIRONMENTAL PROTECTION

This component includes pollution control; biodiversity and landscape; and costal protection.

#### INTRODUCTION TO ENVIRONMENTAL PROTECTION

The municipality endeavors to provide services in a sustainable manner by ensuring that the environment is always protected. There has been one project that required EIA, which is the establishment of a Waste Transfer Station in Addo. The process has not taken off due to land unavailability.

#### 3.15 POLLUTION CONTROL

##### INTRODUCTION TO POLLUTION CONTROL

Currently the District Municipality does not have air pollution program or dedicated personnel. However, the Environmental Health Practitioners conduct inspection, investigations, and assessments on operations that may have an impact on environmental pollution such as monitoring compliance at landfill sites, sampling the final water being disposed into the environment/rivers from the operations of wastewater treatment plants and oxidation ponds.

A collaborative relationship has been established between sister departments such as DEDEA to monitor and ensure compliance with legislation in industrial areas.

Drinking water quality is being monitored monthly at strategic pre identifies end-user sampling points (16 points) within the communities of SRVM. However, there is challenge of water shortage or unavailability which at times affects the drinking water monitoring program, where areas such as Paterson, Glen Conner and Kleinpoort have issues with lack of water.

The district currently has two Environmental Health Practitioners rendering Municipal Health Services utilizing the approved SBDM budget.



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### COMMENT ON THE PERFORMANCE OF POLLUTION CONTROL OVERALL:

Environmental Pollution is a function of the District Municipality under Municipal Health Services. Currently the District Municipality does not have air pollution program or dedicated personnel. However, the Environmental Health Practitioners conduct inspection, investigations, and assessments on operations that may have an impact on environmental pollution such as monitoring compliance at landfill sites, sampling the final water being disposed into the environment/rivers from the operations of wastewater treatment plants and oxidation ponds.

Drinking water quality is being monitored monthly at strategic pre identifies end-user sampling points (16 points) within the communities of SRVM. However, there is challenge of water shortage or unavailability which at times affects the drinking water monitoring program, where areas such as Paterson, Glen Conner and Kleinpoort have issues with lack of water.

### 3.16 BIO-DIVERSITY; LANDSCAPE (INCL. OPEN SPACES); AND OTHER (EG. COASTAL PROTECTION)

While we understand the importance of biodiversity and ecosystem protection, currently the municipality is still in the process of developing a Climate Change Strategy and Air Quality Management Plan. In addition to this, SRVM is planning to establish its Tree canopy cover through remote sensing techniques and GIS. Neglecting these areas will result in deforestation, pollutions, (air, water and land) as well as the modification of the ecosystems. SRVM is participating and has provided information towards having the 2 Strategies in place. Eradication of alien invasive species was started in 2022 and an ongoing project. Completion of the project will simplify estimates on air quality, and measurement of lifespan of the current ecosystem. The Department of Forestry, Fisheries and the Environment is supporting the municipality in some of these projects. The are 3 Priorities in the IDP, Development of Climate Change Strategy, Air Quality management Plan and provision of Non-motorised facilities in town to encourage use of modes of transport that generate less fumes, thus reducing air pollution and its long-term effects. Ongoing community education is being done, basically awareness through various social media platforms and during community meetings. In addition, SRVM is hard at work, eradication illegal dumping sites to preserve land and the environment in general. These are converted to gardens across the Valley encouraging



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communities to rethink open spaces. SRVM Participates in national and provincial competitions to obtain resources to advance the 10 million trees Programme which will also assist in the Biodiversity and landscape management. Employment through EPWP and CWP and ensuring people work in their communities and are champions of change.

### COMPONENT F: HEALTH

This component includes clinics; ambulance services; and health inspections.

#### INTRODUCTION TO HEALTH

The Sunday's River Valley is demarcated under Kouga Health Sub-District Authority together with Kouga Local Municipality and Kou-Kamma Local Municipality. Primary Health Care Service Function has since 01 January 2010 been provincialized, and this was to address duplication and fragmentation of services and to create and establish uniform norms and standards and ensure that the service is provided by the single authority (Eastern Department of Health) through District and Sub-district structures.

The biggest challenge with Health Services is the poor provision of Emergency Medical Services (Ambulance Services) which require serious attention. The other challenge is the sizes of the Clinics, especially in Nomathamsanqa where the community has significantly grown and yet the facility is not extended. The other two townships that must be considered for new clinics is Msengeni and Enon/Bersheba. These challenges will be pursued with the Eastern Cape Department of Health.

#### 3.19 HEALTH INSPECTION; FOOD AND ABBATOIR LICENSING AND INSPECTION; ETC

Municipal Health Services (MHS) what was historically known as Environmental Health and MHS is a function and a competency of Sarah Baartman District Municipality (SBDM) and SRVM is rendering MHS on behalf of SBDM in its area of jurisdiction. The Municipality is responsible for Municipal Health services which mainly focus on:

- Water quality monitoring
- Food Control



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- Waste Management
- Health surveillance of premises
- Vector Control
- Environmental pollution control
- Disposal of Dead.
- Chemical safety
- Surveillance and prevention of communicable diseases
- SBDM is in the process of transferring EHPs and taking back the function from SRVM. SRVM appointed two Environmental Health Practitioners (EHP's) in its staff establishment.
- There is a perception from communities that the water quality is bad yet according to monthly drinking water quality results the water within SRVM is fit for human consumption. The only challenge with water monitoring is the continual unavailability of water in some sampling points namely Kleinpoort, Glenconnor and Paterson which may reflect as non-performance from EHS section.
- Some of food premises comply with the regulations and the spaza shops has highly improved on the best practice of general hygiene. Informal food handlers (Hawkers) need to be formalized to ensure compliance and safety of food.

### COMPONENT G: SECURITY AND SAFETY

This component includes police; fire; disaster management, licensing and control of animals, and control of public nuisances, etc.

#### INTRODUCTION TO SECURITY & SAFETY

This component includes fire, disaster management, licensing, control of animals and control of nuisances.

The National Road Agency with Traffic services are conducting meetings on a regular basis to discuss issues of road safety and community safety at large. Regular roadblocks are being conducted in major routes N10; N2; R366; R334; R75; R72; With respect to general safety the municipality still experiences challenges around:



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- Medium accident rate
- Municipal by-law with respect to stray animals and hawkers trading areas were promulgated but the level of enforcing them is very low. Peace Officers will attend to these challenges.
- The municipality intends soliciting proposals from potential partners for the development of a pound.
- Crime generally decreases in all areas, but Paterson does not show any significant improvement.

### TRAFFIC SERVICES

SRVM is rendering a full traffic service to the communities within the jurisdiction of the Municipality. The services rendered are as follows.

- Law enforcement,
- Traffic emergency services (accidents, incidents & disasters),
- Motor vehicle registration, licensing, and Roadworthy services.
- Driver's licensing functions is partly operational (applications for renewal of drivers' licences; application for learners' license; application for professional driving permits, application for driver's license- our testing route is not compliant with National Standards, thus we can only test applicants for motor-cycle licenses). Regular maintenance needs to be done for the testing route to be compliant with national norms.
- We are registered as a grade "A" driver's license testing and roadworthy testing centre.
- We have a cashless policy at the Kirkwood Office which stamps out fraud and corruption.
- We have a WhatsApp line for driver's license queries which assists the public with traffic department issues.

Number of traffic accidents: 157

Number of by-law infringements: 6

Number of traffic officers in the field: 6



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Number of traffic officers on daily duty: 8

### **FIRE AND DISASTER MANAGEMENT PLAN**

The Directorate of community services is responsible for security of municipal assets (Halls, buildings and sports fields, wastewater treatment plants etc). The municipality has a Traffic department responsible for ensuring law and order is upheld in the SRV Municipal jurisdiction. Control of animals is management by Environmental Health Practitioners, a function of the Sarah Baartman District Municipality, with 2 officials based in SRVM. The district has an approved Municipal Health Bylaw within which is the Keeping of Animals bylaw, enforced in partnership with SRVM law enforcement officers. Fire and Disaster management services are provided by the LM through a Service Level Agreement with the District. Their role is to ensure compliance with Fire Bylaws, building regulations as they relate to safety measures, labour laws and property security.

### **3.20 POLICE**

#### **INTRODUCTION TO POLICE**

Sundays River Valley Municipality has a Traffic department, rendering services to communities, in the form of learner's licences, driver's licenses, motor vehicle registration, roadworthy testing, traffic control, inspection and compliance. All these culminate to revenue collection. SRVM is in the process of renovating the Driver's License testing ground to reopen the services. There is however at no budget currently. SRVM has experienced revenue losses due to closure of the Testing service by Department of Transport due to requirements not being met including the testing route owing to current road construction project. The top 3 priorities are Providing services to communities, Ensuring safety of communities and municipal assets, Raising revenue for the municipality.

### **3.21 FIRE**

The Disaster Management Act defines disaster management to mean a continuous and integrated multisectoral, multi-disciplinary process of planning and implementation of measures aimed at:

- Prevention or reducing the risk of disasters



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- Mitigating the severity of consequences of disasters
  - Emergency preparedness
  - A rapid and effective response to disasters
  - Post-disaster recovery and rehabilitation
  - All Local Authorities and the District Municipalities are required, in terms of legislation, to prepare disaster management plans as outlined in the Bill.
  - Various District Municipalities have embarked on this process on a regional level, including the local municipalities

The Disaster Management Plan was approved by Council and available. The Disaster Management function has always resided with the District Municipality, the enabling Act has allowed local municipalities to perform this function in conjunction with the District and as a result the following functions now apply

- Disaster prevention/risk reduction Disaster mitigation priorities and the promotion of sustainable livelihoods
- Disaster preparedness
- Disaster response and relief
- Post disaster recovery, rehabilitation and reconstruction
- Establishment of effective management of the function
- Strategies to ensure the involvement of the community and volunteers
- The Emergency Satellite Centre in Paterson and Addo is required

The staff compliment in the Fire & Disaster Unit is eight, inclusive of the Chief Fire Officer. However, the position of the Chief Fire Officer post is currently filled. The chief fire officer in fire division and the section is headed by the Director of Community Services. Additional three of the fire fighters in the Unit are appointed through the funding from the SBDM in line with the Service Level Agreement entered into between SRVM and SBDM.

There are plans in place to operationalize a Satellite Station in Addo and Paterson which will assist the response related to fires and disasters and this again is in line with SRVM Council resolution of decentralisation and improvement of Emergency Services. The district has budgeted funds for the development of an emergency centre in Paterson.



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### COMPONENT H: SPORT AND RECREATION

This component includes community parks; sports fields; sports halls; stadiums; swimming pools; and camp sites.

#### INTRODUCTION TO SPORT AND RECREATION

In South Africa, sport has been defined as “any activity that requires a significant level of physical involvement in which the participants engage in either a structured or unstructured environment for the purposes of declaring a winner, though not solely so; or purely for relaxation, personal satisfaction, physical health, emotional health and development,” (Department of Sport and Recreation, 2009: 2). Recreation has been defined as, “a guided process of voluntary participation in any activity which contributes to the improvement of general health, well-being and the skills of both the individual and society,” (Department of Sport and Recreation, 2009: 2). Given that access to sport and recreation is seen as a global human right, stakeholders such as government, civil society and the private sector have an obligation to ensure equal opportunities of participation for everyone.

South African recreational behaviour cannot be understood in isolation from national political history, as important aspects of this behaviour are rooted in the spatial and political fragmentation of our society. The Reservation of Separate Amenities Act 1953 to use separate public amenities is still a legacy that still manifest itself within certain sectors or field relating to the equitable distribution and accessibility to recreational facilities.

Access measures the extent to which an individual can avail himself of opportunities for self-fulfilment and betterment. It is a valuable yardstick of social well-being. Further that accessibility varies not only according to distance and direction but from individual to individual according to socio-economic status.



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The rationale of refinement of delivery approach should be based on making qualitative changes in the lives of people and enhancing social, fiscal, and environmental sustainability well into the future.

It is hoped that this Recreation Plan will offer a rallying point for effective partnerships and assist stakeholders in identifying key areas for united action, thus changing public access to services for the better.

### 3.23 SPORT AND RECREATION

Sundays River Local Municipality Recreation and Sport Integrated Strategy has considered several public amenities. These amenities are used for various events and activities ranging from sport, music, meetings/ conference, and recreational activities. These include community parks; sports fields; sports halls; stadiums; swimming pool.

The objectives of Public Amenities Section under the directorate of Community Service are - but not limited.

- To render public amenities that are safe and healthy.
- To improve and maintain the standard of public amenities.
- To uplift the standard of living of residents, especially the vulnerable groups such as the youth
- Provide landscape and general maintenance for public amenities.
- Provide general maintenance and burial services on cemeteries.

Sundays River Local Municipality Recreation and Sport Integrated Strategy, has outlined this fundamental scope of desired achievement:

#### Vision

- A seamless, integrated, and mainstreamed youth development through recreation across public, private, and civil society sectors

#### Mission

- To facilitate, coordinate, lobby and monitor the implementation of youth development programmes and policies through recreation, as well as initiate and implement strategic projects.



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### Objectives

- To promote a uniform approach by all organs of state, the private sector and civil society organizations.
- To initiate strategic anchor projects to benefit youth from disadvantaged backgrounds (rural, disabled, and young women) and guide programming for other stakeholders including private and civic society sectors.
- To provide a framework and classification which will enable coordinated development programmes' implementation in all sectors.

Critical to the success Recreation and Sport Integrated Strategy, a few success factors have been identified, such as the following:

- effective stakeholder management
- effective maintenance and management of facilities
- funding
- government department buy-in into the integrated service delivery.
- ongoing support within these facilities.

As local government we need to improve service delivery and further widen access services to underservice communities. Government needs to focus intensively on the development of suitable infrastructure that will cover the municipality and link all areas, particularly those that are most deprived, in a sustainable manner.

Other key areas of intensified concentration should include.

- Need for massive investment in rationale for a refinement of delivery approach, particularly in rural and disadvantaged communities.
- Strengthening the accessibility of different recreation codes such as boxing, karate, netball, and indoor recreation such as aerobics
- Promoting and expanding the scope of recreation accessibility archetype

### GOALS

1. Provide a variety of high-quality programs that meet community needs and interests.
2. Ensure services are accessible for those who are socio-economically disadvantaged.
3. Provide adequate and appropriate public lands and facilities that are equitably distributed across the municipality to meet the needs of residents.



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4. Expand park and recreation facility accessibility.
5. Provide an equitable distribution of public indoor and outdoor recreation spaces.
6. Maintain quality park and recreation lands and facilities for efficiency, safety, attractiveness, and long-term sustainability.
7. Provide for the protection, security, and safety.
8. Ensure long-term sustainability by focusing taxpayer funding on those services that produce the widest community benefit, using a cost recovery.
9. Increase alternative funding sources.

The integrated approach to the project should ideally focus on the following elements for consideration and implementation, whereas they ultimately encompass the principles of the Project Scope of Work but determined by the nodal approach for each location.

- 1) Improving Park Safety & Activation
- 2) Enhancing Recreation Facilities & Programming
- 3) Restoring & Improving Access to Open Space
- 4) Restoring Parks & Facilities (Vandalism Response, Park Beautification & Viewpoint Maintenance)
- 5) Increasing Access to Restrooms in a facility development
- 6) Enhancing Life Safety & Regulatory Compliance (Aquatics Safety, Human Resources Safety Compliance and Training)
- 7) Building Community Capacity
- 8) Developing & Enhancing Park Assets (New Pool Park Development)
- 9) be easily accessible, fenced and have clear signage for emergency and security purpose.
- 10) Install irrigation for turf maintenance or water hose pipe connection.

### SERVICE STATISTICS FOR SPORT AND RECREATION

#### SERVICE STATISTICS FOR SPORT AND RECREATION

##### EXISTING FACILITIES



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Facility Name	Location	Nature of Use	State and Status of Use
<b>Nomathamsanqa Sports Field</b>	Ward 6 Langboss	Multi-Disciplinary	Under construction to be completed in 1 <sup>st</sup> quarter of 2023
<b>Steve Tshwete Stadium</b>	Ward 1 Moses Mabhida	Soccer Sports Field	Poor  In Use Open space with no equipment's, lack ablution facilities due to vandalism, insufficient sports facilities, No visible proper turf
<b>Bersig Sports Field</b>	Ward 2 Berisg	Rugby Sports Field and Soccer	Poor, lack ablution facilities due to vandalism, Fair Turf with a need for upgrade, need increase security and irrigation services, insufficient sports facilities
<b>Valencia Sports Field</b>	Ward 3 Valencia	Rugby Sports Field	Poor In Use- need to upgrade the irrigation system
<b>Enon Bershiba Sports Field</b>	Ward 8 Enon Bershiba	Rugby Sports Field	Poor



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Facility Name	Location	Nature of Use	State and Status of Use
			In Use- need to upgrade the irrigation system
Paterson Sports Field	Ward 4 Paterson	Soccer Sports Field	Poor  In Use- need to upgrade the irrigation system

### \*Existing Facilities

As local government we need to improve service delivery and further widen access services to underservice communities. Government needs to focus intensively on the development of suitable infrastructure that will cover the municipality and link all areas, particularly those that are most deprived, in a sustainable manner.

For the purposes of creating benefits for youth in the sector, the following opportunities need to be fully developed and exploited:

- Sports goods and equipment
- Sport sponsorship.
- Event staging and management.
- Capital expenditure, including refurbishment and construction of sports facilities.

Other key areas of intensified concentration should include.

- Need for massive investment in school sports, particularly in rural and disadvantaged communities.
- Strengthening variety of different sporting codes such as boxing, karate, netball, and indoor recreation such as aerobics

To ensure proper maintenance of recreation and sport facilities the following must be considered:



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- A. That allocation for capital budget would not be made if there is no provision for a minimum 10-year facility operating and maintenance plan and budget. The operating and maintenance of facilities would be covered in the agreement to be assigned with the local municipalities.
- B. That the municipality should establish dedicated sport and recreation departments or units to manage programmes as well take responsibility for all operating and maintenance requirements of the facilities.
- C. To minimize maintenance costs, explore use of other low maintenance technologies such as artificial turfs based. The comparative analysis between artificial and natural grass be undertaken.
- D. To improve on the maintenance of sport and recreation facilities introduce a skills development programmes targeted at sport and recreation facilities management and maintenance personnel. These include the Basic Sport and Recreation Facilities Management Training, Advanced Sport and Recreation Facilities Management Training and the Specialized Turf-grass Management Training. The programmes are designed to enable facilities management personnel to develop Operations and Maintenance Plans for their municipalities.

Sport And Recreation Policy Objectives taken from IDP								
Service Objective	Outline Service Target	Year - 1		Year 0		Year 1	Year 3	
				Target		Actual	Target	
				Previous Year	Current Year		Current Year	Current Year
Communities of SRVM with specific reference to youth have access to suitable and affordable								



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recreational and sport facilities as well as public amenities									

### COMPONENT I: CORPORATE POLICY OFFICES AND OTHER SERVICES



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This component includes institutional policy , human resource services, ICT services, corporate services, labour relations, skills development, human resource management and Administration, Wellness, Council Support and Auxiliary Services.

### 3.24 EXECUTIVE AND COUNCIL

This component includes Executive office (mayor; councilors; and municipal manager).

#### INTRODUCTION TO EXECUTIVE AND COUNCIL

- Render administrative Support to the functioning of the Council (Agenda, Minutes Recording Tracking implementation of Council Resolutions
- Render administrative support to the EXCO meetings and Standing Committees.
- Render administrative Support to the MPAC and Audit & risk Committee.

### 3.26 HUMAN RESOURCE SERVICES

- Provide HR Management and Administration of Service Benefits to ALL staff members including Leave Management, comprehensive labour relation support,
- Monitor Training and Development Interventions to the institution and Monitoring Compliance with Labour Legislation
- Develop /Review a total of 9 institutional policies (in draft form) and 3 workshopped to the Councillors.
- Review and populate the approved organogram and currently standing at less 10% vacancy rate (recruitment processes underway for filling critical and funded vacancies).
- Conduct Training Interventions for Councillors, and other municipal officials (see Training Report for details)
- Monitor Leave Management and Leave Monthly Reports generated highlighting leave discrepancies and aligning with Attendance Registers per each department,
- Reduce the number of Grievances registered and attending thereto with urgency (Tally reduced from 36 to less than 20.



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- Monitor implementation of Job Evaluation in the approved structure (127 in total) and ensure that all approved positions have written Job Descriptions. (Job Evaluation completed for 48 positions and JE Implementation is currently underway for payment of completed JE Outcomes).

### 3.27 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

This component includes: Information and Communication Technology (ICT) services.

#### INTRODUCTION TO INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

1. Develop ICT Governance Framework for the institution and monitor its implementation,
2. Develop a comprehensive on-off site Back up system for SRVM and monitor its functionality,
3. Ensure functionality & continuity of the access to the email and telephone systems (backup)
4. Ensure internet and intranet connectivity both Kirkwood and other satellite office (Network Access Points installed to ensure internet connectivity)
5. Develop and monitor functionality of the Website for improved access and communication with regards to important Council Documents
6. Review and monitor implementation of approved ICT policies.

### 3.28 INTRODUCTION TO LEGAL SERVICES

NB: Legal Services at Sundays River Valley Municipality are located at Corporate Services Department and SRVM has developed a Litigation Management Policy approved by Council on the 8<sup>th</sup> July 2022,

The Municipality also developed a Standard Operating Procedure to simplify attending to legal issues and litigation matters in order to reduce quantum and number of cases.

The municipality is also a regular attendee in the Provincial Legal Advisors Forum to analyse trends in the litigation space.



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### COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual Achieved for Annual Target	Reasons for under/over performance	Remedial Action
Infr 1	Ensure access and a continuous supply of good quality water and sanitation to each user by 2026	Number of water metres connected	80 Water metres to be installed	Target met. List of 297 beneficiaries with water meters installed. Attached list in the POE	N/A	N/A
Infr 2		Planning process of sewer pipeline to be installed in Addo.	Business plan submitted to DWS for approval	Target not met	Department of Water & Sanitation rejected the business plan	Re- Application for 2023-2024
Infr 4		km of sewer pipeline installed in Enon-Bersheba	2km of sewer pipeline installed in Bersheba	Target not met	Service provider Appointed on the third Q	Project will commence in 2023/2024
Infr 5	Upgrade Electricity network for future development	Number of households to be energized	300 households to be energized	Target met. List of 300 households energized & Meter movement form	N/A	N/A



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Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual Achieved for Annual Target	Reasons for under/over performance	Remedial Action
Infr 6	SRVM Community has access to good quality roads built according to applicable standards.	kms of road paved to block-paving standards in Enon Bersheba	3 km of roads in Enon and Bersheba to upgraded to paving roads	Target not met, previous year 0km of paving.	Service provider appointed on the fourth Q	Project commences on the beginning of the financial year 23/24
Infr 7	SPLUMA Compliance	Number of land use applications considered and approved	28 Applications	7 Approval land applications	We have incomplete information from Applicant	To collect correct information from the applicant and re-submit
Infr 8		% Compliance of SDF to SPLUMA	SDF submitted to Council for Approval	Target met. Council Approved SDF	N/A	N/A
Infr 9	To promote programmes of shared economic growth, land redistribution and general economic redress for the poor and disenfranchised	% of households in Molloy to be provided with basic services	Molloy to be formalized and registered with Department of Human Settlement	Target met.  List of beneficiaries General Plan approved by Surveyor General office	N/A	N/A
Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual achievement as of July 22	Reasons under /over performance	Remedial Action
GG 1	Annual review and development of IDP/Budget	Effective IDP Process for the period under review	Final reviewed IDP adopted by 31 May 2023	Target met. Approved IDP	The Draft IDP went to Council late in for March, so it was also late for May	The IDP must be in time so that it can be part of the agenda
GG 2		Timely submission of Annual Report	Submission of Oversight Report to Council by 30 March 2023	Target not met .	The document was rejected by the Audit Committee in an MPAC meeting and referred to Council therefore it could not go back to Council in time, and it was delayed	Credible oversight report



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Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual Achieved for Annual Target	Reasons for under/over performance	Remedial Action
GG 3	To establish and strengthen service delivery partnerships between the municipality, district, sector departments, communities, and civil society	Number of newsletters	3 Newsletters	Not achieved	No budget	Availability of Budget
GG 4		Effectiveness of IGR Structural meetings	4 virtual/contact meetings per year	Target Not met 3 IGR meeting set.	Meeting was postponed	Stick to time frames.
GG 5	Improve Council oversight	% Reduction in audit repeat findings	70% reduction in audit repeat findings	Target not due to AG still on site	Letter from AG	N/A
GG 6		Existence of fraud prevention mechanism	Fraud prevention strategy reviewed and presented to Council	Target not met. Draft Fraud prevention plan developed	Consultation not done	All process must be followed
GG 7		Functionality of audit committee	4 Audit committee meetings per year	Target not met. 2 meetings set out of 4	chairperson was not appointed	Appointment of chairperson
GG 8		Functionality of Municipal Public Accounts Committee	4 meetings per year	Target not met .3 meetings set.	CIA was not appointed	CAI appointed
GG 9	To ensure proper maintenance and service of all municipal fleet according factory standards and warranty	Number of vehicles in running order	22 vehicles in running order	Target met .20 list of cars in running order for all quarter's.	N/A	N/A
FIN 1	To produce financial reports that meet the requirements of National treasury standards	Submission of AFS after the end of the 2021/22 financial year	Submission of unaudited financial statements by 30 September	Target not met. No submission of unaudited FS by 30 September.	Q1 extension granted by council to submit on 31st October due to back logs	Submit in time



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Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual Achieved for Annual Target	Reasons for under/over performance	Remedial Action
FIN 2		Full Expenditure for each conditional grant received (operating grants)	100% for all grants received	Target met. Grants recon attached all grants spend more than 100%	All grants spent	N/A
FIN 3	To ensure proper asset management	GRAP compliant asset register	GRAP compliant asset register produced	Target met. Asset register attached on the POE file	Asset Register	N/A
FIN 4	To ascertain proper value of properties	Update of valuation roll	Interim Valuation roll updated by end of June 2023	Target met. Valuation roll balances extract submitted.	Updated Valuation roll	N/A
FIN 5	To ensure a sustainable cash flow	Pro rata budgeted expenditure to funded	100% expenditure	Target met. extract from sec 52 report submitted	All grants spent	
FIN 6		% of revenue collected against revenue raised	80% of revenue collected against revenue raised.	Target not met. the last two Q show that Municipality is between 66% and 42%	Not all communities pay services	Billing system that is functional.
FIN 7	Financial viability as expressed by ratio	Healthy current ratio	Between 1,5 and 3	Target not met. ratio 01:01 in the last quarters	N/A	N/A



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Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual Achieved for Annual Target	Reasons for under/over performance	Remedial Action
FIN 8		Quick ratio (Acid test ratio)	Sufficient short-term assets to cover near-future liabilities	Target Not met. ratio 01:2 there is no supporting evidence from the system	N/A	N/A
ID 1	To ensure clean and good governance	Admin	35 Institutional Policies	Target met. 37 policies approved by council	N/A	N/A
ID 2	To ensure internal and external consistency in salary structure	Admin	Process to be started afresh due resignation of job evaluation coordinator	Target not met 48 JDs were evaluated and audited, 83 JDs still need to be evaluated and audited (process still on going.	Not All JDs are submitted on the same time.	Follow the process stipulated by JD committee
ID 3	Safeguarding the municipality in all legally related matters	Admin	8,00	Target not met.2 Cases Settled. Litigation Register Case No PS08/22 6 Cases are still on going, not completed	N/A	N/A
ID 4		Admin	5 cases	Target not met .5 Cases These cases were for the financial year 2021/22, they do not form part of the SDBIP 2022/23	Beyond our control: Depend on SALGBC for condonati on outcome and depend on recovery of the key witness	N/A
ID 5	Effective and efficient oversight function	Admin	12	Target not met.9 Portfolio meeting held. Minutes and attendance registers.	3 portfolio meetings could not sit due to quorum. Meeting was postponed	N/A



## CHAPTER 3

Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual Achieved for Annual Target	Reasons for under/over performance	Remedial Action
ID 6	Improved municipal responsiveness	All		Target not met. Councilors do not report to officials Therefor no records submitted.	Meeting are not convened by officials	N/A
ID 7		All	12 Ward Committee Meetings	Target not met. 11 Ward committee meetings held from different ward committees. Attendance registers and Minutes	No consistency of seating of ward committee meetings from ward committees Meeting is not convened	N/A
ID 8	To align the structure of the municipality with its objectives	Admin	2022/23	Target met. 1 Approved Organization al Structure	N/A	N/A
ID 9	Effective and efficient leave administration	Admin	Negative audit finding on leave	Target not met. Consolidated leave register submitted	SMART	N/A



## CHAPTER 3

Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual Achieved for Annual Target	Reasons for under/over performance	Remedial Action
/ID 10	To optimise information and communication technology (ICT) function to support organisational performance	Admin	Old KPA	Target met. 5 wireless access points installed	N/A	N/A
Id 11	To optimise information and communication technology (ICT) function to support organisational performance	Admin		Target met. Cloud back-up of institutional data installed	N/A	N/A



## CHAPTER 3

Project Ref.	Strategic Objective	Key Performance Indicator	Annual Target	Actual achievement as of July 22	Reasons for under/over performance	Remedial Action
Com 1	Communities of SRVM with specific reference to youth have access to suitable and affordable recreational and sport facilities and public amenities.	number of cemeteries established	2 X Cemeteries Established	Target not met. 0 Cemeteries Established	Delay in council deliberation and approval	Council approval
Com 2		Number of cemeteries maintained	2 X Cemeteries maintained	Target not met. 0 Cemeteries maintained	due to BTO conflicts with SCM accountant, no RFQ was advertised during the period of reporting	N/A
Com 3		number of administrative facilities maintained	2 Amenities Maintained	.Target met both of the 2 Amenities were done in Q3,Q4.	N/A	N/A
Com 4		Functional public ablution facilities	Construction of Addo CBD Public ablution facilities	Target not met. 0 Ablution facilities constructed.	Due to lack of formal commitment from SANRAL.  Provisional Funding approval has been received from SANRAL, but no	Source of funding



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					actual official communication has been provided by funder.	
Com 5		Number of books in circulation	500	Target met	N/A	N/A
Com 6		Number of outreach programmes conducted	12	Target met. 15 outreach programmes conducted	15 outreach programmes were conducted. Outreach reports & dated photos and registers for all four quarters on POE.	N/A
Com 7		Number of illegal dumping sites eradicated	4 illegal dumping sites eradicated	Target met. 53 illegal dumping sites were eradicated	53 illegal dumping sites eradicated. Dated photos on PEO.	N/A
Com 8	To ensure that health, well-being, and environment is protected	Number of land fill sites cleared and levelled	2 land fill sites cleared and levelled	Target met .6 landfill sites cleared & levelled.	Register and photos	N/A
Com 9		Functional Steering committee	Formalization of Project steering committee	Target not met .0 stakeholder engagements. No terms of	0 stakeholder engagements. No terms of reference	Source of Funding



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				reference.		
Com 10			Formalisation of waste reclaimers	Target not met .Waste Reclaimer Database register.Indication of Waste Reclaimers	No establishment of an executive structure	establishment of an executive structure
Com 11	To ensure the provision of effective and efficient fire and disaster management services throughout the SRVM	Functional call centre	Fully operational call centre	Target not met .no fully operational Call centre.	The Fire Station is currently under security upgrading process of wall fencing and gates	N/A
Com 13		Increased compliance post inspections	100	Target not met .25 Inspection done Q1	Access denied due to lack of Professional representability/Identification	Procurement of PPE
Com 14	To ensure provision of traffic services including improved revenue	One stop shop for Driver's Licence testing centre	1	Target not met .0 One stop shop Drivers testing center.	No terms of reference.	N/A
Com 15		No. of warrants of arrests executed	400 warrants of arrests served to offenders	Target not met Warrants of arrest have been withheld by the Magistrate Court.	Warrants withheld by Magistrate Court	N/A



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Com 16	Testing and Licensing of Vehicles And People	No. of transactions processed by vehicle licensing Section	25 000 transactions to be processed	Target not met Only 240 out of 750 tickets captured.	Ticket Fines register	N/A
Com 17	Community Safety and Crime Prevention	Operational Driving License Testing Centre in Kirkwood	DLTC One stop shop IN Kirkwood	Target not met. There's 0 one stop shop DTC	0 One stop shop Drivers testing Centre. No terms of reference.	Email with Approved Application from DOT
Com 18		No. of tickets captured	3000 tickets to be captured	Target not met. Only 240 out of 750 tickets captured	Tickets were not captured adequately.	Ticket Fines register
Com 19		Council approved Community safety plan	Council approved Community safety plan	Target not met. Safety Plan not approved.	No submission of Council approved Safety Plan. No terms of reference.	N/A
Com 20		No. of Safety Audits Conducted	4 Safety Audits to be conducted	Target not met . 0 Safety Audits Conducted.	No terms of reference.	N/A
Com 21		No. of Liquor outlets inspected	8 Liquor outlets to be inspected	Target not met . 0 Liquor outlets inspected	No terms of reference.	N/A



## CHAPTER 3

### CHAPTER 4 – ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

#### COMPONENT A: INTRODUCTION TO MUNICIPAL PERSONNEL

##### 4.1. EMPLOYEE TOTAL, VACANCIES AND TURNOVER

Description	Employees			
	2022/23: Employee No	2022/23		
		Approved No of Positions:	Employees No:	Vacancies
Roads & Storm Water	12	12	11	1
Waste Water-Sanitation	59	59	46	7
Electricity	7	7	7	0
Town Beatification	21	21	17	4
Housing	4	4	3	1
Waste Management	29	29	20	9
Environmental	2	2	2	0
Libraries	19	19	19	0



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<b>Fire &amp; Disaster</b>	14	14	12	2
<b>Licencing</b>	13	13	12	1
<b>Law Enforcement</b>	21	21	19	2
<b>Project Management</b>	3	3	3	0
<b>Human Resources</b>	10	10	9	1
<b>ICT</b>	4	4	4	0
<b>Budget</b>	3	3	2	1
<b>Payroll</b>	3	3	3	0
<b>Income</b>	26	26	25	1
<b>Expenditure</b>	3	3	3	0
<b>SCM</b>	5	5	3	2
<b>Asset</b>	3	3	3	0
<b>Administration</b>	9	9	8	1
<b>MM Office</b>	16	16	14	2
<b>Mayors Office</b>	5	5	4	1
<b>PA's x3</b>	3	3	0	0



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<b>Total</b>	<b>296</b>	<b>296</b>	<b>262</b>	<b>34</b>

<b>Approved Number of employees</b>	<b>296</b>
<b>Current Number of employees</b>	262 According to payroll) 296 According to the approved structure
<b>Section 56/57 Managers positions occupied.</b>	5 (ALL filled) including MM
<b>Number of Section 56 / 57 Managers</b>	5



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Table: Staff Compliment

Directorate		Positions on structure	Filled positions	Vacant positions
Office of the mayor		5	4	1
Municipal manager		16	14	2
Corporate services		36	34	2
Financial services		40	35	5
Community services		104	87	17
Technical Services		95	88	7
Total		296	262	34

Table: Vacancy rate

### 4.2 POLICIES

A total of 10 policies are being reviewed and new ones developed and still in draft form.

Namely:

1. Recruitment and Selection Policy



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2. End user Car Scheme Policy,
3. Insurance Policy,
4. Acting Policy,
5. SMME Policy,
6. Access Control,
7. S & T Policy,
8. Exit Management Policy,
9. Dress Code and
10. Fraud Prevention Policy

**NB: The following Policy Gaps have been identified for review and development in the next financial year, namely:**

1. Induction and Orientation Policy,
2. Promotion Policy,
3. Counselling Policy,
4. ????
5. ??????

### COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

#### 4.2 WORKFORCE PROFILE

The total number of **employees** (including employees with disabilities) in each of the following.

**Occupational levels:** Note: A=Africans, C=Coloureds, I=Indians and W=Whites



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Occupational Levels	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management	2	0	0	1	1	0	0	0	0	0	5
Senior management	5	0	0	1	1	0	0	1	0	0	4
Professionally qualified and experienced specialists and mid- management	27	0	0	0	11	0	0	1	0	0	15
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents	22	9	0	1	13	0	0	0	0	0	36
Semi- skilled and discretionary decision making	15	7	0	0	47	10	0	2	0	0	71
Unskilled and defined decision making	69	23	0	1	24	5	0	1	0	0	108
TOTAL PERMANENT	128	39	0	4	97	15	0	5	0	0	288
Temporary employees	0	0	0	0	0	0	0	0	0	0	
GRAND TOTAL	128	39	0	4	97	15	0	5	0	0	288



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### PEOPLE WITH DISABILITIES

The total number of **employees with disabilities only** in each of the following occupational levels: Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Occupational Levels	MALE				FEMALE				FOREIGN NATIONALS		TOTAL
	A	C	I	W	A	C	I	W	MALE	FEMALE	
Top management											
Senior management											
Professionally qualified and experienced specialists and mid-management											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, and superintendents											



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Semi- skilled and discretionary decision making	1	0	0	0	0	1	0	0	0	0	2
Unskilled and defined decision making	2	1	0	0	0	0	0	0	0	0	4
TOTAL PERMANENT											
Temporary employees											
GRAND TOTAL	3	1	0	0	0	1	0	0	0	0	5

Table: 6

### RECRUITMENT

The total number of new recruits, **including people with disabilities** are reflected below.

Note: A=Africans, C=Coloureds, I=Indians and W=Whites

Table to be updated.

### SKILLS MATRIX

Management Level	Gender	Number of employees identified for training at start of the year	Number of Employees that received training
MM and S57	Female	1	1
	Male	0	0
Legislators, senior	Female	1	1



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<b>officials and managers</b>	Male	4	4
<b>Associate professionals and Technicians</b>	Female	0	0
	Male	2	0
<b>Professional</b>	Female	0	0
	Male	0	0
<b>Clerks</b>	Female	30	0
	Male	12	0
<b>Plant and machine operators and assemblers</b>	Female	3	3
	Male	12	12
<b>Elementary occupations</b>	Female	6	1
	Male	56	18
<b>Sub total</b>	Female		
	Male		
<b>Total</b>		0	0

### 4.6 EMPLOYEE EXPENDITURE

The municipality is still within the personnel cost threshold set by National Treasury between 25% - 40% (SRVM currently standing at 36% of the total operating budget).

#### COMMENT ON WORKFORCE EXPENDITURE:

1. Job Evaluation processes have started in earnest and costing implications have been done for payments to be affected in the new financial year with effect from 01 July 2023.
2. A total of 136 approved positions in the reviewed organogram have written Job Descriptions, except newly created positions namely HR Manager and Legal Services Practitioner at Corporate Services, Finance Manager at BTO and Building Inspector at Technical Services,



## CHAPTER 3

3. Some employees have been placed in vacant positions due to their reviewed and approved organogram on 8<sup>th</sup> July 2022.
4. The personnel costs have marginally increased but still within the National Treasury Norms and Standards, currently standing at 36% of the Total Operating Budget.

### DISCLOSURES OF FINANCIAL INTERESTS

NB: Disclosures have been made by ALL Senior Managers, not aware of the other categories of employee

## CHAPTER 5 – FINANCIAL PERFORMANCE

### 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

### COMPONENT A: STATEMENTS OF FINANCIAL PERFORMANCE

The 2022/23 Medium Term Revenue and Expenditure Framework (MTREF) was prepared in terms of the approved Integrated Development Plan and Budget process plan approved by Council.

### ACCOUNTING AND REPORTING

The municipality has the necessary financial-related policies approved by Council and these policies are reviewed annually. The implementation of policies assists in ensuring compliance with the Standard of Generally Recognized Accounting Practices (GRAP).

The annual financial statements are prepared internally in terms of GRAP. The unaudited annual financial statements have been prepared on the going concern basis and were approved by the Accounting Officer on the 31 August 2023.



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# CHAPTER 5

## 5.4 STATEMENTS OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary

Description																			
R thousands	Original Budget			Budget Adjustments (1 to s28 and s31 of the MFMA)		Final adjustments budget		Shifting of funds (1 to s31 of the MFMA)		Virement (1 to Council approved by law)		Final Budget		2022/23		2021/22			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome	
<b>Financial Performance</b>																			
Property rates	70 711	(14 680)	56 032	-	-	56 032	49 222	-	(6 810)	88%	70%	-	-	-	-	-	-	64 166	
Service charges	58 263	8 260	66 523	-	-	66 523	45 747	-	(20 776)	69%	79%	-	-	-	-	-	-	44 640	
Investment revenue	289	1 034	1 323	-	-	1 323	-	-	(1 323)	0%	0%	-	-	-	-	-	-	-	
Transfers recognised - operational	107 015	759	107 774	-	-	107 774	106 814	-	(960)	99%	100%	-	-	-	-	-	-	98 615	
Other own revenue	13 604	67 450	81 055	-	-	81 055	25 259	-	(55 795)	31%	185%	-	-	-	-	-	-	23 103	
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>249 883</b>	<b>62 824</b>	<b>312 706</b>	<b>-</b>	<b>-</b>	<b>312 706</b>	<b>227 043</b>	<b>-</b>	<b>(85 664)</b>	<b>73%</b>	<b>91%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>230 524</b>	
Employee costs	88 251	380	88 630	-	-	88 630	90 757	-	2 127	98%	96%	-	-	-	-	-	-	86 053	
Remuneration of councillors	7 303	-	7 303	-	-	7 303	8 253	-	950	100%	98%	-	-	-	-	-	-	7 125	
Depreciation & asset impairment	30 451	-	30 451	-	-	30 451	27 205	-	(3 247)	23%	72%	-	-	-	-	-	-	25 771	
Finance charges	4 345	-	4 345	-	-	4 345	12 392	-	8 048	87%	87%	-	-	-	-	-	-	4 028	
Inventory consumed and bulk purchases	35 790	3 594	39 384	-	-	39 384	33 143	-	(6 241)	84%	87%	-	-	-	-	-	-	34 723	
Transfers and grants	-	-	-	-	-	-	10	-	(4 400)	-	70%	-	-	-	-	-	-	116 933	
Other expenditure	86 213	27 039	113 252	-	-	113 252	113 737	-	485	78%	70%	-	-	-	-	-	-	274 634	
<b>Total Expenditure</b>	<b>252 353</b>	<b>31 012</b>	<b>283 366</b>	<b>-</b>	<b>-</b>	<b>283 366</b>	<b>285 198</b>	<b>-</b>	<b>(2 318)</b>	<b>68%</b>	<b>87%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44 110</b>	
<b>Surplus/(Deficit)</b>	<b>(2 470)</b>	<b>31 111</b>	<b>29 341</b>	<b>-</b>	<b>-</b>	<b>29 341</b>	<b>(58 455)</b>	<b>-</b>	<b>(87 862)</b>	<b>44%</b>	<b>152%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>75 177</b>	
Transfers recognised - capital	59 166	3 008	62 174	-	-	62 174	78 091	-	15 917	92%	117%	-	-	-	-	-	-	-	
Contributions recognised - capital & contributed assets	-	-	-	-	-	-	-	-	-	106%	106%	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) after capital transfers &amp; contributions</b>	<b>56 695</b>	<b>34 819</b>	<b>91 515</b>	<b>-</b>	<b>-</b>	<b>91 515</b>	<b>19 636</b>	<b>-</b>	<b>(72 065)</b>	<b>-113%</b>	<b>88%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31 067</b>	
Share of surplus/ (deficit) of associate	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
<b>Surplus/(Deficit) for the year</b>	<b>56 695</b>	<b>34 819</b>	<b>91 515</b>	<b>-</b>	<b>-</b>	<b>91 515</b>	<b>19 636</b>	<b>-</b>	<b>(72 065)</b>	<b>-113%</b>	<b>88%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31 067</b>	
<b>Capital expenditure &amp; funds sources</b>																			
<b>Capital expenditure</b>																			
Transfers recognised - capital	57 858	3 387	61 245	-	-	61 245	76 218	-	14 973	-	72 716	-	-	-	-	-	-	72 716	
Public contributions & donations	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Borrowing	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Internally generated funds	3 090	5 508	8 598	-	-	8 598	-	-	(8 598)	-	-	-	-	-	-	-	-	-	
<b>Total sources of capital funds</b>	<b>60 948</b>	<b>8 896</b>	<b>69 844</b>	<b>-</b>	<b>-</b>	<b>69 844</b>	<b>76 218</b>	<b>-</b>	<b>6 374</b>	<b>0%</b>	<b>0%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>72 716</b>	
<b>Cash flows</b>																			
Net cash from (used) operating	111 730	(24 539)	87 190	-	-	87 190	60 554	-	(26 637)	79%	67%	-	-	-	-	-	-	86 302	
Net cash from (used) investing	(60 948)	(8 896)	(69 844)	-	-	(69 844)	(76 218)	-	(6 374)	83%	80%	-	-	-	-	-	-	(72 716)	
Net cash from (used) financing	(3)	-	(3)	-	-	(3)	(284)	-	(282)	42%	11%	-	-	-	-	-	-	(45)	
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>50 779</b>	<b>(33 435)</b>	<b>17 344</b>	<b>-</b>	<b>-</b>	<b>17 344</b>	<b>(15 948)</b>	<b>-</b>	<b>(33 290)</b>	<b>115%</b>	<b>9947%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>13 542</b>	
Cash and cash equivalents at the beginning of the year	6 731	-	6 731	-	-	6 731	20 273	-	13 542	86%	628%	-	-	-	-	-	-	8 731	
<b>Cash/cash equivalents at the year end</b>	<b>57 510</b>	<b>(33 435)</b>	<b>24 075</b>	<b>-</b>	<b>-</b>	<b>24 075</b>	<b>4 324</b>	<b>-</b>	<b>(33 290)</b>	<b>15%</b>	<b>35%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>20 273</b>	



## 5.2 GRANTS

Grant Performance						
R' 000						
Description	Year -1	Year 0			Year 0 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adjustments Budget (%)
<b><u>Operating Transfers and Grants</u></b>						
<b>National Government:</b>	<b>167 327</b>	<b>164 773</b>	<b>167 557</b>	<b>183 567</b>	<b>-10%</b>	<b>-9%</b>
Equitable share	90 418	101 270	101 270	101 270	0%	0%
EPWP	1 245	1 206	1 206	1 206	0%	0%
FMG	2 997	3 000	3 000	3 000	0%	0%
INEP	16 500	10 512	10 512	14 306	27%	27%
MIG	33 219	28 785	28 785	38 785	26%	26%
WSIG	12 762	20 000	22 784	25 000	20%	9%
Drought Relief Grant	7 580					
Dept of Economic Development	2 605					
<b>Provincial Government:</b>	<b>6 465</b>	<b>1 350</b>	<b>270</b>	<b>1 338</b>	<b>-1%</b>	<b>80%</b>
Library Subsidy	1 200	1 200	120	1 200	0%	90%
LGSETA Subsidy	149	150	150	138	-8%	-8%
Small Town Revitalization	2 116				#DIV/0!	#DIV/0!
EEDSM	3 000				#DIV/0!	#DIV/0!
<b>Total Operating Transfers and Grants</b>	<b>173 792</b>	<b>166 123</b>	<b>167 827</b>	<b>184 905</b>	<b>-11%</b>	<b>-11%</b>



### 5.3 ASSET MANAGEMENT

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 0				
Asset 1				
Name	Water and Sanitation			
Description	KIRWOOD WWTW - GREEN DROP REPRIORTISATION PROJECT			
Asset Type	Work- in-progress (Infrastructure Asset)			
Key Staff Involved	Technical Service			
Staff Responsibilities	Director Technical Services			
	Year -3	Year -2	Year -1	Year 0
Asset Value				19 247 011
Capital Implications	Acquired through grant funding			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	Ensure service backlogs are addressed in the community			
Policies in Place to Manage Asset	Yes			
Asset 2				
Name	Sports and Recreational Facilities			
Description	CONSTRUCTION OF A NEW MULTI-PURPOSE SPORT RECREATIONAL FACILITY AT NOMATHAMSANQA			
Asset Type	Work- in-progress (Infrastructure Asset)			
Key Staff Involved	Technical Service			
Staff Responsibilities	Director Technical Services			
	Year -3	Year -2	Year -1	Year 0
Asset Value			1 617 571,87	15 827 854,20
Capital Implications	Acquired through grant funding			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	Promote safety and recreational activities			
Policies in Place to Manage Asset	Yes			
Asset 3				
Name	Community Assets			
Description	CONSTRUCTION OF MOSES MABIDA MULTIPURPOSE SPORTS HALL			
Asset Type	Work- in-progress (Infrastructure Asset)			
Key Staff Involved	All			
Staff Responsibilities	All			
	Year -3	Year -2	Year -1	Year 0
Asset Value			4 272 105,35	10 460 581,53
Capital Implications	Acquired through grant funding			
Future Purpose of Asset	Service Delivery			
Describe Key Issues	Promote safety and recreational activities			
Policies in Place to Manage Asset	Yes			
T 5.3.3				

T 5.3.2



## CHAPTER 5

Repair and Maintenance Expenditure: Year 0				
R' 000				
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	4 638 800	4 238 800	5 663 859	-34%
Repairs are performed on an ad hoc basis and development of maintenance plan is underway to improve assets useful life.				
T 5.3.4				

### 5.4 FINANCIAL RATIOS BASED ON KEY PERFORMANCE INDICATORS

RATIO	NORM/RANGE	INPUT DESCRIPTION	DATA INPUTS AND RESULTS	INTERPRETATION
" R 000 "				
B. Debtors Management				
Net Debtors Days	30 days		61 days	This is above the norm , suggesting debtor collection needs urgent attention. The poor



## CHAPTER 5

		Gross debtors	231 887 666	culture of credit control and revenue management must be improved immediately.
		Bad debts Provision	212 367 991	
		Billed Revenue	144 296 426	

### C. Liquidity Management

Cash / Cost Coverage Ratio (Excl. Unspent Conditional Grants)	1 - 3 Months		0 Month	The municipality is vulnerable and at high risk in the event of a financial shock occur. Its ability to meet its service delivery obligation and commitments is compromised.
		Cash and cash equivalents	4 324 077	
		Unspent Conditional Grants	4 921 046	
		Overdraft		
		Short Term Investments	-	
		Total Annual Operational Expenditure	279 370 220	

Current Ratio	1.5 - 2:1		0,38	The municipality doesn't have the ability to meet its short term financial obligations should a financial recession or shock occur with its current financial muscle.
		Current Assets	39 874 664	
		Current Liabilities	106 210 523	

### D. Liability Management

Debt (Total Borrowings) / Revenue	45%		0%	Sufficient revenue is available to repay liabilities
		Total Debt	-	



## CHAPTER 5

		Total Operating Revenue	304 430 281	
		Operational Conditional Grants	-284 339	

### D. Expenditure Management

			71 days	
		Trade Creditors	70 087 159	
Creditors Payment Period (Trade Creditors)	30 days	Capital Purchases	355 588 034	This indicates that the municipality is experiencing cash flow problems as supplier are not paid within 30 days as legislated. Effectiveness of controls must be reviewed.

			35%	
		Employee/personnel related cost	90 756 971	
Remuneration as % of Total Operating Expenditure	25% - 40%	Councillors Remuneration	8 253 438	
		Total Operating Expenditure	279 370 220	This ratio is within the norm range. The structure must be reviewed to aid service delivery with the current staff at hand.

### A. Asset Management/Utilisation

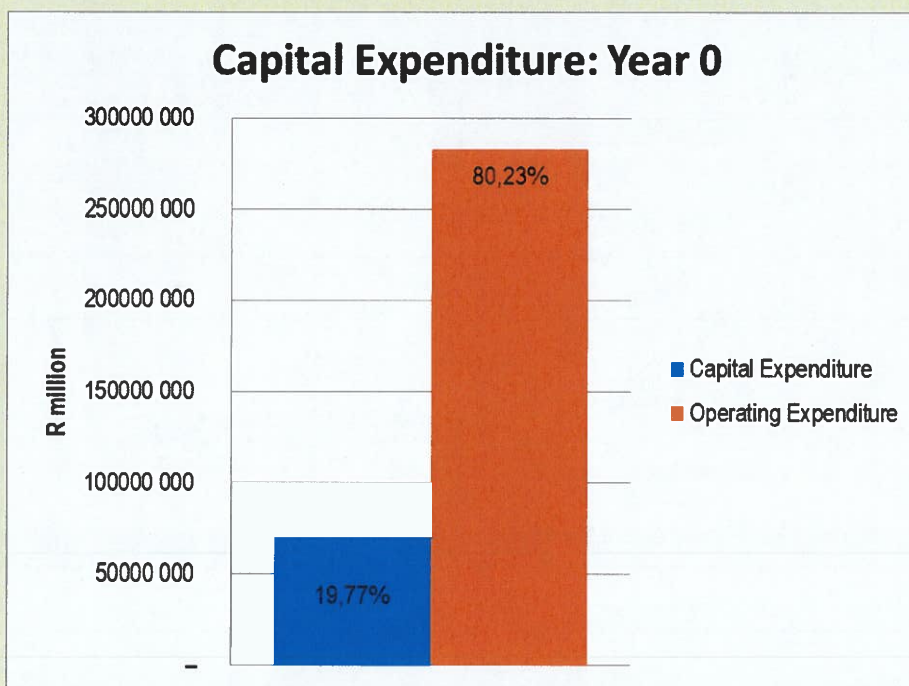
			21%	
		Total Operating Expenditure	279 370 220	
Capital Expenditure to Total Expenditure	10% - 20%	Total Capital Expenditure	76 217 814	The ratio is slightly above the norm which is good as the municipality has service delivery backlogs. Spending should however be monitored to ensure its not going towards administrative assets.



## CHAPTER 5

Repairs and Maintenance as a % of Property, Plant and Equipment and Investment Property (Carrying Value)	8%		1%	Insufficient monies are being spent on repairs and maintenance to the extent that it increases impairment of useful assets.
		Total Repairs and Maintenance Expenditure	5 663 859	
		PPE at carrying value	1 037 108 027	
		Investment Property at Carrying value	32 277 237	

### 5.5 CAPITAL EXPENDITURE



R million	Original Budget	Adjustment Budget	Un-audited Full Year Total	Original Budget variance	Adjusted Budget Variance
Capital Expenditure	60 948	69 844	76 218	-25,1%	-9,1%
	61	70	76	-25,1%	-9,1%
Operating Expenditure	252 353	283 366	285 498	-13,1%	-0,8%
	252	283	285	-13,1%	-0,8%
<b>Total expenditure</b>	<b>313</b>	<b>353</b>	<b>362</b>	<b>-15,5%</b>	<b>-2,4%</b>



## CHAPTER 5

### 5.6 SOURCES OF FINANCE

Capital Expenditure - Funding Sources: Year -1 to Year 0							
R' 000							
Details		Year -1	Year 0				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adjustment to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies	72 093	57 858	61 245	70 009	5,85%	21,00%
	Other	623	3 090	8 598	6 208	178,27%	100,92%
Total		72 716	60 948	69 844	76 218	184,12%	121,92%
Percentage of finance							
	External loans	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Public contributions and donations	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Grants and subsidies	99,1%	94,9%	87,7%	91,9%	3,2%	17,2%
	Other	0,9%	5,1%	12,3%	8,1%	96,8%	82,8%
Capital expenditure							
	Water and sanitation	27 471	28 188	30 510	46 624	8,23%	65,40%
	Electricity	17 874	10 512	10 687	13 909	1,66%	32,31%
	Housing						
	Roads and storm water	15 201	9 011	14 077	854	56,23%	-90,52%
	Other	12 171	13 236	14 570	14 831	10,07%	12,05%
Total		72 716	60 948	69 844	76 218	76,20%	19,24%
Percentage of expenditure							
	Water and sanitation	37,8%	46,3%	43,7%	61,2%	10,8%	339,9%
	Electricity	24,6%	17,2%	15,3%	18,2%	2,2%	168,0%
	Housing	0,0%	0,0%	0,0%	0,0%	0,0%	0,0%
	Roads and storm water	20,9%	14,8%	20,2%	1,1%	73,8%	-470,5%
	Other	16,7%	21,7%	20,9%	19,5%	13,2%	62,6%
T 5.6.1							



## CHAPTER 5

### 5.7 CAPITAL SPENDING ON 5 LARGEST PROJECTS

Capital Expenditure of 5 largest projects*					
Name of Project	Current: Year 0			Variance: Current Year 0	
	Original Budget	Adjustment Budget	Actual Expenditure	Original Variance (%)	Adjustment variance (%)
KIRWOOD WWTW - GREEN DROP REPRIORTISATION PROJECT	17 100 000	18 491 964	19 247 011	-13%	-4%
CONSTRUCTION OF A NEW MULTI-PURPOSE SPORT RECREATIONAL FACILITY AT NOMATHAMSAQA	8 000 000	14 700 000	15 827 854	-98%	-8%
CONSTRUCTION OF MOSES MABIDA MULTIPURPOSE SPORTS HALL	4 056 432	7 356 432	10 460 582	-158%	-42%
IZINYOKA ELECTRIFICATION - PHASE 6A	0	6 512 000	5 687 968	#DIV/0!	13%
IZINYOKA 15KM MV LINE & KIRKWOOD BULK INFRASTRUCTURE UPGRADE - PHASE 6B	10 512 000	4 000 000	3 553 391	66%	11%
* Projects with the highest capital expenditure in Year 0					
<b>Name of Project - A</b>	KIRWOOD WWTW - GREEN DROP REPRIORTISATION PROJECT				
Objective of Project	To address service backlog iro water and sanitation				
Delays	None				
Future Challenges	Unforeseen natural delays				
Anticipated citizen benefits	Maximum				
<b>Name of Project - B</b>	CONSTRUCTION OF A NEW MULTI-PURPOSE SPORT RECREATIONAL FACILITY AT NOMATHAMSAQA				
Objective of Project	To provide recreational facilities to the community				
Delays	None				
Future Challenges	Unforeseen natural delays				
Anticipated citizen benefits	Maximum				
<b>Name of Project - C</b>	To provide community assets				
Objective of Project	To address service backlogs within the community				
Delays	None				
Future Challenges	Unforeseen natural delays				
Anticipated citizen benefits	Maximum				
<b>Name of Project - D</b>	IZINYOKA ELECTRIFICATION - PHASE 6A				
Objective of Project	To provide electricity for all residents				
Delays	None				
Future Challenges	Unforeseen natural delays				
Anticipated citizen benefits	Maximum				
<b>Name of Project - E</b>	IZINYOKA 15KM MV LINE & KIRKWOOD BULK INFRASTRUCTURE UPGRADE - PHASE 6B				
Objective of Project	To provide electricity for all residents				
Delays	None				
Future Challenges	Unforeseen natural delays				
Anticipated citizen benefits	Maximum				



## CHAPTER 5

T 5.7.1

### 5.8 BASIC SERVICE AND INFRASTRUCTURE BACKLOGS – OVERVIEW.

The following are priority problems that need to be addressed as a matter of urgency.

Old, dilapidated, and Irreparable infrastructure (Roads & Stormwater, Water and Sewer Pipelines, Water & Sewer Treatment Works)

Poorly planned, poorly designed infrastructure (with inherent challenges)

Neglected infrastructure (due to poor or no maintenance and insufficient finances to eradicate the backlog.)

Services provided at a loss resulting in loss of revenue due to water losses and illegal electricity connections.

Vandalism to all Infrastructure assets (Water & Waste Treatment Works Plants, theft of high mast lights cables, Copper from overhead lines)

Rapid illegal growth of informal settlements due to population growth that is not catered for.

No Land audit to identify pockets of land for development.

## COMPONENT C: CASH FLOW MANAGEMENT AND INVESTMENTS

### 5.9 CASH FLOW

Cash Flow Outcomes				
Description	R'000			
	Year -1	Current: Year 0		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Receipts</b>				
Ratepayers and service charges	66 949	107 853	107 853	55 972
Government - operating	98 615	101 710	101 710	106 814
Government - capital	81 555	59 166	59 166	76 408
Interest	889	1 147	1 147	1 429
Other income	50 745	7 193	7 193	24 825
<b>Payments</b>				
Employees	(93 219)	(95 554)	(95 934)	(98 165)



## CHAPTER 5

Finance charges	(4 028)	(4 345)	(4 345)	(12 392)
Suppliers	(115 202)	(65 441)	(89 601)	(94 337)
<b>NET CASH FROM/(USED) OPERATING ACTIVITIES</b>	<b>86 302</b>	<b>111 730</b>	<b>87 190</b>	<b>60 554</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
<b>Receipts</b>				
Proceeds on disposal of PPE	-	-	-	-
Decrease (Increase) in non-current debtors	-		-	
Decrease (increase) other non-current receivables	-			
Decrease (increase) in non-current investments	-		-	
<b>Payments</b>				
Capital assets	(72 716)	(60 948)	(69 844)	(76 218)
<b>NET CASH FROM/(USED) INVESTING ACTIVITIES</b>	<b>(72 716)</b>	<b>(60 948)</b>	<b>(69 844)</b>	<b>(76 218)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
<b>Receipts</b>				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
<b>Payments</b>				
Repayment of borrowing	(45)	(3)	(3)	(284)
<b>NET CASH FROM/(USED) FINANCING ACTIVITIES</b>	<b>(45)</b>	<b>(3)</b>	<b>(3)</b>	<b>(284)</b>
<b>NET INCREASE/ (DECREASE) IN CASH HELD</b>	<b>13 542</b>	<b>50 779</b>	<b>17 344</b>	<b>(15 948)</b>
Cash/cash equivalents at the year begin:	6 731	6 731	6 731	20 273
Cash/cash equivalents at the year end:	20 273	57 510	24 075	4 324
Source: MBRR A7				T 5.9.1

### 5.10 BORROWING AND INVESTMENTS

Actual Borrowings: Year -2 to Year 0			
			R' 000
Instrument	Year -2	Year -1	Year 0
<b>Municipality</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases	-		-284 339



## CHAPTER 5

PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities	-	-	
<b>Municipality Total</b>	<b>0</b>	<b>0</b>	<b>-284 339</b>
<b>Municipal Entities</b>			
Long-Term Loans (annuity/reducing balance)			
Long-Term Loans (non-annuity)			
Local registered stock			
Instalment Credit			
Financial Leases			
PPP liabilities			
Finance Granted By Cap Equipment Supplier			
Marketable Bonds			
Non-Marketable Bonds			
Bankers Acceptances			
Financial derivatives			
Other Securities			
<b>Entities Total</b>	<b>0</b>	<b>0</b>	<b>0</b>
<i>T 5.10.2</i>			

### 5.11 PUBLIC PRIVATE PARTNERSHIPS

Public Private Partnerships Entered into during Year					
					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value
The Municipality does not have Public Private Partnerships as all projects belong to the Municipality and appoints service providers to do all projects					



## CHAPTER 5

### COMPONENT D: OTHER FINANCIAL MATTERS

#### 5.12 SUPPLY CHAIN MANAGEMENT

The municipality has a Supply Chain Management Policy, and it incorporates the recent amendment of B-BEE Regulations which came into effect on the 1<sup>st</sup> April 2017. The internal control environment is not so strong, and it needs some improvements.

All the bid committees are in place and sufficient warm bodies are employed to ensure adherence to procurement regulations. Training has been provided for SCM unit to capacitate officials ensuring improved service delivery.

#### 5.13 GRAP COMPLIANCE

GRAP is the acronym for **G**enerally **R**ecognized **A**ccounting **P**ractice, and it provides the rules by which municipalities are required to maintain their financial accounts. Successful GRAP compliance will ensure that municipal accounts are comparable and more informative for the municipality. It will also ensure that the municipality is more accountable to its citizens and other stakeholders. Information on GRAP compliance is needed to enable National Treasury to assess the pace of progress and consider the implications.



## CHAPTER 6

### CHAPTER 6 – AUDITOR GENERAL AUDIT FINDINGS

#### INTRODUCTION

Note: The Constitution S188 (1) (b) states that the functions of the Auditor-General includes the auditing and reporting on the accounts, financial statements, and financial management of all municipalities. MSA section 45 states that the results of performance measurement... must be audited annually by the Auditor-General.

Refer to the Annual Financial Statements set out in Volume II and the timescale for the audit of these accounts and the audit of performance and the production of reports on these matters by the Auditor General as set out in this Chapter. If this is the version of the annual report presented to Council in September, then the Auditor-Generals statements on this year's submissions will not be available for inclusion in this Chapter and this should be explained.

*T 6.0.1*

#### COMPONENT A: AUDITOR-GENERAL OPINION OF FINANCIAL STATEMENTS YEAR -1

##### 6.1 AUDITOR GENERAL REPORTS YEAR -1 (PREVIOUS YEAR) SRVM AUDIT REPORT - 30 JUNE 2022

#### COMPONENT B: AUDITOR-GENERAL OPINION YEAR 0 (CURRENT YEAR)

##### 6.2 AUDITOR GENERAL REPORT YEAR 0

#### AUDITOR GENERAL REPORT ON THE FINANCIAL STATEMENTS: YEAR 0

##### COMMENTS ON AUDITOR-GENERAL'S OPINION

An audit outcome like the 2022/2023 outcome was expected under the following circumstances.



## CHAPTER 6

1. Lack of stable and continuing management which is essential for any organization to effectively function.
2. Lack of consequence management.

SRVM must take this opportunity to build on this undesired audit opinion and it can only improve in the future.

### COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES

The returns on financial performance data are returned to National Treasury on a quarterly basis within 10<sup>th</sup> day after the end of the quarter. The data strings are returned to the municipality where there are differences in calculations and the municipality rectifies those issues. The Municipal Manager and the CFO sign the verifications for submissions.

Signed (Chief Financial Officer) .....

### COMMENTS ON AUDITOR-GENERAL'S OPINION YEAR 0:

T 6.2.4

### COMMENTS ON MFMA SECTION 71 RESPONSIBILITIES:

Section 71 of the MFMA requires municipalities to return a series of financial performance data to the National Treasury at specified intervals throughout the year. The Chief Financial Officer states that these data sets have been returned according to the reporting requirements.

Signed (Chief Financial Officer) ..... Dated

T 6.2.5





# **SUNDAYS RIVER VALLEY LOCAL MUNICIPALITY**

Audit Report

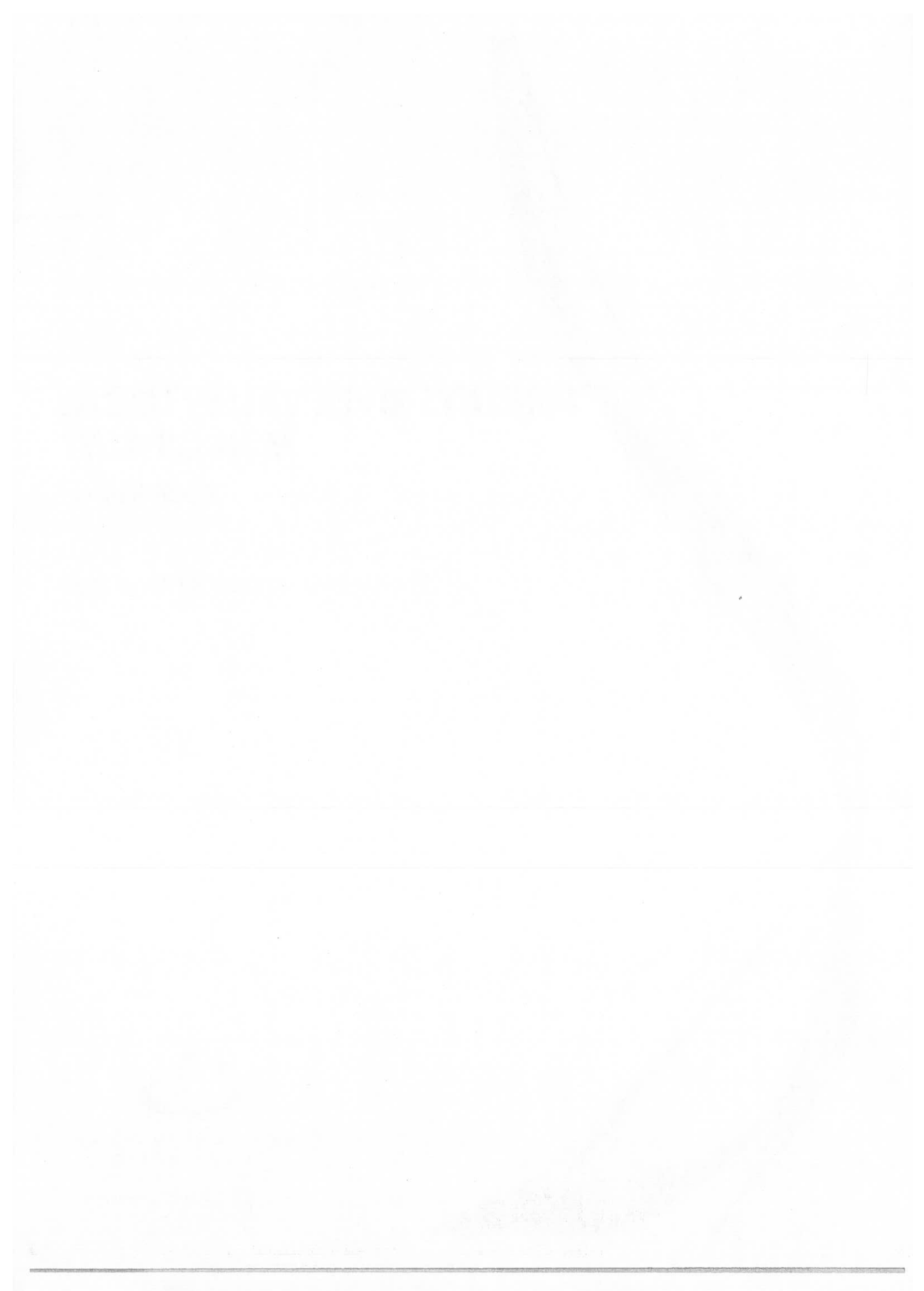
*For the year ended 30 June 2023*



**AUDITOR-GENERAL  
SOUTH AFRICA**

*Auditing to build public confidence*







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

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

### **Disclaimer of opinion**

1. I was engaged to audit the financial statements of the Sundays River Valley Municipality set out on pages ... to ..., which comprise the statement of financial position as at 30 June 2023, the statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.
2. I do not express an opinion on the financial statements of the municipality. Because of the significance of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

### **Basis for disclaimer of opinion**

#### **Investment property**

3. I was unable to obtain sufficient appropriate audit evidence for the investment property balance as disclosed in note 3 to the financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the investment property amount of R32,3 million (2022: R31,7 million), as disclosed in note 3 to the financial statements.

#### **Irregular expenditure**

4. I was unable to obtain sufficient appropriate audit evidence for the opening balance of irregular expenditure disclosed in note 57 to the financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the irregular expenditure amount of R485,3 million (2022: R519,5 million).

#### **Statement of comparison of budget and actual amounts**

5. The municipality did not correctly account for the statement of comparison of budget and actual amounts in accordance with GRAP 24, *Presentation of budget information in financial statements*, as budget amounts presented in the statement of comparison of budget and actual amounts did not agree to the approved budget amounts. Consequently, the statement of comparison of budget and actual amounts is understated by an amount of R17,5 million.



### **Finance costs**

6. The municipality did not correctly account for the finance costs in accordance with GRAP 5, *Borrowing costs*, as some of the interest charged on some of the outstanding creditor's balances was not recorded as part of the finance costs. Consequently, the finance costs amount disclosed in note 37 to the annual financial statements is understated by R125,2 million. This also results in an overstatement in payables from exchange transactions by the same amount. Additionally, there was an impact on the surplus for the period and on accumulated surplus.
7. The municipality did not correctly account for the finance costs in accordance with GRAP 5, *Borrowing costs*, as the total amount for some invoices was recorded as a finance cost rather than the interest charged only. Consequently, the finance costs amount disclosed in note 37 to the annual financial statements is overstated by R5,5 million. Additionally, there was an impact on the surplus for the period and on accumulated surplus.

### **Fruitless and wasteful expenditure**

8. The municipality did not correctly account for the fruitless and wasteful expenditure in accordance with section 125(2)(d) of the Municipal Finance Management Act of South Africa 56 of 2003 MFMA, as some of the interest charged on some of the outstanding debtor's balances was not recorded as part of the fruitless and wasteful expenditure balance. Consequently, the fruitless and wasteful expenditure balance disclosed in note 56 to the annual financial statements is understated by R122,9 million.
9. The municipality did not correctly account for the fruitless and wasteful expenditure in accordance with section 125(2)(d) of the MFMA, because the municipality for some invoices, recorded the Vat amount as fruitless and wasteful expenditure instead of the interest charged amount. Consequently, the fruitless and wasteful expenditure balance disclosed in note 56 to the annual financial statements is overstated by R4,4 million.

### **Property, plant and equipment**

10. I was unable to obtain sufficient appropriate audit evidence for the property, plant and equipment due to the status of accounting records supporting the restatement of opening balances and impairment loss, and impairment loss reversal as disclosed in note 4 to the financial statements. In addition, some assets were not recorded in the fixed asset register. I was unable to confirm the amounts by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the property, plant and equipment balance of R1,04 billion (2022: R991,4 million), as disclosed in note 4 to the financial statements.

### **Statement of changes of net assets**

11. The restated opening balance for the current year presented in the statement of changes in net assets does not agree with the amounts presented in the prior year statement of changes in net assets. This difference was not included as part of the prior year adjustments disclosed in note 49, contrary to GRAP 1, *Presentation of financial statements* and GRAP 3, *Accounting*



*policies, changes in accounting estimates and errors.* I could not determine the impact of the misstatement on the financial statement as it was impractical to do so.

12. The total balance presented in the statement of changes in net assets is not correctly calculated, contrary to GRAP 1, *Presentation of financial statements*. I could not determine the impact of the misstatement on the financial statement as it was impractical to do so.

#### **Unauthorised expenditure**

13. The municipality incorrectly calculated the unauthorised expenditure movement for the current year. Consequently, the unauthorised expenditure balance disclosed in note 55 to the annual financial statements is overstated by an amount of R66,1 million (2022: R105, 8 million).

#### **Commitments**

14. The municipality incorrectly calculated the capital commitments amount as disclosed in note 46 to the annual financial statements. Consequently, the commitments balance disclosed is understated by an amount of R9,1 million (2022: R4,5 million).
15. I was unable to obtain sufficient and appropriate audit evidence for the commitments amount as the municipality did not maintain complete and accurate records of contractual information. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the commitments balance of R26,5 million (2022: R62,7 million), as disclosed in note 46 to the annual financial statements.

#### **General expenses**

16. The municipality did not correctly account for general expenses in accordance with GRAP 1, *Presentation of financial statements*. Consequently, the general expenses amount disclosed in note 40 to the financial statements is overstated by an amount of R4,9 million. This also results in an understatement of the contracted services amount disclosed in note 42 to the financial statements by the same amount.
17. I was unable to obtain sufficient and appropriate audit evidence for the general expenses amount as the municipality did not maintain complete and accurate records of the journals processed. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the general expenses amount of R39,8 million, as disclosed in note 40 to the annual financial statements.

#### **Contracted services**

18. The municipality did not correctly account for contracted services in accordance with GRAP 1, *Presentation of financial statements*. Consequently, the contracted services amount disclosed in note 42 to the financial statements is overstated by an amount of R22,7 million. This also results in an understatement of the general expenses amount disclosed in note 40 to the financial statements by the same amount.
19. I was unable to obtain sufficient appropriate evidence for contracted services due to the status of accounting records. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the contracted



services amount of R38 million (2022: R23,5 million), as disclosed in note 42 to the annual financial statements.

### **Bulk purchases**

20. The municipality did not correctly account for bulk water purchases in accordance with GRAP 1, *Presentation of financial statements* as the municipality included bulk water purchases under the bulk purchases account. Consequently, the bulk purchases amount disclosed in note 41 to the financial statements is overstated by an amount of R8,5 million (2022: R10,7 million). Additionally, there was an impact on the surplus for the period and on accumulated surplus.
21. I was unable to obtain sufficient appropriate audit evidence for the bulk purchases in the financial statements, as the municipality did not have adequate systems of internal control to confirm that what was invoiced is what was received or consumed by the municipality. This was also due to the municipality's failure to maintain sufficient and appropriate evidence for the restatement journals processed. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the bulk purchases amount of R31 million (2022: R33,8 million) as disclosed in note 41 to the annual financial statements, and the water purchased reported at R11,5 million (2022: R10,3 million) as disclosed in note 11 to the annual financial statements.

### **Contingencies**

22. The municipality did not recognise all contingencies in accordance with the requirements of GRAP 19, *Provisions, contingent liabilities and contingent assets*. Consequently, the contingencies amount disclosed in note 47 to the financial statements is understated by an amount of R19,3 million (2022: R21,2 million).

### **Cash flow statement**

#### **Sale of goods and services**

23. Sale of goods and services was incorrectly calculated as it included non-cash items such as debt impairment and interest receivable movement, which constitutes a departure from GRAP 2, *Cash flow statements*. Consequently, the sale of goods and services is overstated by an amount of R24,6 million (R22,5 million).

#### **Taxation**

24. Taxation was incorrectly worded and calculated as it included non-cash items such as debt impairment and interest receivable movement, which constitutes a departure from GRAP 2, *Cash flow statements*. Consequently, the taxation is overstated by an amount of R12,1 million (R42,9 million).

#### **Interest income**

25. Interest income was incorrectly calculated as it did not take into account interest receivable movement, which constitutes a departure from GRAP 2, *Cash flow statements*. Consequently, the interest income is overstated by an amount of R17,1 million (R0,8 million).



## **Suppliers**

26. The municipality's cash paid to suppliers was incorrectly calculated as it included non-cash items such as debt impairment, accrued bonus movement, salary accruals movement, and leave provision movement, which constitutes a departure from GRAP 2, *Cash flow statements*. Consequently, the cash paid to suppliers is overstated by an amount of R13,6 million (R52,2 million).
27. I was also unable to obtain sufficient appropriate audit evidence that cash outflows to suppliers for the current year had been properly accounted for, due to the status of accounting records. I was unable to confirm the cash outflow by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to cash outflow to suppliers stated at R94,3 million (2022: R115,2 million) as presented on the cash flow statement.

## **Debt impairment**

28. I was unable to obtain sufficient appropriate audit evidence for the current year amount of debt impairment in the financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the debt impairment amount of R17,8 million (2022: R42,3 million), as disclosed in note 39 to the financial statements.

## **Bad debts written off**

29. I was unable to obtain sufficient appropriate audit evidence for the current year amount of bad debts written off in the financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the bad debts written-off amount of R14,4 million (2022: R26,6 million), as presented on the statement of financial performance.

## **Receivables from non-exchange transactions**

30. I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of receivables from non-exchange transactions in the financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the receivables from non-exchange transactions amount of R12,1 million (2022: R9,9 million), as disclosed in notes 13 and 15 to the financial statements, as well as the interest from revenue from non-exchange amount of R8,9 million (2022: R7,2 million), as disclosed in note 26 to the financial statements.

## **Receivables from exchange transactions**

31. The municipality did not correctly account for the receivables from exchange transactions as required by GRAP 104, *Financial instruments*, due to incorrect journals passed on the debtors' age analysis which reduced the debtors' balances to a negative amount. Consequently, the receivables from exchange transactions amount disclosed in notes 10 and 15 to the annual



financial statements are understated by an amount of R4,9 million. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

32. The municipality did not correctly account for the receivables from exchange transactions as required by GRAP 104, *Financial instruments*, due to the indigent register having debtors who do not qualify to be indigent debtors and are supposed to be charged for services provided to them by the municipality. Consequently, the receivables from exchange transactions amount disclosed in notes 10 and 15 to the annual financial statements are understated by an amount of R10,3 million. This also results in an understatement in revenue from exchange transactions amount disclosed in note 20 to the annual financial statements by the same amount. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.
33. There were also customers that were not billed for the water, refuse removal and sewerage services that were provided to them. I was unable to determine the full extent of the misstatement of receivables from exchange transactions as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.
34. I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of receivables from exchange transactions in the financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the restatement by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the receivables from exchange transactions amount of R11,1 million (2022: R8,2 million), as disclosed in notes 12 and 15 to the annual financial statements, as well as the interest charged on trade and other receivables from exchange amount of R9,7 million (2022: R5,9 million), as disclosed in note 28 to the annual financial statements.

#### **Vat receivable**

35. I was unable to obtain sufficient appropriate audit evidence for Vat receivable disclosed in notes 14 and 59 to the annual financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the Vat receivable amount of R11,9 million.

#### **Intangible assets**

36. I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of intangible assets as disclosed in note 5 to the financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the intangible assets amount of R2,4 million (2022: R3,7 million), as disclosed in note 5 to the financial statements.

#### **Additional disclosures in terms of MFMA**

37. I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of the additional disclosures in terms of the MFMA as disclosed in note 59 to the annual financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the balance by alternative means. Consequently, I was unable to determine whether



any further adjustment was necessary to the additional disclosures in terms of MFMA balance of R15,8 million (2022: R10,2 million).

### **Revenue from exchange transactions**

38. The municipality did not correctly account for the revenue from exchange transactions as required by GRAP 9, *Revenue from exchange transactions*, due to the indigent register having debtors who do not qualify to be indigent debtors and are supposed to be charged for services provided to them by the municipality. Consequently, the revenue from exchange transactions amount disclosed in note 20 to the annual financial statements is understated by an amount of R10,3 million. This also results in an understatement in receivables from exchange transactions amount disclosed in notes 10 and 15 to the annual financial statements by the same amount. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.
39. In addition, there were customers that were not billed for the water, refuse removal and sewerage services that were provided to them. I was unable to determine the full extent of the misstatement of revenue from exchange transactions as it was impracticable to do so. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.
40. The municipality did not correctly account for the revenue from exchange transactions as required by GRAP 9, *Revenue from exchange transactions*, due to differences identified between the supporting schedule and the amount recorded on the annual financial statements for investment revenue. Consequently, the revenue from exchange transactions amount disclosed in note 28 to the annual financial statements is understated by an amount of R11,2 million. This also results in an understatement in receivables from exchange transactions amount disclosed in notes 10 and 15 to the annual financial statements by the same amount. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

### **Employee-related costs**

41. I was unable to obtain sufficient appropriate audit evidence for the current year pension amount as disclosed in note 33 to the annual financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the pension amount of R9,6 million, as disclosed in note 33 to the financial statements.
42. I was unable to obtain sufficient appropriate audit evidence for the current year amount of allowances as disclosed in note 33 to the financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the total allowances amount of R8,5 million (2022: R7,8 million).

### **Vat payable**

43. I was unable to obtain sufficient appropriate audit evidence for the restated opening balance of Vat payable as disclosed in note 8 to the annual financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by



alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the Vat payable restated opening balance of R6 million.

#### **Prior year adjustments**

44. The municipality did not disclose the prior year's adjustments in the financial statements in accordance with the requirements of GRAP 3, *Accounting policies, changes in accounting estimates and errors*, as the prior period's adjustments relating to the statement of changes in net assets (i.e. total changes for the 2021-22 financial year and the restatement balance as at 1 July 2022 as restated) were not disclosed. Differences were also identified in respect of the correction of error adjustments for property, plant and equipment, investment property, receivables from exchange transactions, bulk purchase, general expenses, and contracted services. I was unable to determine the full extent and impact of the omitted disclosed in note 49 to the financial statements as it was impractical to do so.

45. I was unable to obtain sufficient appropriate evidence for the prior year's errors disclosed in note 49 as sufficient and appropriate supporting evidence was not provided for receivables from exchange transactions, receivables from non-exchange transactions, Vat receivable, investment property, fair value adjustments, property, plant and equipment, Intangible assets, payables from exchange transactions, consumer deposits, Vat payable, bulk purchases, inventory gains, general expenses, contracted services, depreciation & amortisation, and reversal of impairments (impairment loss). I was unable to confirm these disclosures by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to the prior year's adjustments disclosed in the financial statements.

#### **Unspent conditional grants and receipts**

46. I was unable to obtain sufficient appropriate audit evidence for the unspent conditional grant as disclosed in note 17 to the annual financial statement, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the unspent conditional grant balance of R4, 9 million as disclosed in note 17 to the financial statements.

#### **Payables from exchange transactions**

47. The municipality did not correctly account for the payables from exchange transactions as required by GRAP 104, *Financial instruments*, because incorrect journals were passed on the debtors' age analysis which reduced the debtors' balances to a negative amount. Consequently, the payables from exchange transactions amount disclosed in note 7 to the annual financial statements is overstated by an amount of R4,9 million. Additionally, there was an impact on the surplus for the period and on the accumulated surplus.

48. The municipality did not correctly account for the payables from exchange transactions as required by GRAP 104, *Financial instruments*, as the municipality did not have adequate systems to account for trade payables. Consequently, the payables from exchange transactions amount disclosed in note 7 to the annual financial statements is understated by an amount of R4 million.



49. I was also unable to obtain sufficient appropriate audit evidence for the trade payables as disclosed in note 7 to the annual financial statements, as sufficient and appropriate supporting evidence was not provided. I was unable to confirm the amount by alternative means. Consequently, I was unable to determine whether any further adjustment was necessary to the trade payables amounting to R70 million.

### **Financial Instruments**

50. The municipality did not correctly account for the financial instruments as required by GRAP 104, *Financial instruments* as the municipality included items specifically excluded in the provisions of GRAP 104. Consequently, the financial instruments amount disclosed in note 45 to the annual financial statements is overstated by an amount of R2,4 million.
51. The municipality did not correctly account for the payables from exchange transactions as required by GRAP 104, *Financial instruments*, due to differences that were noted between the prior year's audited financial instruments note disclosure and the current year comparative amounts in the current year financial instruments note disclosure. These differences were also not adequately accounted for in the prior year's adjustments note disclosure. Consequently, the financial instruments amounts disclosed in note 45 to the annual financial statements is understated by an amount of R5,2 million.

### **Segment Information**

52. The segment reporting disclosure note which related to assets and liabilities was not correctly allocated to the correct segments, contrary to GRAP 18, *Segment reporting*. Consequently, I could not determine the impact of the misstatement on the financial statements as it was impractical to do so.

### **Related parties**

53. The disclosure on related parties was not accounted for in accordance with the requirements of GRAP 20, *Related Party Disclosures* as the municipality did not disclose all the comparative information that was disclosed in the prior year audited financial statements. Consequently, I could not determine the impact of the misstatement on the financial statements as it was impractical to do so.

### **Material losses**

54. The occurrence of the purchased bulk units cannot be confirmed. Consequently, I could not determine the impact of the misstatement on the financial statements as it was impractical to do so.

### **Other matter**

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

### **Unaudited disclosure notes**

56. In terms of section 125(2)(e) of the MFMA, the municipality is required to disclose particulars of non-compliance with the MFMA in the financial statements. The disclosure requirement did not



form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

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

57. The accounting officer is responsible for the preparation and fair presentation of the financial statements in accordance with the South African standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the MFMA and Division of Revenue Act (Act 5 of 2022) (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.
58. In preparing the financial statements, the accounting officer is responsible for assessing the municipality's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance structure either intends to liquidate the municipality or to cease operations, or has no realistic alternative but to do so.

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

59. My responsibility is to conduct an audit of the financial statements in accordance with the International Standards on Auditing (ISA) and to issue an auditor's report. However, because of the matters described in the basis for disclaimer of opinion section of this auditor's report, I was unable to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.
60. I am independent of the municipality in accordance with the International Ethics Standards Board for Accountants' International code of ethics for professional accountants (including International Independence Standards) (IESBA code), as well as the other ethical requirements that relevant to my audit of the financial statements in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.

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

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



Programme	Page numbers	Purpose
<b>KPA 1: Basic services and infrastructure development</b>	[XX]	This is the programme that focuses on service delivery and it is what the municipality is mostly measured on in terms of their performance and their impact to the public. This is also the programme to which the majority of the budget of the municipality is allocated.

63. I was engaged to evaluate the reported performance information for the selected programme against the criteria developed from the performance management and reporting framework, as defined in the general notice. An annual performance report prepared using these criteria provides useful and reliable information and insights to users of the report on the municipality's planning and delivery on its mandate and planned objectives. My objective was to perform procedures only for the purpose of reporting material findings and not to express an assurance opinion or conclusion.

64. The material findings on the reported performance information for the selected programme are as follows:

#### **KPA 1: Basic services and infrastructure development**

##### **Number of households to be energised**

65. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 300 households to be energised, reported against the target of 300 in the annual performance report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

##### **Number of water metres to be connected**

66. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of 297 water meters connected, reported against a target of 80 in the annual report, due to the lack of accurate and complete records. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.

##### **Percentage of households in Molloy to be provided with basic services**

67. I was unable to obtain sufficient appropriate audit evidence for the reported achievement of "list of beneficiaries' general plan approved by surveyor general office", reported against a target of Molloy to be formalised and registered with Department of Human Settlements in the annual report, due to the municipality submitting information that was reported and audited in the prior year. I was unable to confirm the reported achievement by alternative means. Consequently, I was unable to determine whether any adjustments were required to the reported achievement.



68. There was no link between the indicator of “% of households in Molley to be provided with basic services” and the planned target of “Molley to be formalised and registered with Department of Human Settlements”.

#### Various indicators

69. The following achievements were reported in the annual performance report (APR). However, the target(s) in the approved service delivery and budget implementation plan (SDBIP) and integrated development plan were different as shown below:

Indicator description	Annual target per the SDBIP	Annual target per APR	Reported achievement
Km of sewer pipeline installed in Ernon-Bersheba	N/A	2 km of sewer pipeline installed in Bersheba	Target not met
% of Household in Molley to be provided with Basic Services	Molly Blackburn to be formalised and registered with Department of Human Settlement.	Molley to be formalised and registered with Department of Human Settlement	List of beneficiaries General Plan approved by Surveyor General Office

#### Other matters

70. I draw attention to the matters below.

#### Achievement of planned targets

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

#### Material misstatements

72. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for KPA 1: Basic service delivery and infrastructure development. Management did not correct the misstatements and I reported material findings in this regard.

#### Report on compliance with legislation

73. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting officer is responsible for the municipality's compliance with legislation.



74. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.
75. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the municipality, clear to allow for consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.
76. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

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

77. 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 identified by the auditors in the submitted financial statements were not adequately corrected and supporting records could not be provided subsequently, which resulted in the financial statements receiving a disclaimer audit opinion.
78. The 2021-22 annual report was not made public after being tabled in council, as required by section 127(5)(a)(i) of the MFMA.
79. The local community was not invited to submit representations in connection with the 2021-22 annual report, as required by section 127(5)(a)(ii) of the MFMA.
80. The oversight report adopted by the council on the 2021-22 annual report was not made public, as required by section 129(3) of the MFMA.

#### **Revenue management**

81. An adequate management, accounting and information system which accounts for revenue/debtors was not in place, as required by section 64(2)(e) of the MFMA.
82. An effective system of internal control for debtors/revenue was not in place, as required by section 64(2)(f) of the MFMA.

#### **Expenditure management**

83. Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.
84. Reasonable steps were not taken to prevent irregular expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the irregular expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed irregular expenditure was caused by non-compliance with supply chain management (SCM) regulations and lack of sufficient and appropriate audit evidence.



85. Reasonable steps were not taken to prevent fruitless and wasteful expenditure, as required by section 62(1) (d) of the MFMA. The expenditure disclosed does not reflect the full extent of the fruitless and wasteful expenditure incurred as indicated in the basis for qualification paragraph. The majority of the disclosed fruitless and wasteful expenditure was caused by interest on late payments to suppliers.

86. Reasonable steps were not taken to prevent unauthorised expenditure, as required by section 62(1)(d) of the MFMA. The expenditure disclosed does not reflect the full extent of the unauthorised expenditure incurred as indicated in the basis for qualification paragraph. The majority of the unauthorised expenditure was caused by over expenditure incurred by municipal departments during the year.

#### **Human resource management**

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

88. The municipal manager and senior managers did not sign performance agreements within the prescribed period, as required by section 57(2)(a) of the MSA.

#### **Assets management**

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

90. An adequate management, accounting and information system which accounts for assets was not in place, as required by section 63(2)(a) of the MFMA.

#### **Consequences management**

91. Unauthorised expenditure incurred by the municipality was not investigated to determine if any person is liable for the expenditure, as required by section 32(2)(a) of the MFMA.

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

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

#### **Strategic planning and performance management**

94. The performance management system and related controls were not maintained as the review and reporting processes were not properly conducted and/or managed, as required by municipal planning and performance management regulation 7(1).



## **Procurement and contract management**

95. Some of the goods and services with a transaction value below R200 000 were procured without obtaining the required price quotations, in contravention of by SCM regulation 17(1)(a) and (c). Similar non-compliance was also reported in the prior year
96. Some quotations were accepted from bidders who did not submit a declaration on whether they are employed by the state or connected to any person employed by the state, as required by SCM regulation 13(c). Similar non-compliance was also reported in the prior year.
97. Sufficient appropriate audit evidence could not be obtained that the preference point system was applied in all procurement of goods and services, as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act. Similar non-compliance was also reported in the prior year.
98. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to and quotations were accepted from suppliers based on preference points allocated and calculated in accordance with the requirements of section 2(1)(a) Preferential Procurement Policy Framework Act and its regulations. Similar non-compliance was also reported in the prior year.
99. Sufficient appropriate audit evidence could not be obtained that contracts were awarded to and quotations were accepted from bidders that scored the highest points in the evaluation process as required by section 2(1)(f) of Preferential Procurement Policy Framework Act and 2017 preferential procurement regulation 11 and/or 2022 preferential procurement regulations 4(4) and 5(4). Similar non-compliance was also reported in the prior year. This non-compliance was identified in the procurement processes for the refurbishments of Ernon and Bersheba waterbone sanitation.
100. Sufficient appropriate audit evidence could not be obtained that construction contracts were awarded to contractors that were registered with the Construction Industry Development Board (CIDB) and qualified for the contract in accordance with section 18(1) of the CIDB Act and CIDB regulations 17 and 25(7A). Similar non-compliance was also reported in the prior year.
101. Some invitations to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 preferential procurement regulation 8(2). Similar non-compliance was also reported in the prior year.
102. Some of the commodities designated for local content and production were procured from suppliers who did not submit a declaration on local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar non-compliance was also reported in the prior year.
103. Sufficient appropriate audit evidence could not be obtained that commodities designated for local content and production were procured from suppliers who met the prescribed minimum threshold for local production and content, as required by the 2017 preferential procurement regulation 8(5). Similar limitation was also reported in the prior year.



104. Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis, as required by section 116(2) of the MFMA. A similar limitation was also reported in the prior year. This limitation was identified in the procurement processes for the construction of Langbos and Molly outfall sewer.
105. Sufficient appropriate audit evidence could not be obtained that contract performance and monitoring measures were in place to ensure effective contract management, as required by section 116(2)(c)(ii) of the MFMA. A similar limitation was also reported in the prior year.
106. Persons in the service of the municipality who had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) / the code of conduct for councillors issued in terms of the MSA / the code of conduct for staff members issued in terms of the MSA.

#### **Utilisation of conditional grants**

107. I was unable to obtain sufficient appropriate audit evidence that the Municipal Infrastructure Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the DoRA.
108. I was unable to obtain sufficient appropriate audit evidence that the Water Services Infrastructure Grant was spent for its intended purposes in accordance with the applicable grant framework, as required by section 16(1) of the DoRA.
109. Performance in respect of programmes funded by the Municipal Infrastructure Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.
110. Performance in respect of programmes funded by the Integrated National Electrification Programme Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.
111. Performance in respect of programmes funded by the Local Government Financial Management Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.
112. Performance in respect of programmes funded by the Expanded Public Works Programme Integrated Grant was not evaluated within two months after the end of the financial year, as required by section 12(5) of the DoRA.

#### **Other information in the annual report**

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



114. My opinion on the financial statements, the report on the audit of the annual performance report and the report on compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.
115. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
116. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

#### **Internal control deficiencies**

117. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
118. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the disclaimer of opinion, material findings on the annual performance report and the material findings on compliance with legislation included in this report.
119. Annual financial statements, annual report and compliance were not adequately reviewed and adhered by management, which contributed to the material findings reported.
120. The municipality did not develop a proper action plan to address external audit findings relating to financial, performance and compliance matters, which led to repeat audit findings.
121. Internal audit only issued reports in the last quarter of the financial year due to late approval of the internal audit plan and charter as the audit committee was appointed late.
122. Some finance-related controls of the municipality (e.g. journal preparation) were performed by consultants employed for the preparation of annual financial statements and related registers and as such journals did not have sufficient and appropriate audit evidence.

#### **Other reports**

123. I draw attention to the following engagement conducted by an external party. 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.



124. Eastern Cape Provincial Treasury is currently investigating issues identified in the payroll section where employees' salaries were not processed and paid by the municipality according to employment contracts.

*Auditor General*

East London

30 November 2023



AUDITOR-GENERAL  
SOUTH AFRICA

*Auditing to build public confidence*



## **Annexure to the auditor's report**

The annexure includes the following:

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

### **Auditor-general's responsibility for the audit**

#### **Professional judgement and professional scepticism**

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

#### **Financial statements**

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

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



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### **Communication with those charged with governance**

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

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



## CHAPTER 6

### GLOSSARY

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



## CHAPTER 6

<b>Impact</b>	The results of achieving specific outcomes, such as reducing poverty and creating jobs.
<b>Inputs</b>	All the resources that contribute to the production and delivery of outputs. Inputs are "what we use to do the work". They include finances, personnel, equipment and buildings.
<b>Integrated Development Plan (IDP)</b>	Set out municipal goals and development plans.
<b>National Key performance areas</b>	<ul style="list-style-type: none"> <li>• Service delivery &amp; infrastructure</li> <li>• Economic development</li> <li>• Municipal transformation and institutional development</li> <li>• Financial viability and management</li> <li>• Good governance and community participation</li> </ul>
<b>Outcomes</b>	The medium-term results for specific beneficiaries that are the consequence of achieving specific outputs. Outcomes should relate clearly to an institution's strategic goals and objectives set out in its plans. Outcomes are "what we wish to achieve".
<b>Outputs</b>	The final products, or goods and services produced for delivery. Outputs may be defined as "what we produce or deliver". An output is a concrete achievement (i.e. a product such as a passport, an action such as a presentation or immunization, or a service such as processing an application) that contributes to the achievement of a Key Result Area.
<b>Performance Indicator</b>	Indicators should be specified to measure performance in relation to input, activities, outputs, outcomes and impacts. An indicator is a type of information used to gauge the extent to which an output has been achieved (policy developed, presentation delivered, service rendered)
<b>Performance Information</b>	Generic term for non-financial information about municipal services and activities. Can also be used interchangeably with performance measure.
<b>Performance Standards:</b>	The minimum acceptable level of performance or the level of performance that is generally accepted. Standards are informed by legislative requirements and service-level agreements. Performance standards are mutually agreed criteria to describe how well work must be done in terms of quantity and/or quality and timeliness, to clarify the outputs and related activities of a job by describing what the required result should be. In this EPMDS performance standards are divided into indicators and the time factor.



## CHAPTER 6

<b>Performance Targets:</b>	The level of performance that municipalities and its employees strive to achieve. Performance Targets relate to current baselines and express a specific level of performance that a municipality aims to achieve within a given time period.
<b>Service Delivery Budget Implementation Plan</b>	Detailed plan approved by the mayor for implementing the municipality's delivery of services; including projections of the revenue collected and operational and capital expenditure by vote for each month. Service delivery targets and performance indicators must also be included.
<b>Vote:</b>	<p>One of the main segments into which a budget of a municipality is divided for appropriation of money for the different departments or functional areas of the municipality. The Vote specifies the total amount that is appropriated for the purpose of a specific department or functional area.</p> <p>Section 1 of the MFMA defines a "vote" as:</p> <p>a) <i>one of the main segments into which a budget of a municipality is divided for the appropriation of money for the different departments or functional areas of the municipality; and</i></p> <p>b) <i>which specifies the total amount that is appropriated for the purposes of the department or functional area concerned</i></p>



## CHAPTER 6

### APPENDICES

#### APPENDIX A – COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTENDANCE

Councillor	08/07/2022	27/07/2022	29/07/2022	22/08/2022	09/09/2022	21/09/2022	30/09/2022	28/10/2022	23/11/2022	13/12/2022	31/01/2023	28/02/2023	31/03/2023	05/04/2023
Cllr L E Baka	✓	✓	✓	✓	✓	✓	✓	✓	✓	Apology	✓	✓	✓	✓
Cllr N R Baxana	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr H Bayini											✓	✓	✓	✓
Cllr M Bosman	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr B Daries	✓	✓	✓	Apology	Apology	✓	Apology	Apology	Deceased					
Cllr A Dyantyi	✓	✓	✓	✓	✓	✓	✓	✓	Apology	✓	✓	✓	Apology	✓
Cllr S Hendricks	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr N Jagers	✓	✓	✓	Apology	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr X J Jonas	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr N Langbooi	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Apology	✓
Cllr N P Ncambele	✓	✓	✓	Apology	✓	✓	✓	Apology	✓	✓	✓	✓	✓	✓
Cllr A Ndawo	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	Apology
Cllr S Nodonti	✓	✓	Apology	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr M C Payi	Apology	Apology	Apology	✓	✓	✓	✓	✓	✓	✓	✓	Apology	✓	✓
Cllr Z Qusheka	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Cllr S H Rune	✓	✓	Apology	Apology	✓	Apology	✓	✓	✓	✓	✓	✓	✓	✓
Cllr K Smith	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓



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Councillor	10/05/2023	15/06/2023	23/06/2023	29/06/2023
Cllr L E Baka	✓	✓	✓	✓
Cllr N R Baxana	✓	✓	✓	✓
Cllr H Bayini	✓	✓	✓	✓
Cllr M Bosman	✓	✓	✓	✓
Cllr A Dyantyi	✓	✓	✓	✓
Cllr S Hendricks	✓	✓	✓	✓
Cllr N Jagers				
Cllr X J Jonas	✓	✓	✓	Apology
Cllr N Langbooi	✓	✓	✓	✓
Cllr N P Ncabele	✓	✓	✓	✓
Cllr A Ndawo	Apology	✓	✓	✓
Cllr S Nodonti	✓	✓	✓	✓
Cllr M Payi	Apology	✓	✓	✓
Cllr Z Qusheka	✓	✓	✓	✓
Cllr S H Rune	✓	✓	Apology	Apology



## CHAPTER 6

Cllr K Smith	✓	✓	✓	✓
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Councillors, Committees Allocated and Council Attendance					
Council Members	Full Time / Part Time	Committees Allocated	*Ward and/ or Party Represented	Percentage Council Meetings Attendance	Percentage Apologies for non-attendance
	FT/PT			%	%
Baka L E	PT	MPAC Chair	Ward 4	94.5	5.5
Baxana N	PT	Finance, Admin & IDP/LED Infrastructure	Ward 6	100	0
Bayini H	PT	Finance, Admin & IDP/LED Infrastructure	PR	100	0
Bosman M	PT	Infrastructure MPAC	PR	100	0
Daries B	PT	Finance, Admin & IDP/LED	PR	50	50
Dyantyji S	PT	Infrastructure MPAC	PR	94.5	5.5
Hendricks	PT	Community Services	PR	100	0
Jagers	PT	Finance, Admin & IDP/LED Community Services	PR	94.5	5.5
Jonas X	PT	Finance, Admin & IDP/LED	Ward 3	94.5	5.5



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			MPAC						
Langbooi N	PT		Finance, Admin & IDP/LED Community Services MPAC District Council	Ward 2	94.5		5.5		
Ncambele N	PT		Community Services Infrastructure	Ward 8	88.9		11.1		
Ndawo A	PT		Community Services MPAC	Ward 7	88.9		11.1		
Nodonti S	FT		Speaker	PR					
Payi M	FT		Infrastructure Chair	Ward 1	72.2		27.8		
Qusheka Z	PT		Infrastructure Community Services	Ward 5	100		0		
Rune S	PT		Finance, Admin & IDP/LED EXCO Chair	PR	72.2		27.8		
Smith K	FT		Community Services Chair	PR	100		0		



## CHAPTER 6

### APPENDIX B – COMMITTEES AND COMMITTEE PURPOSES

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	Purpose of Committee
Finance, Administration & LED Committee	Investigate and make recommendations to executive committee on all matters within its functional area.
Infrastructure Services Committee	Investigate and make recommendations to executive committee on all matters within its functional area.
Community Services Committee	Investigate and make recommendations to executive committee on all matters within its functional area.



## APPENDIX C –THIRD TIER ADMINISTRATIVE STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
MM's Office	Strategic Services Manager (vacant) Mr. S Nkuntayi (CAE)
Corporate Services	Mrs. S. Fourie (Manager Administration) Mr S. Ntongana (Senior ICT Administrator)
Community Services	Mr N.G Kandile (Chief Traffic Officer) Mrs. E. Fourie (Acting Principal Librarian) Mr J. Mokweni (Chief Fire Officer)
Engineering Services	Mr R Herholdt (Manager Technical Services) Ms. N. Ntlantsana(PMU) Mr V Mata (Superintendent) Mr X Louw (Superintendent)
Finance Department	Mrs. O Tyhali (Senior Accountant) Ms. T Vetsheza (Senior Accountant) Ms. Joko (Senior Accountant) Ms. A. Mtshikwana (Senior Accountant)



## APPENDIX D – FUNCTIONS OF MUNICIPALITY / ENTITY

Municipal / Entity Functions		
MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No) *	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	
Building regulations	Yes	
Childcare facilities	No	
Electricity and gas reticulation	Yes	Eskom
Firefighting services	Yes	
Local tourism	No	LTO
Municipal airports	No	
Municipal planning	Yes	
Municipal health services	No	
Municipal public transport	No	
Municipal public works only in respect of the needs of municipalities in the discharge of their responsibilities to administer functions specifically assigned to them under this Constitution or any other law	Yes	
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	
Storm-water management systems in built-up areas	Yes	
Trading regulations	Yes	
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	Yes	
Beaches and amusement facilities	No	
Billboards and the display of advertisements in public places	Yes	
Cemeteries, funeral parlours and crematoria	Yes	
Cleansing	Yes	
Control of public nuisances	Yes	
Control of undertakings that sell liquor to the public	No	
Facilities for the accommodation, care and burial of animals	No	



## APPENDICES

Fencing and fences	No	
Licensing of dogs	No	
Licensing and control of undertakings that sell food to the public	Yes	
Local amenities	Yes	
Local sport facilities	Yes	
Markets	Yes	
Municipal abattoirs	No	
Municipal parks and recreation	Yes	
Municipal roads	Yes	
Noise pollution	Yes	
Pounds	Yes	
Public places	Yes	
Refuse removal, refuse dumps and solid waste disposal	Yes	
Street trading	Yes	
Street lighting	Yes	
Traffic and Parking	Yes	

## APPENDIX E – WARD REPORTING

Functionality of Ward Committees					
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 monthly reports submitted to Speakers Office on time	Number of quarterly public ward meetings held during year
Ward 1	Cllr Payi	Yes	3	0	0
	Nokuqala Getrude Phumla				



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	Constance Sivuyisiwe Tedro Siyanda Godfrey Xolelwa Cornelia Malungelo Spiwo Theophelous Nyanisile Nomaxabiso Ncebakazi				
<b>Ward 2</b>	<b>Cllr Langbooi</b>	Yes	0	0	0
	Gila NN Jack P Jinikwe NP Marotya B Nyati A Plaatjies M Swartbooi N				
<b>Ward 3</b>	<b>Cllr Jonas</b>	Yes	0	0	0
	Dolph H Gatweni N Gebuza N Jacobs L Kimberly Z Matwa M Mto N N Pullen C Tyali L Peteni S				
<b>Ward 4</b>	<b>Cllr Baka</b>	Yes	0	0	0
	Jantjies N				



# APPENDICES

	Manene S Mbola N Mfeketho N Nkewana N Nofemele TP Pukwana P P Sajini M C Sokupa M A Syce D W				
<b>Ward 5</b>	<b>Cllr Qusheka</b>	Yes	0	0	0
	Apolisi Z MithiyoT Somya F Macezu M Ngogela V Twana A July Z Matthews F Williams M Somya S				
<b>Ward 6</b>	<b>Cllr Baxana</b>	Yes	0	0	0
	Kuboni N Mkokeli B Mlatho N Ndzengu N Ngindana L Nopote Z Scritsh A Stemele A Tiervlei B				
<b>Ward 7</b>	<b>Cllr Ndawo</b>	Yes	1	0	0
	Plaatjie P Uithaler J				



## APPENDICES

	Nyiki N Andries S Takane N Smith CC Dobo Y Dixie P Langbooi F Pezisa R				
<b>Ward 8</b>	<b>Cllr Ncambele</b>	Yes	0	0	0
	Hopo M Jackson N Kleinbooi S Mangala S MangcakaX Matomela N Mboniswa M Rooi I				



## APPENDIX F – WARD INFORMATION

Ward Title: Ward Name (Number)				
Capital Projects: Seven Largest in Year 0				
No	Project Name and Detail	Start Date	End Date	Total Value
2	Upgrading of Emsengeni Taxi Loop - Phase 2	August 2021	September 2022	R 16 026 139.51
5	Construction of Multi-Purpose Sports Recreational Facility in Nomathamsanqa in Addo	April 2022	February 2024	R 24 337 418,58
1	Construction of a New Community Hall in Moses Mabhida	January 2022	October 2023	R 23 105 195.89
7,5,4	Refurbishment and Maintenance all Municipal Buildings	July 2022	May 2023	R 506 000.00
7	Installation of Bulk and Domestic Water Meters in Kirkwood and surrounding areas	July 2022	June 2023	R 700 000.00
1	Refurbishment of Kirkwood Wastewater Treatment Works	November 2022	October 2023	R 17 039 380,20
5	Nomathamsanqa: Completion of Water	November 2022	June 2023	R 2 960 619,80



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	Backlogs			
4	Zinyoka Electrification	June 2022	August 2023	R10 512 000

### APPENDIX G – RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE YEAR 0

Municipal Audit Committee Recommendations		
Date of Committee	Committee recommendations during Year 0	Recommendations adopted (enter Yes) If not adopted (provide explanation)
09- Dec-2022	<ul style="list-style-type: none"> <li>- Follow-up be made with the MEC with regards to the finalization of Municipal Manager and CFO position</li> <li>- Qualifications of the Internal Auditors be circulated to members</li> <li>- Annexures be forwarded to members in excel form.</li> <li>- That the Audit Committee to note the report on risk assessment conducted during 2022/23 financial year.</li> <li>- That the Audit Committee approves the internal audit plan for 2022/23 Financial Year</li> <li>- That the Strategic three year rolling internal audit plan be approved.</li> <li>- That the Audit Committee approves the internal audit charter for the 2022/23 Financial Year</li> <li>- That the Audit Committee approves the audit committee charter for the 2022/23 Financial Year.</li> </ul>	Yes



	- The Council adopt the audit committee charter for the 2022/23 Financial Year.	
<b>13- April-2023</b>	<p>It is therefore recommended that:</p> <ul style="list-style-type: none"> <li>• The Audit Committee approves the internal audit charter for the 2022/23 Financial Year.</li> <li>• Council notes the Internal audit charter for the 2022/23 Financial Year.</li> <li>• The Audit Committee approves the audit committee charter for the 2022/23 Financial Year.</li> <li>• Council adopts the audit committee charter for the 2022/23 Financial Year.</li> </ul>	Yes
<b>09- May-2023</b>	<p>It was recommended that :</p> <ol style="list-style-type: none"> <li>1. The Municipal Manager to circulate a written report on the overview of the municipality.</li> <li>2. Sector departments should consolidate support plans to eliminate duplication.</li> <li>3.</li> </ol>	Yes
<b>30- Jun-2023</b>	<p>-That a Special meeting be convened before submission of AFS on 31 August 2023.</p> <p>- That the CFO send an updated AAP to APRC members.</p> <p>- That the CFO should table the report on contract management in the next AC meeting</p>	



## APPENDICES

	<ul style="list-style-type: none"> <li>- That the CFO should table the report on deviations in the next AC meeting.</li> <li>- That the CFO should table the report on UIFW in the next AC meeting.</li> <li>- The committee resolved that the Director Corporate Services must respond to the questions of the committee in writing.</li> </ul> <p>That the responses be submitted to internal Audit by Friday 07 July 2023 and subsequently to Audit Committee.</p>	Yes
<b>11- Aug- 2023</b>	<ul style="list-style-type: none"> <li>- CFO table section 52d report on 18 August 2023 as finance is currently busy with the AFS.</li> <li>- Matters regarding restatements to be discussed by the CFO and CAE on Monday 14th August and a special Audit Committee meeting will be convened to table the issues to the Committee.</li> </ul> <p>IA will monitor the implementation on a quarterly basis.</p> <p>-Tracking document to be developed.</p> <p>-</p>	Yes
<b>20- Aug-2023</b>	<ul style="list-style-type: none"> <li>- IA will create a register to track information submitted. APRC to assist to remove unnecessary findings. APRC meeting will be on the 28/08/2023 for review of AFS.</li> </ul> <p>Municipal Manager will communicate with District Director. Update will be given in the next APRC meeting.</p>	Yes



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	<p>Departments should submit information on time to avoid COAF's. Departments should not wait up until the last day of submission of RFI's.</p> <p>-</p>	
	<p>Request management to review their submission (in terms of reasons for underperformance and remedial measures) raised to improve the annual performance outcome and for the internal auditor to review the final draft;</p> <p>Management properly files the POE for audit purposes;</p> <p><b>The Annual Performance Report 2022/2023</b> be reviewed with annual targets, with inputs from the APRC; and,</p> <p>The Annual Performance Report 2022/2023 is submitted to Auditor-General on the 31 August 2023.</p> <p>The AFS 2022/2023 be reviewed with inputs from the APRC, Internal Audit and other Stakeholders and updated accordingly before submission to the Auditor-General (AG); and,</p> <p>The draft ANNUAL FINANCIAL STATEMENTS (AFS) 2022/2023 is submitted to Auditor-General on the 31 August 2023.</p> <p>Council notes the progress on the draft Annual Report for 2022/2023; and,</p>	
<b>27- Aug-2023</b>	The first draft Annual Report 2022/2023 is	



## APPENDICES

submitted to Auditor-General on the 31 August 2023.

### APPENDIX H – LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIPS

Long Term Contracts (20 Largest Contracts Entered into during Year 2020/21)					
					R' 000
Name of Service Provider (Entity or Municipal Department)	Description of Services Rendered by the Service Provider	Start Date of Contract	Expiry date of Contract	Project manager	Contract Value
ZKS Projects	Construction of Multi- Purpose Sports Recreational Facility in Nomathamsanqa in Addo	April 2022	February 2024	PMU Manager	R 24 337 418,58
Matela Civils	Construction of a New Community Hall in Moses Mabhida	January 2022	October 2023	PMU Manager	R 23 105 195.89
R-Data (Pty) Ltd	Integrated MSCOA Financial Management Systems with internal control functions for SVRLM for a Period of 3 years	2021/06/11	31 May 2024	PMU Manager	R 4 451 040.50
Xerox Eastern Cape (Pty) Ltd	Leasing of Printers for a period of 3 years	2021/06/14	31 May 2024	PMU Manager	R 596 549.88

Public Private Partnerships Entered into during Year					
					R' 000
Name and Description	Name of Partner(s)	Initiation	Expiry date	Project	Value



## APPENDICES

of Project		Date		manager	2008/09
The Municipality does not have Public Private Partnerships as all projects belong to the Municipality and appoints service providers to do all projects					



## APPENDICES

### APPENDIX J – DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2022 to 30 June 2023		
Position	Name	Description of Financial interests* (Nil / Or details)
<b>Mayor</b>	CLlr S H Rune	Nil
<b>Member of Exco</b>	CLlr S H Rune	Nil
	CLlr K Smith	Nil
	CLlr M C Payi	Nil
<b>Councillor</b>	CLlr L E Baka	Nil
	CLlr N R Baxana	Nil
	CLlr H Bayini	Nil
	CLlr M Bosman	Employed at A & R Attorneys
	CLlr A Dyantyi	Black Youth corporate Pty LTD
	CLlr S Hendricks	Nil
	CLlr N Jagers	Nil
	CLlr N Langbooi	Pension – Government Employees Pension Fund
	CLlr S Lucas	Nil
	CLlr N P Ncambele	Nil
	CLlr A Ndawo	Nil
	CLlr S Nodonti	Nil
	CLlr M Payi	Nil
	CLlr Z Qusheka	Nil
	CLlr K Smith	Pension - Government Employees Pension Fund Properties in Kirkwood and Port Elizabeth
<b>Municipal Manager</b>	S S Fadi	Employed by IEC as MEO (contractual) / Property in Port Elizabeth
	T Klaas	Property in Port Elizabeth , MEO at IEC
<b>Chief Financial Officer</b>	H Krapohl	Property in Upington
<b>Directors</b>	NA Mbongwe	Nil
	X W Mntonintshi	Nil
	A P Kondile	Property in King Williamstown



## APPENDIX K: REVENUE COLLECTION PERFORMANCE BY VOTE AND BY SOURCE

### APPENDIX K (i): REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
Vote Description	R' 000					
	Year -1	Current: Year 0		Year 0 Variance		
	Actual	Original Budget	Adjusted Budget	Actual	Original Budget	Adjustments Budget
Vote 1 - Executive AND Council	18 710	20 455	10 664	9 802	-109%	-9%
Vote 3 - Budget & Treasury	79 399	70 854	73 931	77 264	8%	4%
Vote 4 - Corporate Service	9 571	11 012	11 012	10 482	-5%	-5%
Vote 5 - Community Services	38 886	54 080	60 733	77 324	30%	21%
Vote 6 - Technical Services	159 136	149 189	221 998	130 262	-15%	-70%
<b>Total Revenue by Vote</b>	<b>305 701</b>	<b>305 590</b>	<b>378 338</b>	<b>305 133</b>	<b>0%</b>	<b>-24%</b>

### APPENDIX K (ii): REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	R '000					
	Year -1	Year 0		Year 0 Variance		
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adjustments Budget
Property rates	64 166	70 711	56 032	49 222	-44%	-14%
Property rates - penalties & collection charges						
Service Charges - electricity revenue	25 792	30 470	30 470	23 334	-31%	-31%
Service Charges - water revenue	10 627	15 972	24 231	13 119	-22%	-85%
Service Charges - sanitation revenue	2 752	2 767	2 767	3 174	13%	13%
Service Charges - refuse revenue	5 468	9 055	9 055	6 121	-48%	-48%
Service Charges - other						
Rentals of facilities and equipment	15	7	65	66	89%	2%
Interest earned - external investments	889	289	1 323	1 483	81%	11%
Interest earned - outstanding debtors	13 169	4 651	62 012	18 667	75%	-232%
Dividends received						
Fines	1 467	2 581	1 614	109	-2271%	-1382%
Licences and permits	1 694	1 510	1 510	1 179	-28%	-28%
Agency services	2 689	3 425	3 425	2 360	-45%	-45%
Transfers recognised - operational	98 615	107 015	107 774	106 814	0%	-1%
Other revenue	1 012	1 430	12 430	693	-106%	-1695%
Gains	1 472			703	100%	100%
Public contributions and donations	697					
<b>Total Revenue (excluding capital transfers and contributions)</b>	<b>230 524</b>	<b>249 883</b>	<b>312 706</b>	<b>227 043</b>	<b>-10,06%</b>	<b>-37,73%</b>



## APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

Conditional Grants: excluding MIG						
Details	R' 000					
	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
<i>Other Specify:</i>						
EPWP	1 206	1 206	1 206	0%	0%	This grant is used to implement expanded public works programme
FMG	3 000	3 000	3 000	0%	0%	This grant is used in the financial reform project under the guidance of NT
Small Town Revitalization	–	1 616	–	#DIV/0!	#DIV/0!	This grant is used for upliftment of small rural areas
Water Service Infrastructure Grant	20 000	25 000	25 000	20%	0%	The grant is used to assist with backlogs in services delivery so burden on municipalities trying to curb the COVID-19 pandemic
INEP	10 512	10 512	17 548	40%	40%	This grant is used in addresses service backlogs for electricity
<b>Total</b>	<b>34 718</b>	<b>41 334</b>	<b>46 754</b>	<b>26%</b>	<b>12%</b>	

## COMMENT ON CONDITIONAL GRANTS EXCLUDING MIG:

**Delete Directive note once comment is completed** – Use this box to provide additional information on grant benefits or conditions and reasons for acceptance.

T L.1

## APPENDIX M: CAPITAL EXPENDITURE – NEW &amp; UPGRADE/RENEWAL PROGRAMMES

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



## GLOSSARY

R '000				
Description	Year -1	Year 0		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<b>Capital expenditure by Asset Class</b>				
<b>Infrastructure - Total</b>	<b>66 516</b>	<b>36 496</b>	<b>39 280</b>	<b>39 029</b>
<b>Infrastructure: Road transport - Total</b>	<b>15 176</b>	<b>-</b>	<b>-</b>	<b>-</b>
Roads, Pavements & Bridges	14 297 204			
Storm water	878 938			
<b>Infrastructure: Electricity - Total</b>	<b>17 874</b>	<b>10 512</b>	<b>10 512</b>	<b>12 698</b>
Generation				
Transmission & Reticulation	17 873 646	10 512 000	10 512 000	12 697 623
Street Lighting				
<b>Infrastructure: Water - Total</b>	<b>12 369</b>	<b>20 000</b>	<b>22 784</b>	<b>2 354</b>
Dams & Reservoirs	1 945 650			
Water distribution	10 423 154	20 000 000	22 784 000	2 354 392
Reticulation				
<b>Infrastructure: Sanitation - Total</b>	<b>21 097</b>	<b>5 984</b>	<b>5 984</b>	<b>23 977</b>
Reticulation				
Sewerage purification	21 097 061	5 983 538	5 983 538	23 976 900
<b>Infrastructure: Other - Total</b>	<b>-</b>	<b>-</b>		<b>-</b>
Waste Management				
Transportation				
Gas				
Other				
<b>Community - Total</b>	<b>-</b>	<b>8 000</b>	<b>8 400</b>	<b>24 769</b>
Parks & gardens				
Sportsfields & stadia	1 617 572	8 000 000	8 100 000	15 167 857
Swimming pools				
Community halls	5 889 677			9 601 607
Libraries				
Recreational facilities				
Fire, safety & emergency				
Security and policing				
Buses				
Clinics				
Museums & Art Galleries				
Cemeteries			200 000	
Social rental housing				
Other			100 000	
Table continued next page				



# GLOSSARY

Table continued from previous page

Capital Expenditure - New Assets Programme*				
R '000				
Description	Year -1	Year 0		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<b>Capital expenditure by Asset Class</b>				
<b>Heritage assets - Total</b>	-	-	-	-
Buildings				
Other				
<b>Investment properties - Total</b>	-	-	-	-
Housing development				
Other	0	0		0
<b>Other assets</b>	6 197	3 090	14 116	7 986
General vehicles	5 811 987	600 000	2 458 000	5 940 623
Specialised vehicles				
Plant & equipment	54 947	1 810 000	8 314 000	259 298
Computers - hardware/equipment	257 065	300 000	1 844 000	1 238 428
Furniture and other office equipment	64 837	380 000	840 000	139 566
Abattoirs				
Markets				
Civic Land and Buildings				
Other Buildings	8 200		660 000	408 464
Other Land		0	0	
Surplus Assets - (Investment or Inventory)				
Other				
<b>Agricultural assets</b>	-	-		-
List sub-class				
<b>Biological assets</b>	-	-		-
List sub-class				
<b>Intangibles</b>	-	-	-	-
Computers - software & programming	0			0
Other (list sub-class)				
<b>Total Capital Expenditure on new assets</b>	72 713	47 586	61 796	71 785
<b>Specialised vehicles</b>	-	-		-
Refuse				
Fire				
Conservancy				
Ambulances				



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



# GLOSSARY

Capital Expenditure - Upgrade/Renewal Programme*				
R '000				
Description	Year -1	Year 0		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<b>Capital expenditure by Asset Class</b>				
<b>Infrastructure - Total</b>	-	9 306	9 306	4 432
Infrastructure: Road transport -Total	-	7 701	7 701	3 293
Roads, Pavements & Bridges		7 701	7 701	3 293
Storm water				
<b>Infrastructure: Electricity - Total</b>	-	-	-	-
Generation				
Transmission & Reticulation				
Street Lighting				
<b>Infrastructure: Water - Total</b>	-	-	-	-
Dams & Reservoirs				
Water purification				
Reticulation				
<b>Infrastructure: Sanitation - Total</b>	-	1 605	1 605	1 139
Reticulation				
Sewerage purification		1 605	1 605	1 139
<b>Infrastructure: Other - Total</b>	-	-	-	-
Waste Management	0			
Transportation				
Gas				
Other				
<b>Community</b>	-	4 056	4 056	-
Parks & gardens				
Sportsfields & stadia				
Swimming pools				
Community halls		4 056 000	4 056 000	
Libraries				
Recreational facilities				
Fire, safety & emergency				
Security and policing				
Buses				
Clinics				
Museums & Art Galleries				
Cemeteries				
Social rental housing				
Other				
<b>Heritage assets</b>	-	-		-
Buildings				
Other				
Table continued next page				



## GLOSSARY

Table continued from previous page

Capital Expenditure - Upgrade/Renewal Programme*				
				R '000
Description	Year -1	Year 0		
	Actual	Original Budget	Adjustment Budget	Actual Expenditure
<b>Capital expenditure by Asset Class</b>				
<b>Investment properties</b>	-	-		-
Housing development				
Other				
<b>Other assets</b>	-	-	3 581	-
General vehicles			3 232 000	
Specialised vehicles				
Plant & equipment				
Computers - hardware/equipment				
Furniture and other office equipment			349 000	
Abattoirs				
Markets				
Civic Land and Buildings				
Other Buildings				
Other Land	0			
Surplus Assets - (Investment or Inventory)				
Other				
<b>Agricultural assets</b>	-	-		-
List sub-class				
<b>Biological assets</b>	-	-		-
List sub-class				
<b>Intangibles</b>				-
Computers - software & programming				
Other (list sub-class)				
<b>Total Capital Expenditure on renewal of existing assets</b>	-	13 362	16 943	4 432
	72 713	60 948	78 739	76 217
<b>Specialised vehicles</b>	-	-		-
Refuse				
Fire				
Conservancy				
Ambulances				

\* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)



## APPENDIX N – CAPITAL PROGRAMME BY PROJECT YEAR 0

Capital Programme by Project: Year 0					
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %
<b>Water</b>	-				
Nomathamsanga: Completion of Water Back	-	1 508 036,00	2 312 466,00		
	-	1 508 036,00	2 312 466,00	53%	#DIV/0!
<b>Sanitation/Sewerage</b>					
Kirkwood WWTW - Green Drop Reprioritisation	17 100 000,00	18 491 964,00	19 247 011,00		
Sewer line rising mains - Langbos	2 900 000,00	-	1 106 455,00		
Upgrade Sewerage network - Paterson	1 604 947,00	1 604 947,00	523 008,00		
Installation of bulk and domestic meters	1 310 000,00		1 304 347,00		
Refurbishment of Sewer Line in Vygies Street	4 000 000,00	4 000 000,00	1 025 125,00		
Refurbishment of Enon and Bersheba Water	1 093 873,00	1 983 538,00	1 638 132,21		
	28 008 820,00	26 080 449,00	24 844 078,21	-5%	-4%
<b>Electricity</b>					
Electrical infrastructure upgrade - kirkwood	10 512 000,00	17 548 000,00	12 546 957,00		
	10 512 000,00	17 548 000,00	12 546 957,00	-28%	-48%
<b>Community Assets</b>					
Moses Mabhida Community Hall	7 356 432,00	7 356 432,00	10 460 581,00		
Construction of multipurpose sports facility	14 700 000,00	14 700 000,00	15 827 854,00		
	22 056 432,00	22 056 432,00	26 288 435,00	19%	19%
<b>Roads</b>					
Upgrade Enon Bersheba - Roads Stormw	1 093 873,00	1 093 873,00	1 638 132,00		
Upgrading of gravel road Emsengeni	6 606 960,00	4 361 785,00	2 740 507,00		
Small Town Revitalisation			677 938,00		
	7 700 833,00	5 455 658,00	5 056 577,00	-7%	-5%
TN					

## APPENDIX O – CAPITAL PROGRAMME BY PROJECT BY WARD YEAR 0



## GLOSSARY

Capital Programme by Project by Ward: Year 0			R' 000
Capital Project	Ward(s) affected	Works completed (Yes/No)	
<b>Water</b>			
Ground water development - Bersig		2 yes	
Nomathamsanga: Completion of Water Backlogs		5 yes	
<b>Sanitation/Sewerage</b>			
Kirkwood WWTW - Green Drop Reprioritisation		2 yes	
Sewer line rising mains - Langbos		7 no	
<b>Upgrade Sewerage network - Paterson</b>		7 yes	
Refurbishment of Sewer Line in Vygie Street (Emergency Works)		7 no	
Refurbishment of Enon and Bersheba Water Borne Sanitation		8 no	
<b>Electricity</b>			
Electrical infrastructure upgrade - kirkwood		2 no	
<b>Roads</b>			
Upgrade Enon Bersheba - Roads Stormwater		8 no	
Upgrading of gravel road in Emsengeni		2 no	
Small town revitalisation		2 no	
<b>Community Assets</b>			
Moses Mabhida Community Hall		2 no	
Construction of multipurpose sports facility		2 no	
			T O

## APPENDIX Q – SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY WHERE ANOTHER SPHERE OF GOVERNMENT IS RESPONSIBLE FOR SERVICE PROVISION

Service Backlogs Experienced by the Community where another Sphere of Government is the Service Provider (where the municipality whether or not act on agency basis)		
Services and Locations	Scale of backlogs	Impact of backlogs
<b>Clinics:</b>		
Enon-Bersheba	Needs new building infrastructure	The entire ward is served by mobile and many people don't have access to health care
<b>Housing:</b>		
All wards	No developments took place and all wards have	Informal settlements mushrooming daily at an alarming rate. Risks of



## GLOSSARY

	informal settlements	protest actions highly likely
<b>Licencing and Testing Centre:</b>	N/A	N/A
<b>Reservoirs</b>		
<b>Schools (Primary and High):</b>	N/A	N/A
<b>Sports Fields:</b>		
Bersheba Sport field		
Moses Mabida Stadium		
Nomathamsanqa Stadium		
Glenconnor and Zuney Sport fields	Development of new sport fields some needs total upgrades	Youth engagement in alternative means of social interaction like drug and alcohol abuse:

## APPENDIX R – DECLARATION OF LOANS AND GRANTS MADE BY THE MUNICIPALITY

Declaration of Loans and Grants made by the municipality: Year 0				
All Organisation or Person in receipt of Loans */Grants* provided by the municipality	Nature of project	Conditions attached to funding	Value Year 0 R' 000	Total Amount committed over previous



## GLOSSARY

				and future years
		<p>EPWP projects must comply with the project selection criteria determined in the EPWP grant manual, the</p> <p>EPWP guidelines set by the Department of Public Works and Infrastructure (DPWI), the latest EPWP</p> <p>Ministerial Determination, the EPWP Recruitment Guidelines and the National Minimum Wage Act of 2018</p>		
Dept of Public Works (EPWP)	Infrastructure	including applicable gazettes	1 206	
		<p>Municipal allocations must be fully committed to registered projects prior to the year of implementation and</p> <p>be informed by the Integrated Development Plans (IDPs) and three-year capital plans which are aligned to</p> <p>the relevant One Plan of districts areas developed under the District Development Model</p>		
Dept of Cooperative Governance and Traditional Affairs (MIG)	Infrastructure		28 785	
		<p>Municipalities must submit business plans signed-off by their Accounting Officer in line with their Water</p> <p>Services Development Plans (WSDPs) and Integrated Development Plans (IDPs)</p>		
Department of Water and Sanitation (WSIG)	Infrastructure		20 000	
		<p>Municipalities must register electrification business plans for bulk infrastructure with INEP and abide by the</p> <p>advice or guidance of the Department of Mineral Resources and Energy (DMRE) regarding the central</p> <p>planning and co-ordination for such bulk infrastructure</p>		
Department of Energy (INEP)	Infrastructure		10 512	



## APPENDIX S – NATIONAL AND PROVINCIAL OUTCOMES FOR LOCAL GOVERNMENT

National and Provincial Outcomes for Local Government		
Outcome/Output	Progress to date	Number or Percentage Achieved
Output: Improving access to basic services	All our formal households have access to water, sanitation and refuse removal services. Electricity sits at 75%	Access to water 100%
		Sanitation
Output: Implementation of the Community Work Programme	The municipality is involved in CWP with an implementing agent	
Output: Deepen democracy through a refined Ward Committee model	All wards have established ward committees. War rooms and ward committees are not functioning effectively	8 wards – 100%



## GLOSSARY

Output: Administrative and financial capability	We depend mostly on grants for capital projects	







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SOUTH AFRICA

30 NOV 2023



**Sunday's River Valley Local Municipality**

(Registration number EC106)

**Unaudited Annual financial statements  
for the year ended 30 June 2023**



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC108)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### General Information

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**Legal form of entity**

**Municipality**

**Nature of business and principal activities**

**Local Government**

The municipality's operations are governed by the Local Government: Municipal Finance Management Act (MFMA) (Act 56 of 2003), Municipal Structures Act (Act 117 of 1998), Municipal Systems (Act 32 of 2000) and various other acts and regulations.

**Municipal Council**

**Executive Committee**

**Cllr. SH Rune**

**Ald. K Smith**

**Cllr. MC Payi**

**Cllr. SH Rune**

**Cllr. SC Nodonti**

**Cllr. MC Payi**

**Cllr. N Langbooi**

**Cllr. XJ Jonas**

**Cllr. LE Baka**

**Cllr. Z Qusheka**

**Cllr. NR Baxana**

**Cllr. AM Ndawo**

**Cllr. PN Ncambele**

**Mayor**

**Speaker**

**Ward Councillors**

**Proportional Representative Councillors**

**Cllr. S Nodonti**

**Cllr. SH Rune**

**Cllr. H Jagers**

**Ald. K Smith**

**Cllr. M Bosman**

**Cllr. B Daries**

**Cllr. B Dyantyi**

**Cllr. HS Hendricks**

**Grading of municipal Council for the upper limits for Councillors**

**Grade 3 Local Municipality**

**Grading of remuneration of municipal manager and senior managers**

**Grade 3 Local Municipality**

**Wage curve categorisation**

**Grade 3 Local Municipality**

**Accounting Officer**

**Mr T Klaas**

**Mr S Fadi**

**Chief Finance Officer (CFO)**

**H Krapohl**



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### General Information

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**Registered office**

23 Middle Street  
Kirkwood  
6120

**Business address**

23 Middle Street  
Kirkwood  
6120

**Postal address**

PO Box 47  
Kirkwood  
6120

**Bankers**

First National Bank Limited

**Auditors**

Auditor General - South Africa

**Attorneys**

Pumeza Bono Incorporated  
Le Roux Inc Attorneys  
Karsans Incorporated  
B Mashile 1st Attorneys

**Municipal demarcation code**

EC-106

**Website**

<https://test.srvn.gov.za/>





# DRAFT V4

## **Sunday's River Valley Local Municipality**

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### **Index**

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

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# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Index

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#### Abbreviations used:

EPWP	Expanded Public Works Programme
FMG	Financial Management Grant
GRAP	Generally Recognised Accounting Practice
IAS	International Accounting Standards
LSA	Long Service Awards
MFMA	Municipal Finance Management Act
MIG	Municipal Infrastructure Grant
mSCOA	Municipal Standard Chart of Accounts
MVR	Motor Vehicle Registration
PAYE	Pay As You Earn
PEMA	Post Employment Medical Aid
SARS	South African Revenue Service
SDL	Skills Development Levy
UIF	Unemployment Insurance Fund
VAT	Value Added Tax
WSIG	Water Services Infrastructure Grant

AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2023



# DRAFT V4

## **Sunday's River Valley Local Municipality**

(Registration number EC108)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### **Accounting Officer's Responsibilities and Approval**

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

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

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

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

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

The accounting officers have reviewed the municipality's cash flow forecast for the year to 30 June 2024 and, in the light of this review and the current financial position, they are satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

Although the accounting officer are primarily responsible for the financial affairs of the municipality, they are supported by the municipality's management team, external auditors and other oversight governance structures of Council.

The external auditors are responsible for independently reviewing and reporting on the municipality's unaudited annual financial statements.

The accounting officer further certifies that the salaries, allowances and benefits of councillors and payments made to councillors for loss of office, if any, as disclosed in the notes of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

The unaudited annual financial statements set out on page 6 - 103, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by:

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**Mr T Klaas**  
**Accounting Officer**  
**31 August 2023**



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Accounting Officer's Report

---

The accounting officers submit their report for the year ended 30 June 2023.

#### 1. Review of activities

##### Main business and operations

The municipality is an organ of state within the local sphere of government exercising legislative and executive authority within an area determined in terms of the local government: Municipal Demarcation Act: 1998 and operates in South Africa. The municipality is a South African category B.

The operating results and state of affairs of the municipality are fully set out in the attached unaudited annual financial statements and do not in our opinion require any further comment.

Net surplus of the municipality was R 19,635,661 (2022: surplus R 31,067,019).

#### 2. Going concern

We draw attention to the fact that at 30 June 2023, the municipality had an accumulated surplus (deficit) of R 953,653,014 and that the municipality's total assets exceed its liabilities by R 953,653,014.

The unaudited annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

#### 3. Subsequent events

The accounting officers are not aware of any matter or circumstance arising since the end of the financial year.

#### 4. Accounting Officers' interest in contracts

The Accounting Officer does not have an interest in contracts.

#### 5. Accounting policies

The unaudited annual financial statements prepared in accordance with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as the prescribed framework by National Treasury.

#### 6. Bankers

First National Bank will continue to provide banking services to the municipality.

#### 7. Auditors

Auditor General South Africa will continue in office for the next financial period.

#### 8. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Management Act (Act 56 of 2003), all money owing by the municipality be paid within 30 days of receiving the relevant invoice or statement. Due to cash flow constraints, the municipality, could not settle all money owing within the prescribed period.

In terms of section 71 (1) of the Municipal Finance Management Act (Act 56 of 2003), the accounting officer of a municipality must by no later than 10 working days after the end of each month submit to the mayor of the municipality and the relevant provincial treasury a statement in the prescribed format on the state of the municipality's budget reflecting the following particulars for that month and for the financial year up to the end of that month. During the financial year, the municipality did not comply with the required legislation as reports were submitted late.

The unaudited annual financial statements set out on page 6, which have been prepared on the going concern basis, were approved by the accounting officer on 31 August 2023 and were signed on its behalf by

AUDITOR GENERAL  
SOUTH AFRICA

30 NOV 2023



# DRAFT V4

## **Sunday's River Valley Local Municipality**

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### **Accounting Officer's Report**

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**Mr T Klaas**  
**Accounting Officer**



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Position as at 30 June 2023

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Assets</b>			
<b>Current Assets</b>			
Inventories	11	473,923	288,502
Receivables from exchange transactions	12&15	11,077,772	8,273,291
Receivables from non-exchange transactions	13&15	12,103,119	9,909,965
VAT receivable	14	11,895,773	-
Cash and cash equivalents	16	4,324,077	20,272,532
		<b>39,874,664</b>	<b>38,744,290</b>
<b>Non-Current Assets</b>			
Investment property	3	32,277,237	31,675,405
Property, plant and equipment	4	1,037,108,027	991,444,572
Intangible assets	5	2,421,570	3,682,669
Heritage assets	6	322,483	322,483
		<b>1,072,129,317</b>	<b>1,027,125,129</b>
<b>Total Assets</b>		<b>1,112,003,981</b>	<b>1,065,869,419</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation		(284,339)	-
Payables from exchange transactions	7	97,391,609	68,487,138
VAT payable	8	-	6,049,497
Consumer deposits	9	80,237	80,248
Employee benefit obligation	10	852,709	753,861
Unspent conditional grants and receipts	17	4,921,046	6,603,815
Provisions	18	3,249,261	1,763,755
		<b>106,210,523</b>	<b>83,738,314</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligation	10	5,858,291	5,112,139
Provisions	18	46,282,153	43,001,610
		<b>52,140,444</b>	<b>48,113,749</b>
<b>Total Liabilities</b>		<b>158,350,967</b>	<b>131,852,063</b>
<b>Net Assets</b>		<b>953,653,014</b>	<b>934,017,356</b>
Accumulated surplus		953,653,014	934,017,356
<b>Total Net Assets</b>		<b>953,653,014</b>	<b>934,017,356</b>

\* See Note 49

AUDITOR GENERAL  
SOUTH AFRICA  
30 NOV 2023



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC108)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Statement of Financial Performance

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Revenue</b>			
<b>Revenue from exchange transactions</b>			
Service charges	20	45,747,489	44,640,196
Rental of facilities and equipment	21	65,769	15,425
Agency services	23	2,359,530	2,688,698
Licences and permits	24	1,167,276	1,676,910
Other income	27	692,536	1,012,036
Investment revenue	28	11,218,688	6,812,731
<b>Total revenue from exchange transactions</b>		<b>61,251,288</b>	<b>56,845,996</b>
<b>Revenue from non-exchange transactions</b>			
<b>Taxation revenue</b>			
Property rates	29	49,221,502	64,165,924
Licences and Permits (Non-exchange)	25	12,177	16,621
Interest, Dividends and Rent on Land	26	8,931,372	7,245,130
<b>Transfer revenue</b>			
Government grants & subsidies	31	184,905,052	173,791,521
Public contributions and donations	32	-	696,680
Fines, Penalties and Forfeits	22	108,890	1,466,999
<b>Total revenue from non-exchange transactions</b>		<b>243,178,993</b>	<b>247,382,875</b>
<b>Total revenue</b>	19	<b>304,430,281</b>	<b>304,228,871</b>
<b>Expenditure</b>			
Employee related costs	33	(90,756,971)	(86,053,358)
Remuneration of councillors	34	(8,253,438)	(7,125,130)
Depreciation and amortisation	35	(27,204,764)	(25,771,033)
Finance costs	37	(12,392,351)	(4,028,320)
Debt Impairment	39	(17,673,381)	(42,301,172)
Bad debts written off		(14,356,240)	(26,598,529)
Bulk purchases	41	(30,985,625)	(33,888,611)
Contracted services	42	(37,987,376)	(23,527,021)
Transfers and Subsidies	30	(10,000)	-
General Expenses	40	(39,750,074)	(25,340,724)
<b>Total expenditure</b>		<b>(279,370,220)</b>	<b>(274,633,898)</b>
<b>Operating surplus</b>		<b>25,060,061</b>	<b>29,594,973</b>
Fair value adjustments		601,833	1,100,690
Impairment loss	36	(6,127,482)	-
Inventories losses/write-downs		101,249	371,356
		<b>(5,424,400)</b>	<b>1,472,046</b>
<b>Surplus for the year</b>		<b>19,635,661</b>	<b>31,067,019</b>

\* See Note 49



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	790,221,243	790,221,243
Adjustments		
Prior year adjustments 49	112,729,094	112,729,094
<b>Balance at 01 July 2021 as restated*</b>	<b>902,950,337</b>	<b>902,950,337</b>
Changes in net assets		
Surplus for the year	31,067,019	31,067,019
<b>Total changes</b>	<b>31,067,019</b>	<b>31,067,019</b>
Opening balance as previously reported	838,727,638	838,727,638
Adjustments		
Prior year adjustments 49	95,289,715	95,289,715
<b>Restated* Balance at 01 July 2022 as restated*</b>	<b>934,017,353</b>	<b>934,017,353</b>
Changes in net assets		
Surplus for the year	19,635,661	19,635,661
<b>Total changes</b>	<b>19,635,661</b>	<b>19,635,661</b>
<b>Balance at 30 June 2023</b>	<b>953,653,014</b>	<b>953,653,014</b>
Note(s)		

AUDITOR GENERAL  
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\* See Note 49



# DRAFT V4

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Cash Flow Statement

Figures in Rand	Note(s)	2023	2022 Restated*
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Taxation		55,971,897	66,948,642
Sale of goods and services		24,771,432	50,744,999
Grants		183,222,282	180,169,945
Interest income		1,482,708	888,837
		265,448,319	298,752,423
<b>Payments</b>			
Employee costs		(98,165,410)	(93,219,490)
Suppliers		(94,336,859)	(115,202,397)
Finance costs		(12,392,351)	(4,028,320)
		(204,894,620)	(212,450,207)
<b>Net cash flows from operating activities</b>	<b>43</b>	<b>60,553,699</b>	<b>86,302,216</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	<b>4</b>	(76,217,814)	(72,715,948)
<b>Cash flows from financing activities</b>			
Finance lease payments		(284,339)	(44,766)
<b>Net Increase/(decrease) in cash and cash equivalents</b>		<b>(15,948,454)</b>	<b>13,541,502</b>
Cash and cash equivalents at the beginning of the year		20,272,532	6,731,030
<b>Cash and cash equivalents at the end of the year</b>	<b>16</b>	<b>4,324,078</b>	<b>20,272,532</b>

\* See Note 49



# Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

AUDITOR GENERAL  
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## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	57,705,941	-	57,705,941	45,747,489	(11,958,452)	NOTE 1
Rental of facilities and equipment	7,023	-	7,023	65,769	58,746	NOTE 2
Agency services	-	-	-	2,359,530	2,359,530	NOTE 3
Licences and permits	-	-	-	1,167,276	1,167,276	NOTE 4
Other income - (rollup)	679,931	-	679,931	692,536	12,605	
Interest received - investment	288,529	-	288,529	11,218,688	10,930,159	NOTE 5
<b>Total revenue from exchange transactions</b>	<b>58,681,424</b>	<b>-</b>	<b>58,681,424</b>	<b>61,251,288</b>	<b>2,569,864</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	43,574,308	-	43,574,308	49,221,502	5,647,194	NOTE 6
Licences and Permits (Non-exchange)	5,000	-	5,000	12,177	7,177	NOTE 7
Interest, Dividends and Rent on Land	2,037,437	-	2,037,437	8,931,372	6,893,935	NOTE 8
<b>Transfer revenue</b>						
Government grants & subsidies	150,952,432	3,996,964	154,949,396	184,905,052	29,955,656	NOTE 9
Fines, Penalties and Forfeits	2,581,389	-	2,581,389	108,890	(2,472,499)	NOTE 10
<b>Total revenue from non-exchange transactions</b>	<b>199,150,566</b>	<b>3,996,964</b>	<b>203,147,530</b>	<b>243,178,993</b>	<b>40,031,463</b>	
<b>Total revenue</b>	<b>257,831,990</b>	<b>3,996,964</b>	<b>261,828,954</b>	<b>304,430,281</b>	<b>42,601,327</b>	
<b>Expenditure</b>						
Personnel	(88,486,813)	10,000	(88,476,813)	(90,756,971)	(2,280,158)	
Remuneration of councillors	(7,303,314)	-	(7,303,314)	(8,253,438)	(950,124)	NOTE 11
Depreciation and amortisation	(11,905,200)	-	(11,905,200)	(27,204,764)	(15,299,564)	NOTE 12
Impairment loss/ Reversal of impairments	(3,268,266)	-	(3,268,266)	(6,127,482)	(2,859,216)	NOTE 13
Finance costs	(4,344,503)	-	(4,344,503)	(12,392,351)	(8,047,848)	NOTE 14
Debt Impairment	(25,897,948)	-	(25,897,948)	(17,673,381)	8,224,567	NOTE 15
Bad debts written off	-	-	-	(14,356,240)	(14,356,240)	NOTE 16
Bulk purchases	(32,085,151)	-	(32,085,151)	(30,985,625)	1,099,526	
Contracted Services	(12,774,800)	995,000	(11,779,800)	(37,987,376)	(26,207,576)	NOTE 17
Transfers and Subsidies	-	-	-	(10,000)	(10,000)	NOTE 18
General Expenses	(17,806,000)	(80,000)	(17,886,000)	(39,750,074)	(21,864,074)	NOTE 19
<b>Total expenditure</b>	<b>(203,871,995)</b>	<b>925,000</b>	<b>(202,946,995)</b>	<b>(285,497,702)</b>	<b>(82,550,707)</b>	
<b>Operating surplus</b>	<b>53,959,995</b>	<b>4,921,964</b>	<b>58,881,959</b>	<b>18,932,579</b>	<b>(39,949,380)</b>	
Fair value adjustments	-	-	-	601,833	601,833	
Inventories losses/write-downs	-	-	-	101,249	101,249	



## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

#### Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
<b>Figures in Rand</b>						
Gains from transfer of functions between entities not under common control	(1,795,000)	-	(1,795,000)	-	1,795,000	
	(1,795,000)	-	(1,795,000)	703,082	2,498,082	
<b>Surplus before taxation</b>	<b>52,164,995</b>	<b>4,921,964</b>	<b>57,086,959</b>	<b>19,635,661</b>	<b>(37,451,298)</b>	
<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>52,164,995</b>	<b>4,921,964</b>	<b>57,086,959</b>	<b>19,635,661</b>	<b>(37,451,298)</b>	
<b>Reconciliation</b>						



# Sunday's River Valley Local Municipality

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**AUDITOR GENERAL  
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## Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Statement of Financial Position</b>						
<b>Assets</b>						
<b>Current Assets</b>						
Inventories	197,511	101,220	298,731	473,923	175,192	NOTE 22
Receivables from exchange transactions	62,785,707	(538,596)	62,247,111	11,077,772	(51,169,339)	NOTE 23
Receivables from non-exchange transactions	(21,760,158)	29,149,523	7,389,365	12,103,119	4,713,754	NOTE 24
VAT receivable	3,048,551	11,013,468	14,062,019	11,895,825	(2,166,194)	NOTE 25
Cash and cash equivalents	51,832,669	(12,725,902)	39,106,767	4,324,077	(34,782,690)	NOTE 26
	<b>96,104,280</b>	<b>26,999,713</b>	<b>123,103,993</b>	<b>39,874,716</b>	<b>(83,229,277)</b>	
<b>Non-Current Assets</b>						
Investment property	108,538,200	(85,928,877)	22,609,323	32,277,237	9,667,914	NOTE 27
Property, plant and equipment	717,809,600	136,208,408	854,018,008	1,037,108,027	183,090,019	NOTE 28
Intangible assets	2,614,996	(1,148,556)	1,466,440	2,421,570	955,130	NOTE 29
Heritage assets	322,483	-	322,483	322,483	-	
	<b>829,285,279</b>	<b>49,130,975</b>	<b>878,416,254</b>	<b>1,072,129,317</b>	<b>193,713,063</b>	
<b>Total Assets</b>	<b>925,389,559</b>	<b>76,130,688</b>	<b>1,001,520,247</b>	<b>1,112,004,033</b>	<b>110,483,786</b>	
<b>Liabilities</b>						
<b>Current Liabilities</b>						
Finance lease obligation	44,766	(44,766)	-	(284,339)	(284,339)	NOTE 30
Payables from exchange transactions	30,662,310	11,371,712	42,034,022	97,391,605	55,357,583	NOTE 31
VAT payable	8,469,356	(2,404,732)	6,064,624	-	(6,064,624)	NOTE 32
Consumer deposits	77,576	2,559,101	2,636,677	80,237	(2,556,440)	NOTE 33
Employee benefit obligation	891,000	(137,139)	753,861	852,709	98,848	NOTE 34
Unspent conditional grants and receipts	211,724	6,392,091	6,603,815	4,921,046	(1,682,769)	NOTE 35
Provisions	-	-	-	3,249,261	3,249,261	NOTE 36
	<b>40,356,732</b>	<b>17,736,267</b>	<b>58,092,999</b>	<b>106,210,519</b>	<b>48,117,520</b>	
<b>Non-Current Liabilities</b>						
Employee benefit obligation	5,016,000	96,139	5,112,139	5,858,291	746,152	NOTE 37
Provisions	48,113,374	(3,348,009)	44,765,365	46,282,153	1,516,788	
	<b>53,129,374</b>	<b>(3,251,870)</b>	<b>49,877,504</b>	<b>52,140,444</b>	<b>2,262,940</b>	
<b>Total Liabilities</b>	<b>93,486,106</b>	<b>14,484,397</b>	<b>107,970,503</b>	<b>158,350,963</b>	<b>50,380,460</b>	
<b>Net Assets</b>	<b>831,903,453</b>	<b>61,646,291</b>	<b>893,549,744</b>	<b>953,653,070</b>	<b>60,103,326</b>	
<b>Net Assets</b>						
<b>Net Assets Attributable to Owners of Controlling Entity</b>						
<b>Reserves</b>						
Accumulated surplus	831,903,453	61,646,291	893,549,744	953,653,014	60,103,270	NOTE 38



# DRAFT V4

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Statement of Comparison of Budget and Actual Amounts

Budget on Accrual Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

The accounting policies on pages 16 to 42 and the notes on pages 43 to 102 form an integral part of the unaudited annual financial statements.



# DRAFT V4

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

Figures in Rand

AUDITOR GENERAL  
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Note(s)

2023

2022

#### 1. Significant accounting policies

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

##### 1.1 Basis of preparations

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

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

In the absence of an issued and effective Standard of GRAP, accounting policies for material transactions, events or conditions were developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 as read with Directive 5.

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

These accounting policies are consistent with the previous period.

##### 1.2 Presentation currency

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

##### 1.3 Going concern assumption

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

##### 1.4 Materiality

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

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

When the final accounts have been closed, any transaction that occurs in respect of a prior period, is considered by management individually and collectively for materiality and the annual financial statements are amended with transactions that are material in amount or by nature.

##### 1.5 Significant judgements and sources of estimation uncertainty

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



## **Sunday's River Valley Local Municipality**

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### **Accounting Policies**

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#### **1.5 Significant judgements and sources of estimation uncertainty (continued)**

##### **Trade receivables**

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

The calculation of the impairment of trade receivables is based on a payment percentage assessment of the individual debtors of the municipality. If an individual debtor has a payment percentage of 100%, impairment is not considered. In instances where the payment percentage is less than 100%, the individual debtor is impaired based on the actual non-payment percentage of the outstanding debt.

##### **Allowance for slow moving, damaged and obsolete stock**

Management's judgement is required when determining the write down of stock to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the inventory note.

##### **Fair value estimation**

The carrying value less impairment provision of trade receivables are assumed to approximate their fair values.

##### **Impairment testing**

The recoverable amounts of cash-generating units and individual assets have been determined based on the higher of value-in-use calculations and fair values less costs to sell.

##### **Provisions**

Management's judgement is required when recognising and measuring provisions, contingent liabilities and contingent assets. Additional disclosure of these estimates of provisions are included in note 18 - Provisions.

##### **Useful lives of infrastructure and other assets**

The municipality's management determines the estimated useful lives and related depreciation charges for the waste water and water networks. This estimate is based on industry norms or technical advice. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives.

##### **Post-retirement benefits**

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 10.

##### **Effective interest rate**

The municipality used the most relevant contractual risk rate applicable where relevant to each category of assets and liabilities to discount future cash flows. Where none exists the prime interest rate is used to discount future cash flows.

##### **Allowance for Impairment**

On debtors an impairment loss is recognised in surplus and deficit when there is objective evidence that it is impaired. The impairment is measured as the difference between the debtors carrying amount and the present value of estimated future cash flows.



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## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.5 Significant judgements and sources of estimation uncertainty (continued)

##### Recognition and Derecognition of Land

In some instances the municipality is not the legal owner or the custodian of land appointed in terms of legislation, but assessed that it controls such land. Key judgements made and assumptions applied to conclude that it controls such land, are as follow (IGRAP 18 par. 41):

- Land controlled by the municipality as a result of a past event and from which future economic benefit or service potential is expected to flow to the entity are recognised by the municipality. Control is evidenced by the municipality's ability to use, or direct others to use, the land and also by the right to direct access to the land and to restrict or deny access of others to the land.

In some instances the municipality is the legal owner, or the custodian of land appointed in terms of legislation, but concludes that it does not control such land. Key judgements made and assumptions applied to conclude that it does not control such land, are as follow (IGRAP 18 par. 41):

- Land not controlled by the municipality as a result of a past event and from which future economic benefit or service potential will not flow to the municipality. The municipality does not have the ability to use or direct others to use the land. The municipality does not have rights to direct access to the land and to restrict or deny access of others to the land. There are various housing scheme land where the municipality is still the legal owner per the deeds office, but where control and substantive rights were not transferred. These land are not recognised by the municipality.

##### Accounting by principals and agent

The municipality makes assessments on whether it is the principal or agent in principal-agent relationships. Significant judgements applied are as follow [State significant judgements made].

Additional information is disclosed in Note 64.

##### Segment reporting

In applying GRAP 18 Segment Reporting, management makes judgements with regard to the identification of reportable segments of the municipality in a manner consistent with the internal reporting provided to Management.

#### 1.6 Investment property

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

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

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

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

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

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

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



## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Accounting Policies

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#### 1.6 Investment property (continued)

##### Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

A gain or loss arising from a change in fair value is included in net surplus or deficit for the period in which it arises.

If the entity determines that the fair value of an investment property under construction is not reliably determinable but expects the fair value of the property to be reliably measurable when construction is complete, it measures that investment property under construction at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier). If the entity determines that the fair value of an investment property (other than an investment property under construction) is not reliably determinable on a continuing basis, the entity measures that investment property using the cost model (as per the accounting policy on Property, plant and equipment). The residual value of the investment property is then assumed to be zero. The entity applies the cost model (as per the accounting policy on Property, plant and equipment) until disposal of the investment property.

Once the entity becomes able to measure reliably the fair value of an investment property under construction that has previously been measured at cost, it measures that property at its fair value. Once construction of that property is complete, it is presumed that fair value can be measured reliably. If this is not the case, the property is accounted for using the cost model in accordance with the accounting policy on Property, plant and equipment.

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

Revenue earned from rental of investment property is disclosed as part of rental of facilities and equipment and are thus not disclosed separately, as they are not material. Expenses in respect of investment property are disclosed as other expenditure and not disclosed separately as they are not material.

The municipality separately discloses expenditure to repair and maintain investment property in the notes to the unaudited annual financial statements (see note 3). Cost incurred to repair and maintain investment property comprises of goods and services and contracted services. These cost excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the unaudited annual financial statements (see note 3). All investment property under construction which have exceeded the initial planned completion date by two years are considered to be taking a significantly longer period of time to complete than expected.

#### 1.7 Property, plant and equipment

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

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

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

Property, plant and equipment is initially measured at cost.

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

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.



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## Sunday's River Valley Local Municipality

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### Accounting Policies

#### 1.7 Property, plant and equipment (continued)

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

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

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

Item	Depreciation method	Average useful life
Land	Straight-line	Indefinite
Buildings	Straight-line	10- 60 years
Leasehold property	Straight-line	3 years
Plant and machinery	Straight-line	3 - 5 years
Furniture and fixtures	Straight-line	5- 10 years
Motor vehicles	Straight-line	7 - 10 years
Office equipment	Straight-line	5 years
IT equipment	Straight-line	4 - 5 years
Infrastructure	Straight-line	3 - 80 years
Community	Straight-line	25 - 30 years
Other property, plant and equipment	Straight-line	3 - 5 years

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

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

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

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

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



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#### 1.7 Property, plant and equipment (continued)

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

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

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

The municipality separately discloses expenditure to repair and maintain property, plant and equipment in the notes to the financial statements (see note 4). The expenditure to repair and maintain property, plant and equipment comprises of goods and services and contracted services. These cost excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 4).

#### 1.8 Site restoration and dismantling cost

The municipality has an obligation to dismantle, remove and restore items of property, plant and equipment. Such obligations are referred to as 'decommissioning, restoration and similar liabilities'. The cost of an item of property, plant and equipment includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which a municipality incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

If the related asset is measured using the cost model:

- (a) subject to (b), changes in the liability are added to, or deducted from, the cost of the related asset in the current period;
- (b) if a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit; and
- (c) if the adjustment results in an addition to the cost of an asset, the municipality considers whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If it is such an indication, the asset is tested for impairment by estimating its recoverable amount or recoverable service amount, and any impairment loss is recognised in accordance with the accounting policy on impairment of cash-generating assets and/or impairment of non-cash-generating assets.

#### 1.9 Intangible assets

An asset is identifiable if it either:

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

An intangible asset is recognised when:

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

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

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

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



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#### 1.9 Intangible assets (continued)

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

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

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

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

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

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

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

Internally generated goodwill is not recognised as an intangible asset.

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

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Item	Depreciation method	Average useful life
Computer software, other	Straight-line	3 -5 years

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The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 5).

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

#### 1.10 Heritage assets

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

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

The municipality separately discloses expenditure to repair and maintain heritage assets in the notes to the financial statements (see note 6). Cost incurred to repair and maintain heritage assets comprises of goods and services and contracted services. These costs excludes labour cost.

The municipality discloses relevant information relating to assets under construction or development, in the notes to the financial statements (see note 6). Heritage Assets under construction are carried at cost. All assets under construction which have exceeded the initial planned completion date by two years are considered to be taking a significantly longer period of time to complete than expected.



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#### 1.10 Heritage assets (continued)

##### Recognition

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

##### Initial measurement

Heritage assets are measured at cost.

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

##### Subsequent measurement

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

Heritage assets are not depreciated, since their long economic life and high residual value means that any depreciation would be immaterial. Heritage assets are considered to have indefinite useful lives.

##### Impairment

The municipality assesses at each reporting date whether there is an indication that it may be impaired. If any such indication exists, the municipality estimates the recoverable amount or the recoverable service amount of the heritage asset.

##### Transfers

Transfers from heritage assets are only made when the particular asset no longer meets the definition of a heritage asset.

Transfers to heritage assets are only made when the asset meets the definition of a heritage asset.

##### Derecognition

The municipality derecognises heritage asset on disposal, or when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset is included in surplus or deficit when the item is derecognised (unless the Standard of GRAP on leases requires otherwise on a sale and leaseback). The gain or loss arising from the disposal or retirement of a heritage asset is determined as the difference between the net disposal proceeds, if any, and the carrying value and is recognised in the statement of financial performance

#### 1.11 Financial Instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

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

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



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#### 1.11 Financial Instruments (continued)

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

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

A financial asset is:

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

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

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

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

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

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

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

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

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

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

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

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



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#### 1.11 Financial Instruments (continued)

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

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

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

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

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

#### Classification

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

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Receivables from non-exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at amortised cost

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

Class	Category
Trade and other payables from exchange transactions	Financial liability measured at amortised cost
Finance lease obligation	Financial liability measured at amortised cost
Consumer deposits	Financial liability measured at amortised cost
Unspent conditional grants arising from contractual agreements (not statutory grants)	Financial liability measured at amortised cost

#### 1.12 Statutory receivables

##### Identification

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

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

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

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



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#### 1.12 Statutory receivables (continued)

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

##### Recognition

The municipality recognises statutory receivables as follows:

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

##### Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

##### Subsequent measurement

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

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

##### Accrued interest

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

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

##### Other charges

Where the municipality is required or entitled in terms of legislation, supporting regulations, by-laws or similar means to levy additional charges on overdue or unpaid amounts, and such charges are levied, the entity applies the principles as stated in "Accrued interest" above, as well as the relevant policy on Revenue from exchange transactions or the policy on Revenue from non-exchange transactions (Taxes and transfers).

##### Impairment losses

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

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

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



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#### 1.12 Statutory receivables (continued)

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

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

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

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

#### Derecognition

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

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

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

#### 1.13 Leases

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

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

#### Finance leases - lessor

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

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



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#### 1.13 Leases (continued)

##### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the municipality's incremental borrowing rate.

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

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

The depreciation policy for depreciable leased assets is consistent with the normal depreciation policy for similar assets.

##### Operating leases - lessor

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

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

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

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

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

##### Operating leases - lessee

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

#### 1.14 Inventories

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost generally refers to the purchase price, plus taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Where inventories are manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing, construction or production process.

Inventories comprise current assets held for sale, consumption or distribution during the ordinary course of business. Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition;

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

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

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

Housing inventory relates to the land on which low cost houses are still in the process of construction or completed and not yet distributed to beneficiaries.



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#### 1.14 Inventories (continued)

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

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

#### 1.15 Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### 1.16 Impairment of cash and non-cash-generating assets

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

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

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

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

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

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

- None of the assets are managed with the objective of generating positive cash flows are expected to be significantly higher than the cost of the asset; and
- Although certain services assets generate positive cash flows, these are used for cross subsidisation of services assets that generate negative cash flows.

#### Designation

At initial recognition, the municipality designates an asset as non-cash-generating, or an asset or cash-generating unit as cash generating. The designation is made on the basis of a municipality's objective of using the asset.

The municipality designates an asset or a cash-generating unit as cash-generating when:

- its objective is to use the asset or a cash-generating unit in a manner that generates a commercial return; such that
- the asset or cash-generating unit will generate positive cash flows, from continuing use and its ultimate disposal, that are expected to be significantly higher than the cost of the asset.

The municipality designates an asset as non-cash-generating when its objective is not to use the asset to generate a commercial return but to deliver services.

An asset used with the objective of generating a commercial return and service delivery, is designated either as a cash generating asset or non-cash-generating asset based on whether the municipality expects to use that asset to generate a commercial return. When it is not clear whether the objective is to use the asset to generate a commercial return, the municipality designates the asset as a non-cash-generating asset and applies this accounting policy, rather than the accounting policy on Impairment of non-cash-generating assets.



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#### 1.16 Impairment of cash and non-cash-generating assets (continued)

##### Identification

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

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

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

##### Value in use

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

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

##### Depreciated replacement cost approach

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

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

##### Recognition and measurement

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

An impairment loss is recognised immediately in surplus or deficit.

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

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



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#### 1.16 Impairment of cash and non-cash-generating assets (continued)

##### Reversal of an impairment loss

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

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

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

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

##### Redesignation

The redesignation of assets from a cash-generating asset to a non-cash-generating asset or from a non-cash-generating asset to a cash-generating asset only occur when there is clear evidence that such a redesignation is appropriate.

#### 1.17 Employee benefits

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

The municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined contribution plans and defined-benefit plans.

Defined-contribution plans are post-employment benefit plans under which a municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against the statement of financial performance in the year in which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans. The defined-benefit funds are actuarially valued based on the projected unit credit method. Deficits identified are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities. The contributions and lump sum payments are charged against the statement of financial performance in the year in which they become payable.



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#### 1.17 Employee benefits (continued)

##### Short-term employee benefits

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service.

Short-term employee benefits include items such as: • wages, salaries and social security contributions; • short-term compensated absences (such as paid annual leave and paid sick leave) where the compensation for the absences is due to be settled within twelve months after the end of the reporting period in which the employees render the related employee service; and • non-monetary benefits (for example, medical care, and free or subsidised goods or services such as housing, cars and cellphones) for current employees.

When an employee has rendered service to the municipality during a reporting period, the municipality recognise the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service: • as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the municipality recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and • as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs. The municipality measures the expected cost of accumulating compensated absences as the additional amount that the municipality expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The municipality provides long-service awards to eligible employees, after completion of every five years' service and the liability thereof is based on an actuarial valuation. The projected unit credit method has been used to value the obligation.

Actuarial gains and losses on the long-term incentives are fully accounted for in the statement of financial performance.

##### Post-employment benefits

Post-employment benefits are employee benefits (other than termination benefits) which are payable after the completion of employment.

The municipality provides post-retirement benefits by subsidising the medical healthcare contributions of certain retired staff. According to the rules of the medical aid funds with which the municipality is associated, a member on retirement is entitled to remain a continued member of such medical aid fund, and the municipality will continue to subsidise medical contributions in accordance with the provisions of the employee's employment contract.

The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past, or accrued and future in-service element. The liability is recognised at the fair value of the obligation, together with any adjustments required. The projected unit credit method has been used to value the obligation. Refer to note 10.

##### Multi-employer plans and/or State plans and/or Composite social security programmes

Multi-employer plans are defined contribution plans (other than state plans and composite social security programmes) or defined benefit plans (other than state plans) that pool the assets contributed by various entities that are not under common control and use those assets to provide benefits to employees of more than one entity, on the basis that contribution and benefit levels are determined without regard to the identity of the entity that employs the employees concerned.

The municipality classifies a multi-employer plan and/or state plans and/or composite social security programmes as a defined contribution plan or a defined benefit plan under the terms of the plan (including any constructive obligation that goes beyond the formal terms).

Where a plan is a defined contribution plan, the municipality accounts for in the same way as for any other defined contribution plan. Where a plan is a defined benefit plan, the municipality account for its proportionate share of the defined benefit obligation, plan assets and cost associated with the plan in the same way as for any other defined benefit plan.

When sufficient information is not available to use defined benefit accounting for a plan, that is a defined benefit plan, the municipality account for the plan as if it was a defined contribution plan.



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#### 1.17 Employee benefits (continued)

##### Post-employment benefits: Defined contribution plans

Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

When an employee has rendered service to the entity during a reporting period, the entity recognise the contribution payable to a defined contribution plan in exchange for that service: • as a liability (accrued expense), after deducting any contribution already paid. If the contribution already paid exceeds the contribution due for service before the reporting date, an entity recognise that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and • as an expense, unless another Standard requires or permits the inclusion of the contribution in the cost of an asset.

Where contributions to a defined contribution plan do not fall due wholly within twelve months after the end of the reporting period in which the employees render the related service, they are discounted. The rate used to discount reflects the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the obligation.



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#### 1.17 Employee benefits (continued)

##### Post-employment benefits: Defined benefit plans

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

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

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

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

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

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

The amount recognised as a defined benefit liability is the net total of the following amounts: • the present value of the defined benefit obligation at the reporting date; • minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly; • plus any liability that may arise as a result of a minimum funding requirement

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

The entity recognises the net total of the following amounts in surplus or deficit, except to the extent that another Standard requires or permits their inclusion in the cost of an asset: • current service cost; • interest cost; • actuarial gains and losses; • past service cost; and • the effect of any curtailments or settlements.

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

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



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#### 1.17 Employee benefits (continued)

##### Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the reporting date, for the period over which the obligations are to be settled.

The rate used to discount post-employment benefit obligations (both funded and unfunded) reflect the time value of money. The currency and term of the financial instrument selected to reflect the time value of money is consistent with the currency and estimated term of the post-employment benefit obligations.

Post-employment benefit obligations are measured on a basis that reflects: • estimated future salary increases; • the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the reporting date; and • estimated future changes in the level of any state benefits that affect the benefits payable under a defined benefit plan, if, and only if, either: • those changes were enacted before the reporting date; or • past history, or other reliable evidence, indicates that those state benefits will change in some predictable manner, for example, in line with future changes in general price levels or general salary levels.

Assumptions about medical costs take account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

#### 1.18 Provisions and contingencies

Provisions are recognised when:

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

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

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

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

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

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

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

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.



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#### 1.18 Provisions and contingencies (continued)

A constructive obligation to restructure arises only when an entity:

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

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 47.

#### Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.16.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

#### 1.19 Commitments

Capital commitments disclosed in the annual financial statements represent the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date. The municipality discloses capital commitments exclusive of VAT.

#### 1.20 Revenue from exchange transactions

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

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

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

#### Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates. Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.



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#### 1.20 Revenue from exchange transactions (continued)

##### Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the municipality;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

When services are performed by an indeterminate number of acts over a specified time frame, revenue is recognised on a straight-line basis over the specified time frame unless there is evidence that some other method better represents the stage of completion. When a specific act is much more significant than any other acts, the recognition of revenue is postponed until the significant act is executed.

When the outcome of the transaction involving the rendering of services cannot be estimated reliably, revenue is recognised only to the extent of the expenses recognised that are recoverable.

Service revenue is recognised by reference to the stage of completion of the transaction at the reporting date. Stage of completion is determined by the proportion that costs incurred to date bear to the total estimated costs of the transaction.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

##### Interest, royalties and dividends

Revenue arising from the use by others of entity assets yielding interest, royalties and dividends or similar distributions is recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

#### 1.21 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.



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#### 1.21 Revenue from non-exchange transactions (continued)

Control of an asset arises when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

#### Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

#### Taxes

The municipality recognises an asset in respect of taxes when the taxable event occurs and the asset recognition criteria are met.

Resources arising from taxes satisfy the definition of an asset when the municipality controls the resources as a result of a past event (the taxable event) and expects to receive future economic benefits or service potential from those resources. Resources arising from taxes satisfy the criteria for recognition as an asset when it is probable that the inflow of resources will occur and their fair value can be reliably measured. The degree of probability attached to the inflow of resources is determined on the basis of evidence available at the time of initial recognition, which includes, but is not limited to, disclosure of the taxable event by the taxpayer.

The municipality analyses the taxation laws to determine what the taxable events are for the various taxes levied.

The taxable event for property tax is the passing of the date on which the tax is levied, or the period for which the tax is levied, if the tax is levied on a periodic basis.

Taxation revenue is determined at a gross amount. It is not reduced for expenses paid through the tax system.



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#### 1.21 Revenue from non-exchange transactions (continued)

##### Transfers

Apart from Services in kind, which are not recognised, the municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The municipality recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of acquisition.

##### Availability charges

The municipality recognise revenue for charges billed to consumers for all vacant or undeveloped land that has been serviced. These properties are not connected to the municipal infrastructure, but can be reasonably be connected to the service.

Availability charges arise from the application of the approved tariff of charges and is recognised when the the asset recognition criteria is met.

##### Fines

Availability charges arise from the application of the approved tariff of charges and is recognised when the the asset recognition criteria is met.

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.

Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.

Assets arising from fines are initially measured at its fair value at the date of acquisition, which is the best estimate of the inflow of economic benefits. The probability of non-payment is not considered at initial recognition.

The non-payment of traffic fines is estimated at subsequent measurement with reference to historical data and payment trend analysis. An impairment loss is recognised in surplus and deficit.

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

##### Bequests

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality, and the fair value of the assets can be measured reliably.

##### Gifts and donations, including goods in-kind

Gifts and donations, including goods in kind, are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

##### Services in-kind

Except for financial guarantee contracts, the municipality recognise services in-kind that are significant to its operations and/or service delivery objectives as assets and recognise the related revenue when it is probable that the future economic benefits or service potential will flow to the municipality and the fair value of the assets can be measured reliably.

Where services in-kind are not significant to the municipality's operations and/or service delivery objectives and/or do not satisfy the criteria for recognition, the municipality disclose the nature and type of services in-kind received during the reporting period.

#### 1.22 Investment income

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



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#### 1.23 Borrowing costs

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

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

#### 1.24 Comparative figures

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

#### 1.25 Unauthorised expenditure

Unauthorised expenditure is defined as any expenditure incurred by a municipality not in accordance with section 15 or 11(3) of the MFMA, and includes an overspending of the total amount appropriated in the municipality's approved budget, an overspending of the total amount appropriated for a vote in the approved budget, an expenditure from a vote unrelated to the department or functional area covered by the vote, an expenditure of money appropriated not in accordance for that specific purpose, a spending of an allocation not in accordance with any conditions of the allocation, or a grant made by the municipality not in accordance with the MFMA.

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

#### 1.26 Fruitless and wasteful expenditure

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

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

Fruitless and wasteful expenditure is disclosed inclusive of VAT.

#### 1.27 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), and the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the economic entity's supply chain management policy. Irregular expenditure excludes unauthorised expenditure.

Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

Irregular expenditure is disclosed inclusive of VAT.

#### 1.28 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.



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#### 1.28 Segment information (continued)

##### Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure.

#### 1.29 Budget information

The approved budget covers the fiscal period from 2022/07/01 to 2023/06/30.

The approved budget is prepared on an accrual basis and presented in accordance with the GRAP reporting framework.

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

The annual financial statements and the budget are on the same accounting basis and for the same municipality and same period but not on the same classification basis therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

The Statement of comparative and actual information has been included in the annual financial statements based on the prescribed budget schedules using tables B1, B4, B6 and B7.

A difference of 10% or more, and if the amount exceeds R3 million, between budgeted and actual amounts is regarded as material.

#### 1.30 Related parties

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

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

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

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

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

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

#### 1.31 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).



# DRAFT V4

## **Sunday's River Valley Local Municipality**

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### **Accounting Policies**

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#### **1.31 Events after reporting date (continued)**

The municipality will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The municipality will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

#### **1.32 Value Added Tax**

The municipality accounts for Value Added Tax on the Payments Basis in accordance with section 15(2)(a) of the Value-Added Tax Act (Act No 89 of 1991).

The Municipality is registered for VAT on the payment basis. Revenue, expenses and assets are recognised net of the amount of value added tax. The net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

#### **1.33 Unspent Conditional Grants and Receipts**

Unspent conditional grants and receipts are reflected on the Statement of Financial Position as a current liability. They represent unspent government grants, subsidies and contributions from the public. This liability always has to be backed by cash.



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

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#### 2. New standards and interpretations

##### 2.1 Standards and interpretations not yet effective or relevant

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2023 or later periods but are not relevant to its operations:

##### Standard/ Interpretation:

##### Effective date: Years beginning on or after

##### Expected impact:

- |  |               |  |
|--|---------------|--|
| • iGRAP 7 (as revised): Limit on defined benefit asset, minimum funding requirements and their interaction | 01 April 2023 | Unlikely there will be a material impact |
| • Guideline: Guideline on the Application of Materiality to Financial Statements                           | 01 April 2099 | Unlikely there will be a material impact |
| • GRAP 104 (as revised): Financial Instruments   | 01 April 2025 | Unlikely there will be a material impact |
| • iGRAP 21: The Effect of Past Decisions on Materiality  | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 2020: Improvements to the standards of GRAP 2020  | 01 April 2023 | Unlikely there will be a material impact |
| • GRAP 1 (amended): Presentation of Financial Statements   | 01 April 2023 | Unlikely there will be a material impact |



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)  
Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 3. Investment property

	2023	2022
	Fair Value	Fair Value
	32,277,237	31,675,405

Investment property

#### Reconciliation of investment property - 2023

	Opening balance	Fair value adjustments	Total
Investment property	31,675,405	601,833	32,277,237

#### Reconciliation of investment property - 2022

	Opening balance	Fair value adjustments	Total
Investment property	30,574,715	1,100,690	31,675,405

#### Pledged as security

No investment properties has been pledged as security for liabilities.

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

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#### 3. Investment property (continued)

##### Details of valuation

The effective date of the revaluations was 30 June 2023. Revaluations were performed by WRCON (Pty) Ltd. Mr PH Venter was the valuer at WRCON (Pty) Ltd to perform the valuations. Mr Venter is a registered Professional Associated Valuer with the SA Council for Valuers Profession, registration number 7428, a member of the SA Institute of Valuers and has the appropriate experience in performing valuation of investment properties.

The valuation for the land portion was based on adapted comparable sales and for the improvements there-on on replacement costs.

These assumptions are based on current market conditions.



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)  
Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 4. Property, plant and equipment

	2023			2022		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	24,942,661	-	24,942,661	24,942,661	-	24,942,661
Buildings	60,692,989	(24,506,600)	36,186,389	60,485,040	(23,341,543)	37,143,497
Plant and machinery	3,351,259	(2,576,374)	774,885	3,091,961	(2,435,980)	656,001
Furniture and fixtures	4,575,536	(3,301,411)	1,274,125	4,435,970	(3,188,123)	1,247,847
Motor vehicles	21,632,593	(7,620,579)	14,012,014	15,691,970	(5,840,478)	9,851,492
IT equipment	7,624,213	(4,338,582)	3,285,631	6,385,785	(4,361,245)	2,024,540
Infrastructure - Road network	342,024,607	(99,124,360)	272,900,247	301,454,264	(62,245,366)	239,208,898
Community	64,682,346	(27,283,042)	37,399,304	64,682,346	(24,690,780)	39,991,566
Infrastructure - Electricity network	116,265,704	(16,118,149)	100,147,555	116,265,704	(13,466,254)	102,799,450
Landfill Site Asset	32,394,379	(9,160,742)	23,233,637	30,877,591	(8,226,850)	22,650,741
Solid Waste Disposal	23,794	(13,041)	10,753	23,794	(12,513)	11,281
Wastewater network	356,211,384	(109,346,201)	246,865,183	356,194,500	(99,793,136)	256,401,364
Water network	254,986,632	(77,343,746)	177,642,886	254,965,206	(71,059,432)	183,905,774
Work-in-Progress	98,432,758	-	98,432,758	70,609,460	-	70,609,460
<b>Total</b>	<b>1,387,840,854</b>	<b>(350,732,827)</b>	<b>1,037,108,027</b>	<b>1,310,106,252</b>	<b>(318,661,680)</b>	<b>991,444,572</b>



## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 4. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2023

	Opening balance	Difference	Additions	WIP additions	Other changes, movements	Depreciation	Impairment loss	Impairment reversal	Total
Land	24,942,661	-	-	-	-	-	-	-	24,942,661
Buildings	37,143,497	-	207,949	-	-	(1,050,761)	(326,332)	212,036	36,186,389
Plant and machinery	656,001	-	259,298	-	-	(128,370)	(54,576)	42,532	774,885
Furniture and fixtures	1,247,847	-	139,566	-	-	(207,033)	(11,121)	104,866	1,274,125
Motor vehicles	9,851,492	-	5,940,623	-	-	(1,656,742)	(123,359)	-	14,012,014
IT equipment	2,024,540	-	1,238,428	-	-	(415,835)	(98,597)	537,095	3,285,631
Infrastructure - Road network	239,208,898	-	-	40,570,343	-	(6,863,284)	(25,274)	9,564	272,900,247
Community	39,991,566	-	-	-	-	(1,132,602)	(1,855,181)	395,521	37,399,304
Infrastructure - Electricity network	102,799,450	-	-	-	-	(1,033,361)	(1,818,534)	-	100,147,555
Landfill Site Asset	22,650,741	-	-	-	1,516,788	(933,892)	-	-	23,233,637
Solid Waste Disposal	11,281	-	-	-	-	(704)	(1,322)	1,498	10,753
Wastewater network	256,401,364	-	16,884	-	-	(7,000,186)	(2,630,781)	77,902	246,865,183
Water network	183,905,774	-	21,426	-	-	(5,520,895)	(827,362)	63,943	177,642,886
Work-in-Progress	70,609,460	-	68,393,641	(40,570,343)	-	-	-	-	98,432,758
	<b>991,444,572</b>		<b>76,217,815</b>	<b>-</b>	<b>1,516,788</b>	<b>(25,943,665)</b>	<b>(7,572,439)</b>	<b>1,444,957</b>	<b>1,037,108,027</b>



## Sunday's River Valley Local Municipality

(Registration number EC106)  
Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 4. Property, plant and equipment (continued)

##### Reconciliation of property, plant and equipment - 2022

	Opening balance	Additions	WIP additions	Other changes, movements	Depreciation	Total
Land	24,942,661	-	-	-	-	24,942,661
Buildings	38,183,106	8,200	-	-	(1,047,809)	37,143,497
Plant and machinery	706,481	54,947	-	-	(109,379)	656,001
Furniture and fixtures	1,382,693	64,837	3,952	-	(199,683)	1,247,847
Motor vehicles	4,932,466	5,811,987	-	-	(892,961)	9,851,492
IT equipment	2,091,820	257,065	-	-	(324,345)	2,024,540
Infrastructure - Road network	245,897,125	-	-	-	(6,688,227)	239,208,898
Community	41,124,169	-	-	-	(1,132,603)	39,991,566
Infrastructure - Electricity network	84,986,649	-	18,793,737	-	(980,936)	102,799,450
Landfill Site Asset	23,141,887	-	-	429,748	(920,894)	22,650,741
Communication equipment	2,071	-	-	(2,071)	-	-
Solid Waste Disposal	11,986	-	-	-	(705)	11,281
Wastewater network	246,837,965	217,696	16,206,410	-	(6,860,707)	256,401,364
Water network	183,564,744	21,500	5,671,215	-	(5,351,685)	183,905,774
Work-in-Progress	45,005,056	66,277,644	(40,673,240)	-	-	70,609,460
	<b>942,810,879</b>	<b>72,713,876</b>	<b>2,074</b>	<b>427,677</b>	<b>(24,509,934)</b>	<b>991,444,572</b>

State objective and purpose



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>4. Property, plant and equipment (continued)</b>		
<b>Property, plant and equipment in the process of being constructed or developed</b>		
<b>Cumulative expenditure recognised in the carrying value of property, plant and equipment</b>		
Buildings	79,824	79,824
Infrastructure - Roads network	3,544,159	41,373,994
Community	32,830,995	6,542,559
Infrastructure - Electricity network	13,298,365	751,408
Wastewater network	33,495,713	13,142,248
Infrastructure - Water network	15,183,701	8,719,426
	<b>98,432,757</b>	<b>70,609,459</b>

**Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected**

Upgrading of Addo waste water treatment works - phase 3

902,501 902,501

The project was abandoned due to financial constraints experienced by the municipality. The facility was also vandalised and no further funding has been made available to refurbish the plan

Fencing for Kirkwood, Sunland and Paterson

79,824 79,824

Project started and subsequently vandalised

**982,324 982,324**

#### Reconciliation of Work-in-Progress 2023

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	64,066,900	6,542,559	-	70,609,459
Additions/capital expenditure	42,105,205	26,288,436	-	68,393,641
Transferred to completed items	(40,570,343)	-	-	(40,570,343)
	<b>65,601,762</b>	<b>32,830,995</b>	<b>-</b>	<b>98,432,757</b>

#### Reconciliation of Work-In-Progress 2022

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	44,352,173	652,882	-	45,005,055
Additions/capital expenditure	60,387,967	5,889,677	-	66,277,644
Transferred to completed items	(40,673,240)	-	-	(40,673,240)
	<b>64,066,900</b>	<b>6,542,559</b>	<b>-</b>	<b>70,609,459</b>

#### Expenditure incurred to repair and maintain property, plant and equipment

#### Expenditure incurred to repair and maintain property, plant and equipment included in Statement of Financial Performance

Contracted services 3,750,565 2,397,581

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.



## Sunday's River Valley Local Municipality

(Registration number EC106)  
Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 5. Intangible assets

	2023			2022		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	8,176,325	(5,754,755)	2,421,570	8,176,325	(4,493,656)	3,682,669

#### Reconciliation of intangible assets - 2023

	Opening balance	Amortisation	Total
Computer software, other	3,682,669	(1,261,099)	2,421,570

#### Reconciliation of intangible assets - 2022

	Opening balance	Amortisation	Total
Computer software, other	4,943,768	(1,261,099)	3,682,669



## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 6. Heritage assets

	2023			2022		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Collections of rare books, manuscripts and records	70,975	-	70,975	70,975	-	70,975
Historical buildings	251,508	-	251,508	251,508	-	251,508
<b>Total</b>	<b>322,483</b>	<b>-</b>	<b>322,483</b>	<b>322,483</b>	<b>-</b>	<b>322,483</b>

#### Reconciliation of heritage assets 2023

	Opening balance	Total
Collections of rare books, manuscripts and records	70,975	70,975
Historical buildings	251,508	251,508
	<b>322,483</b>	<b>322,483</b>

#### Reconciliation of heritage assets 2022

	Opening balance	Total
Collections of rare books, manuscripts and records	70,975	70,975
Historical buildings	251,508	251,508
	<b>322,483</b>	<b>322,483</b>



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>7. Payables from exchange transactions</b>		
Accrued bonus	2,351,913	2,323,508
Accrued leave pay	4,875,767	6,562,631
Accrued salary expense	1,815,055	1,100,022
Motor Registration	303,876	204,855
Other payables	77,115	110,495
Payments received in advanced - contract in process	8,918,148	3,353,768
Retention	8,293,731	6,608,248
Trade payables	70,087,159	48,142,320
Unknown deposits	668,845	81,291
	<b>97,391,609</b>	<b>68,487,138</b>

#### 8. VAT payable

Tax refunds payables	-	6,049,493
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#### 9. Consumer deposits

Consumer deposits	80,237	80,248
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Consumer deposits are paid by consumers on application for new water and electricity connections. The deposits are repaid when the water and electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding accounts.

#### 10. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

<b>Non-current employee benefits</b>		
Post-Retirement Medical Aid benefits	(2,434,000)	(1,578,000)
Long-service awards benefits	(3,424,291)	(3,534,139)
	<b>(5,858,291)</b>	<b>(5,112,139)</b>
<b>Current employee benefits</b>		
Post-Retirement Medical Aid benefits	(216,000)	(140,000)
Long-service awards benefits	(636,709)	(613,861)
	<b>(852,709)</b>	<b>(753,861)</b>
<b>Total employee benefits</b>		
Post-Retirement Medical Aid benefits	(2,650,000)	(1,718,000)
Long-service awards benefits	(4,061,000)	(4,148,000)
	<b>(6,711,000)</b>	<b>(5,866,000)</b>
<b>Non-current liabilities</b>	<b>(5,858,291)</b>	<b>(5,112,139)</b>
<b>Current liabilities</b>	<b>(852,709)</b>	<b>(753,861)</b>
	<b>(6,711,000)</b>	<b>(5,866,000)</b>



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

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#### 10. Employee benefit obligations (continued)

##### Post employment health care benefits

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the Medical Aid Funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. The plan is treated as a defined benefit plan under GRAP 25. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by D T Mureriwa of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The members of the Post-employment Health Care Benefit Plan are made up as follows:

Continuation members (Retirees)	6	4
<b>Total members</b>	<b>6</b>	<b>4</b>

The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:

LA Health

Samwumed

The liability in respect of past service has been estimated as follow:

In-service members (Employees)	-	-
In-service non-members (Employees)	-	-
Continuation members (Retirees)	2,650,000	1,718,000
<b>Total liability</b>	<b>2,650,000</b>	<b>1,718,000</b>
Non-current	2,434,000	1,578,000
Current	216,000	140,000
	<b>2,650,000</b>	<b>1,718,000</b>

The principal assumptions used for the purposes of the actuarial valuations were as follow:

##### Rates of interest

Discount rate	11.75 %	11.50 %
Health care cost inflation rate	7.54	8.37
Net effective discount rate	3.91 %	2.89 %

##### Normal retirement age

The average retirement age for all active employees was assumed to be 62 years.



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

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#### 10. Employee benefit obligations (continued)

Amounts recognised in the statement of financial position

The amounts recognised in the statement of financial position is as follows:

<b>Present value of unfunded obligations</b>	<b>2,650,000</b>	<b>1,718,000</b>
--	------------------	------------------

Net expense recognised in the statement of financial performance

The amounts recognised in the statement of financial performance is as follows:

Current service cost	-	-
Interest cost	190,000	165,000
Actuarial loss/ (gain) recognised in the year	992,560	(172,000)
	<b>1,182,560</b>	<b>(7,000)</b>

#### Movements in the present value of the defined benefit obligation

Opening balance	1,718,000	1,909,000
Current service cost	-	-
Interest cost	190,000	165,000
Actual employer benefit payments	(250,560)	(184,000)
Actuarial loss/ (gain) recognised in the year	992,560	(172,000)
<b>Present value of fund obligation at the end of the year</b>	<b>2,650,000</b>	<b>1,718,000</b>

Amounts for the current and previous four periods are as follows:

#### Present value of unfunded defined benefit

2023	2,650,000
2022	1,718,000
2021	1,909,000
2020	2,137,000
2019	2,254,644

#### Sensitivity analysis on the Accrued Liability (R Millions)

Assumption	Change	In-service	Continuation	Total	% change
Health care inflation	1	-	208,000	-	-
	(1)	-	173,000	-	-
Discount rate	1	-	189,000	-	-
	(1)	-	189,000	-	-

#### Sensitivity analysis on Current-service and Interest Costs

Assumption	Change	In-service	Continuation	Total	% change
Health care inflation	1	-	330,000	330,000	0.10 %
	(1)	-	272,000	272,000	(0.09)%
Discount rate	1	-	297,000	297,000	(0.01)%
	(1)	-	299,000	299,000	- %
Post retirement mortality	1	-	290,000	290,000	-
	(1)	-	308,000	308,000	-



# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

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#### 10. Employee benefit obligations (continued)

Discount rate: GRAP25 defines the determination of the investment return assumption to be used as the rate that can be determined by reference to market yields (at the balance sheet date) on government bonds. The currency and term of the government bonds should be consistent with the currency and estimated term of the obligation. The methodology of setting the financial assumptions has been updated to be more duration specific. At the previous valuation date, 30 June 2022 the duration of liabilities was 8.27 years. At this duration the discount rate determined by using the Bond Exchange Zero Coupon Yield Curve as at 30 June 2023 is 11.75% per annum, and the yield on the inflation-linked bonds of a similar term was about 4.91% per annum, implying an underlying expectation of inflation of 6.04% per annum  $([1 + 11.75\% - 0.5\%] / [1 + 4.91\%] - 1)$ . A healthcare cost inflation rate of 7.54% was assumed. This is 1.50% in excess of the expected inflation over the expected term of the liability, consistent with the previous actuary. However, it is the relative levels of the discount rate and healthcare inflation to one another that are important, rather than the nominal values. We have thus assumed a net discount factor of 3.91% per annum  $([1 + 11.75\%] / [1 + 7.54\%] - 1)$ . This year's valuation basis is consistent with the previous year's basis from a discount rate perspective.

#### Mortality Rates

PA (90) - 1 with a 1% mortality improvement per annum from the year 2010.

#### Continuation of Membership

With the appointment of 1 Pangaea Expertise and Solutions Pty (Ltd) for the year ending 30 June 2023.

The table below summarises the accrued liabilities and the plan assets for the current period and the previous four periods:

Liability History	2023/06/30	2022/06/30	2021/06/30	2020/06/30	2019/06/30
Accrued Liability	(2,650,000)	(1,718,000)	(1,909,000)	(2,137,000)	(2,254,644)
Surplus / (Deficit)	2,650,000	1,718,000	1,909,000	2,137,000	2,254,644

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred:

Experience adjustment	2023/06/30	2022/06/30	2021/06/30	2020/06/30	2019/06/30
Liabilities: (Gain) / Loss	992,560	(172,000)	169,000	86,113	5,450
	992,560	(172,000)	169,000	86,113	5,450

#### Long-service awards benefits

The municipality operates a funded defined benefit plan for all its employees. Under the plan, a Long Service Award is payable after 10 years of continuous service and every 5 years thereafter to employees. The provision is an estimate of the long-service based on historical staff turnover. No other long-service benefits are provided to employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2023 by 1 Pangaea Expertise and Solutions Pty (Ltd). The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method. Additional text

At year end 242 (2022: 253) employees were eligible for Long Services Awards.

The principal assumptions used for the purposes of the actuarial valuations were as follow:

Discount rate	10.60 %	10.02 %
General Salary inflation	6.32 %	7.65 %
Net effective discount rate	4.03 %	2.20 %



# DRAFT V4

## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>10. Employee benefit obligations (continued)</b>		
The amounts recognised in the statement of financial position are as follow:		
Present value of unfunded obligations	4,061,000	4,148,000
Amounts recognised in the statement of financial performance		
The amounts recognised in the statement of financial performance are as follow:		
Current service cost	569,072	571,000
Interest cost	448,591	334,000
Actuarial losses / (gains) recognised	(683,791)	(329,000)
<b>Total expense included in employee related costs</b>	<b>333,872</b>	<b>576,000</b>
Opening balance	4,148,000	3,998,000
Current service cost	569,072	571,000
Interest cost	448,591	334,000
Actual employer benefit payments	(420,872)	(426,000)
Actuarial loss/ (gain) recognised in the year	(683,791)	(329,000)
	<b>4,061,000</b>	<b>4,148,000</b>

Liability History	2023/06/30	2022/06/30	2021/06/30	2020/06/30	2019/06/30
Accrued Liability	(4,061,000)	(4,148,000)	(3,998,000)	(3,395,000)	(3,056,304)
<b>Surplus / (Deficit)</b>	<b>4,061,000</b>	<b>4,148,000</b>	<b>3,998,000</b>	<b>3,395,000</b>	<b>3,056,304</b>

The table below summarises the experience adjustments for the current and previous four periods. Experience adjustments are the effects of differences between the previous actuarial assumptions and what has actually occurred:

Experience adjustment	2023/06/30	2022/06/30	2021/06/30	2020/06/30	2019/06/30
Liabilities: (Gain) / Loss	683,791	329,000	(295,000)	40,928	241,258
	<b>(683,791)</b>	<b>(329,000)</b>	<b>295,000</b>	<b>(40,928)</b>	<b>(241,258)</b>

#### 11. Inventories

Consumable stores	210,251	126,559
Water for distribution	263,672	161,943
	<b>473,923</b>	<b>288,502</b>

#### Water for distribution

Opening balance	161,943	106,089
Water Purchased	11,493,777	10,311,982
Water Sold	(11,493,777)	(10,311,982)
Water losses (Inventories (write-downs))	101,729	55,854
<b>Closing balance</b>	<b>263,672</b>	<b>161,943</b>



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>12. Receivables from exchange transactions</b>		
Sundry debtors	2,024,266	2,012,928
Electricity	5,003,901	3,648,322
Water	2,393,689	1,740,766
Waste water	239,412	89,865
Refuse	445,908	388,592
Regional services levies	970,596	392,818
	<b>11,077,772</b>	<b>8,273,291</b>

#### Trade and other receivables pledged as security

No Trade and other receivables from exchanges transactions were pleased as security

#### Fair value of trade and other receivables

Trade and other receivables	11,077,772	8,273,291
-----------------------------	------------	-----------

#### Reconciliation of provision for impairment of trade and other receivables

Opening balance	108,557,249	102,513,822
Provision for impairment	16,409,082	6,043,427
	<b>124,966,331</b>	<b>108,557,249</b>

#### 13. Receivables from non-exchange transactions

Fines	333,758	333,758
Government grants and subsidies	727,146	657,997
Levies	367,728	367,728
Other receivables	56,850	56,850
Prepayments	151,468	151,468
Consumer debtors - Rates	10,466,169	8,342,164
	<b>12,103,119</b>	<b>9,909,965</b>

#### Statutory receivables included in receivables from non-exchange transactions above are as follows:

Taxes	10,466,169	8,342,164
Fines	333,758	333,758
Grants	727,146	657,997
	<b>11,527,073</b>	<b>9,333,919</b>

Financial asset receivables included in receivables from non-exchange transactions above	<b>576,046</b>	<b>576,046</b>
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<b>Total receivables from non-exchange transactions</b>	<b>12,103,119</b>	<b>9,909,965</b>
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#### Statutory receivables general information

#### Reconciliation of provision for impairment for statutory receivables

Opening balance	89,839,998	52,898,438
Provision for impairment	3,279,991	36,941,560
	<b>93,119,989</b>	<b>89,839,998</b>

#### Receivables from non-exchange transactions pledged as security

No Trade and other receivables from non exchange from exchanges transactions were pleased as security



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## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>13. Receivables from non-exchange transactions (continued)</b>		
<b>Fair value of receivables from non-exchange transactions</b>		
Trade and other receivables from non exchange	12,103,119	9,909,965
<b>14. VAT receivable</b>		
VAT Receivable	11,895,773	-
The municipality is registered for VAT on the payment/ cash basis.		
VAT meets the definition of a statutory receivable as per the accounting policy. For statutory receivable information regarding VAT refer to note 13.		
<b>15. Consumer debtors disclosure</b>		
<b>Gross balances</b>		
Consumer debtors - Rates	97,867,829	92,463,832
Consumer debtors - Electricity	15,592,116	14,038,486
Consumer debtors - Water	60,161,380	51,101,147
Consumer debtors - Waste water	13,967,432	12,583,320
Consumer debtors - Refuse	30,765,346	25,094,315
Consumer debtors - Sundry	13,533,563	12,000,343
	<b>231,887,666</b>	<b>207,281,443</b>
<b>Less: Allowance for impairment</b>		
Consumer debtors - Rates	(87,401,660)	(84,121,668)
Consumer debtors - Electricity	(10,588,215)	(10,390,164)
Consumer debtors - Water	(57,767,691)	(49,360,381)
Consumer debtors - Waste water	(13,728,020)	(12,493,455)
Consumer debtors - Refuse	(30,319,438)	(24,705,723)
Consumer debtors - Sundry	(12,562,967)	(11,607,525)
	<b>(212,367,991)</b>	<b>(192,678,916)</b>
<b>Net balance</b>		
Consumer debtors - Rates	10,466,169	8,342,164
Consumer debtors - Electricity	5,003,901	3,648,322
Consumer debtors - Water	2,393,689	1,740,766
Consumer debtors - Waste water	239,412	89,865
Consumer debtors - Refuse	445,908	388,592
Consumer debtors - Sundry	970,596	392,818
	<b>19,519,675</b>	<b>14,602,527</b>
<b>Statutory receivables included in consumer debtors above are as follows:</b>		
Consumer debtors - Rates	10,466,169	8,342,164
<b>Financial asset receivables included in consumer debtors above</b>	<b>9,053,506</b>	<b>6,260,363</b>
<b>Total consumer debtors</b>	<b>19,519,675</b>	<b>14,602,527</b>



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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>15. Consumer debtors disclosure (continued)</b>		
<b>Included in above is receivables from exchange transactions</b>		
Electricity	5,003,901	3,648,322
Water	2,393,689	1,740,766
Waste water	239,413	89,865
Refuse	445,908	388,592
Consumer debtors - Sundry	970,596	397,786
	<b>9,053,506</b>	<b>6,265,331</b>
<b>Included in above is receivables from non-exchange transactions (taxes and transfers)</b>		
Rates	10,466,170	8,342,164
<b>Net balance</b>	<b>19,519,676</b>	<b>14,607,495</b>
<b>Rates</b>		
Current (0 -30 days)	2,971,372	3,721,779
31 - 60 days	1,870,767	1,862,638
61 - 90 days	1,721,903	2,088,726
91 - 120 days	1,661,014	1,537,812
120+ Days	89,642,772	83,252,876
Impairment	(87,401,660)	(84,121,668)
	<b>10,466,169</b>	<b>8,342,164</b>
<b>Consumer debtors - Electricity</b>		
Current (0 -30 days)	3,350,650	1,927,650
31 - 60 days	617,118	319,941
61 - 90 days	198,644	170,018
91 - 120 days	180,615	25,928
120+ Days	11,245,089	11,594,950
Impairment	(10,588,215)	(10,390,164)
	<b>5,003,901</b>	<b>3,648,322</b>
<b>Consumer debtors - Water</b>		
Current (0 -30 days)	1,365,630	1,531,224
31 - 60 days	1,189,930	1,340,913
61 - 90 days	1,030,359	1,239,892
91 - 120 days	1,037,237	633,125
120+ Days	55,538,224	46,355,993
Impairment	(57,767,691)	(49,360,381)
	<b>2,393,689</b>	<b>1,740,766</b>
<b>Consumer debtors - Waste water</b>		
Current (0 -30 days)	276,750	332,567
31 - 60 days	256,668	306,248
61 - 90 days	250,236	281,143
91 - 120 days	246,685	203,615
120+ Days	12,937,093	11,459,748
Impairment	(13,728,020)	(12,493,455)
	<b>239,412</b>	<b>89,865</b>



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>15. Consumer debtors disclosure (continued)</b>		
<b>Consumer debtors - Refuse</b>		
Current (0 -30 days)	554,506	679,066
31 - 60 days	527,650	624,958
61 - 90 days	517,445	584,736
91 - 120 days	513,352	316,902
120+ Days	28,652,393	22,888,653
Impairment	(30,319,438)	(24,705,723)
	<b>445,908</b>	<b>388,592</b>
<b>Consumer debtors - Sundry</b>		
Current (0 -30 days)	4,382	10
31 - 60 days	0	42
61 - 90 days	2,273	8
91 - 120 days	36,736	-
120+ Days	13,490,171	12,000,282
Impairment	(12,562,967)	(11,607,525)
	<b>970,596</b>	<b>392,818</b>
<b>Summary of debtors by customer classification</b>		
<b>Reconciliation of allowance for impairment</b>		
Balance at beginning of the year	(192,678,917)	(150,979,317)
Contributions to allowance	(19,689,073)	(41,699,600)
	<b>(212,367,991)</b>	<b>(192,678,917)</b>
<b>16. Cash and cash equivalents</b>		
Cash and cash equivalents consist of:		
Cash on hand	11	11
Bank balances	93,857	1,616,345
Short-term deposits	4,230,209	18,656,176
	<b>4,324,077</b>	<b>20,272,532</b>
<b>Credit quality of cash at bank and short term deposits, excluding cash on hand</b>		
The credit quality of cash at bank and short term deposits, excluding cash on hand that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or historical information about counterparty default rates:		
The credit rating was obtained from Moody's Investor Services Inc. Moody's rating methodology has been revised, and the bank financial strength ratings have been withdrawn. This has been replaced with the Baseline Credit Assessment.		
<b>Credit rating of financial institutions</b>		
Ba2	4,324,077	20,272,532



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023			2022		
16. Cash and cash equivalents (continued)						
The municipality had the following bank accounts						
Account number / description	Bank statement balances			Cash book balances		
	30 June 2023	30 June 2022	30 June 2021	30 June 2023	30 June 2022	30 June 2021
FNB BANK - Primary Account - 620-254-90856	(52,379)	1,085,425	4,404,965	(1,181,791)	1,083,100	4,287,001
FNB BANK - MVR Account - 626-987-54134	1,181,102	503,408	292,600	1,202,785	513,244	292,600
FNB BANK - Traffic FinesAccount - 626-987-50009	73,591	24,280	3,627	73,591	28,280	3,627
FNB BANK - MIG Account - 620-812-28621	1,000	24,203	1,000	1,000	24,203	1,000
FNB BANK - FMG Account - 621-494-57708	1,000	11,479,648	1,000	1,000	11,479,648	1,000
FNB BANK - Integrated ZoningAccount - 621-614-89086	1,000	3,613,135	1,417,304	1,000	3,613,135	1,417,304
FNB BANK - Town PlanningAccount - 621-789-42580	24,760	36,505	36,505	24,760	36,505	36,505
FNB BANK - INEP Account - 620-275-90589	3,346,667	913,518	1,000	3,346,667	913,518	1,000
FNB BANK - Salary Account - 620-849-69694	8,600	8,982	688,982	8,600	8,982	688,982
FNB BANK - EPWP Account - 623-874-75009	1,000	342,039	1,000	1,000	342,039	1,000
FNB BANK - Disaster RecoveryAccount - 623-940-71204	846,183	2,238,147	1,000	846,183	2,238,147	1,000
Total	5,432,523	20,269,290	6,848,983	4,324,794	20,280,801	6,731,019

### 17. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

#### Unspent conditional grants and receipts

Municipal Infrastructure Grant	-	1,656,832
Small Town Revitalisation Grant	-	1,651,357
Expanded Public Works Programme Integrated Grant	-	5,308
Roads Infrastructure Grant	-	176,291
Local Government Financial Management Grant	-	2,672
Water Services Infrastructure Grant	1,391,964	2,238,147
Integrated National Electrification Programme	3,242,212	-
Environmental District Grant	286,870	873,208
	<b>4,921,046</b>	<b>6,603,815</b>

#### Movement during the year

Balance at the beginning of the year	6,603,816	225,392
Additions during the year	85,825,870	88,403,027
Income recognition during the year	(87,508,640)	(82,024,603)
	<b>4,921,046</b>	<b>6,603,816</b>

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand

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#### 17. Unspent conditional grants and receipts (continued)

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 30 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.



## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 18. Provisions

##### Reconciliation of provisions - 2023

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in provision	Finance cost	Total
Rehabilitation of landfill site	44,765,365	-	-	-	1,516,788	3,249,261	49,531,414

##### Reconciliation of provisions - 2022

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Change in provision	Finance cost	Total
Rehabilitation of landfill site	42,571,862	-	-	-	429,750	1,763,753	44,765,365
Non-current liabilities	46,282,153		43,001,610				
Current liabilities	3,249,261		1,763,755				
	<b>49,531,414</b>		<b>44,765,365</b>				

#### Environmental rehabilitation provision

The provision is made in terms of the municipality's licensing stipulations on the landfill waste sites.

Sundays Rivers Valley Local Municipality consists of three (3) towns (Kirkwood, Paterson and Sunland). Kirkwood, Paterson and Sunland are located in an area of agricultural significance and Kirkwood is the central business district of Sundays Rivers Valley Local Municipality. Landfill operations continue until all the available permitted airspace has been filled. Once this happens, the site close and capped with a layer of impermeable clay and a layer of the top soil. Grass and other suitable vegetation types are planted to stabilize the soil and improve the appearance. Environmental monitoring continues for a period of up to 30 years after the closure of the site. No appointment for the closure of the sites has been made, and therefore only rough estimates have been compiled without site visits with no detailed inspections or investigations. Basic information on the size and classification of each site was supplied.

#### Key cost parameters:

The discount rate was deduced from the average of the Zero-Coupon Yield Curve (Nominal Bond) over the entire durations applicable in the future. The annualised long term discount rate at 30 June 2023 was 12.31% p.a. The consumer price inflation of 5.40% p.a. was obtained from the differential between the averages of the Nominal Bond Yield Curve and the Real Bond Yield Curve (Zero Yield Curves).



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand

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#### 18. Provisions (continued)

Consumer price inflation (C) 5.40% (2022: 7.40%)

Discount rate (D) 12.31% (2022: 11.64%)

The movement on each of the landfill site's provisions is:

	Opening balance	Change in provision	Utilised during the year	Finance cost	Total
Kirkwood	19,051,959	458,525	-	1,369,743	20,880,227
Paterson	11,757,038	75,675	-	830,721	12,663,434
Sunland	13,956,368	982,588	-	1,048,797	15,987,753
	<u>44,765,365</u>	<u>1,516,788</u>	<u>-</u>	<u>3,249,261</u>	<u>49,531,414</u>



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## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>19. Revenue</b>		
Service charges	45,747,489	44,640,196
Rental of facilities and equipment	65,769	15,425
Agency services	2,359,530	2,688,698
Licences and permits	1,167,276	1,676,910
Other income	692,536	1,012,036
Investment revenue	11,218,688	6,812,731
Property rates	49,221,502	64,165,924
Licences and Permits (Non-exchange)	12,177	16,621
Interest, Dividends and Rent on Land	8,931,372	7,245,130
Government grants & subsidies	184,905,052	173,791,521
Public contributions and donations	-	696,680
Fines, Penalties and Forfeits	108,890	1,466,999
	<b>304,430,281</b>	<b>304,228,871</b>

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	45,747,489	44,640,196
Rental of facilities and equipment	65,769	15,425
Agency services	2,359,530	2,688,698
Licences and permits	1,167,276	1,676,910
Other income	692,536	1,012,036
Investment revenue	11,218,688	6,812,731
	<b>61,251,288</b>	<b>56,845,996</b>

The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>		
Property rates	49,221,502	64,165,924
Licences or permits	12,177	16,621
Interest, Dividends and Rent on Land	8,931,372	7,245,130
<b>Transfer revenue</b>		
Government grants & subsidies	184,905,052	173,791,521
Public contributions and donations	-	696,680
Fines, Penalties and Forfeits	108,890	1,466,999
	<b>243,178,993</b>	<b>247,382,875</b>

### 20. Service charges

Sale of electricity	23,333,733	25,792,226
Sale of water	13,118,539	10,627,484
Sewerage and sanitation charges	3,174,178	2,752,154
Refuse removal	6,121,039	5,468,332
	<b>45,747,489</b>	<b>44,640,196</b>

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to the approved tariffs.

### 21. Rental of facilities and equipment

<b>Facilities and equipment</b>		
Rental of facilities	65,769	15,425



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>22. Fines, Penalties and Forfeits</b>		
Illegal Connections Fines	50,050	-
Law Enforcement Fines	-	1,288,388
Overdue Books Fines	-	310
Court Traffic Fines	58,840	178,301
	<b>108,890</b>	<b>1,466,999</b>
<b>23. Agency services</b>		
Vehicle Registration	2,359,530	2,688,698
<b>24. Licences and permits</b>		
Licences and permits	1,167,276	1,676,910
<b>25. Licences and permits (non-exchange)</b>		
Trading	12,177	16,621
<b>26. Interest, dividends and Rent on Land</b>		
Interest - Receivables from non-exchange	8,931,372	7,245,130
<b>27. Other income</b>		
Valuation and clearance certificates	16,773	7,549
Tender documents	14,348	17,022
Staff recoveries	752	28,544
Photocopies	7,591	4,722
Insurance refunds	265,195	245,588
Commission received	135,873	120,739
Prepaid meter sales	39,947	189,106
Cemetery and Burial	112,633	117,943
Building Plans Approval	99,424	280,823
	<b>692,536</b>	<b>1,012,036</b>
The amounts disclosed above for Other Income are in respect of services rendered, other than described in notes 19, 20 and 23 which are billed to or paid for by the users of the services as required according to approved tariffs.		
<b>28. Investment revenue</b>		
Interest revenue		
Bank	1,482,708	888,836
Interest charged on trade and other receivables	9,735,980	5,923,895
	<b>11,218,688</b>	<b>6,812,731</b>



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>29. Property rates</b>		
<b>Rates received</b>		
Property rates	49,221,502	64,165,924
<b>Valuations</b>		
Residential	668,850,000	668,850,000
Commercial	413,926,000	413,926,000
State owned	672,286,000	672,286,000
Municipal	399,131,000	399,131,000
Small holdings and farms	6,378,935,000	6,378,935,000
Public benefit organisations	25,449,000	25,449,000
Public service infrastructure	24,125,000	24,125,000
Industrial	157,126,000	157,126,000
	<b>8,739,828,000</b>	<b>8,739,828,000</b>

Assessment Rates are levied on the value of land and improvements, which valuation is performed every five years. Interim valuations are processed on an annual basis to consider any changes in individual property values, due to amendments. The last general valuation came into effect on 1 July 2020. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

#### Municipal valuation threshold value

On qualifying residential properties, property owners will receive a rebate up to a maximum value of R200 000, which amount includes a value of R15 000 as per Section 17(1)(h) of the Local Government: All residential property with a market value of less than the amount as annually determined by the Municipality, are exempted from paying property rates. The maximum amount is determined as R75 000. The impermissible rates of R15 000 contemplated in terms of Section 17(1)(h) of the Act and the R60 000 is a council reduction. The remaining R125 000 is aimed primarily at alleviating poverty and forms an important part of the Municipality's Indigent Policy.

#### Other rebates

Taking into account the effects of rates on PBO's performing a specific public benefit activity and if registered in terms of the Income Tax Act, 1962 (No. 58 of 1962) for tax reduction because of those activities, Public Benefit Organisations may apply for the exemption of property rates. Any other exclusions or exemptions have been granted in accordance with the Local Government: Municipal Property Rates Act, No. 6, 2004.

### 30. Transfer and subsidies

#### Other subsidies

Donations	10,000	-
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# DRAFT V4

## Sunday's River Valley Local Municipality

(Registration number EC106)

Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

#### 31. Government grants & subsidies

##### Operating grants

Equitable share	101,270,000	90,418,000
LGSETA Grant	138,264	148,918
Local Government Financial Management Grant	3,000,000	2,997,328
Expanded Public Works Programme Integrated Grant	1,206,000	1,245,359
Department of Economic Development, Environmental Affairs and Tourism Grant	-	2,605,000
Library Subsidy	1,200,000	1,200,000
	<b>106,814,264</b>	<b>98,614,605</b>

##### Capital grants

Municipal Infrastructure Grant	38,785,000	33,219,168
Small Town Revitalisation Grant	-	2,115,895
Water Services Infrastructure Grant	25,000,000	12,761,853
Energy Efficiency Demand Side Management Grant	-	3,000,000
Integrated National Electrification Programme	14,305,788	16,500,000
Drought Relief Fund Grant	-	7,580,000
	<b>78,090,788</b>	<b>75,176,916</b>
	<b>184,905,052</b>	<b>173,791,521</b>

##### Conditional and Unconditional

Included in above are the following grants and subsidies received:

Conditional grants received	82,296,788	79,419,603
Unconditional grants received	102,608,264	94,371,918
	<b>184,905,052</b>	<b>173,791,521</b>

##### Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members and the day to day running of the municipality.

##### Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year	1,656,832	-
Current-year receipts	38,785,000	34,876,000
Conditions met - transferred to revenue	(38,785,000)	(33,219,168)
Other	(1,656,832)	-
	-	<b>1,656,832</b>

Conditions still to be met - remain liabilities (see note 17).

##### Small Town Revitalization Grant

Balance unspent at beginning of year	1,651,357	35,433
Current-year receipts	-	3,731,819
Conditions met - transferred to revenue	-	(2,115,895)
Other	(1,651,357)	-
	-	<b>1,651,357</b>

Conditions still to be met - remain liabilities (see note 17).



# DRAFT V4

## Sunday's River Valley Local Municipality

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Figures in Rand	2023	2022
<b>31. Government grants &amp; subsidies (continued)</b>		
<b>Expanded Public Works Programme Integrated Grant (EPWP)</b>		
Balance unspent at beginning of year	5,308	13,666
Current-year receipts	1,206,000	1,237,000
Conditions met - transferred to revenue	(1,206,000)	(1,245,358)
Other	(5,308)	-
	-	<b>5,308</b>
Conditions still to be met - remain liabilities (see note 17).		
<b>Roads Infrastructure Grant</b>		
Balance unspent at beginning of year	176,291	176,291
Other	(176,291)	-
	-	<b>176,291</b>
Conditions still to be met - remain liabilities (see note 17).		
<b>Local Government Financial Management Grant (FMG)</b>		
Balance unspent at beginning of year	2,672	-
Current-year receipts	3,000,000	3,000,000
Conditions met - transferred to revenue	(3,000,000)	(2,997,328)
Other	(2,672)	-
	-	<b>2,672</b>
<b>Water Services Infrastructure Grant (WSIG)</b>		
Balance unspent at beginning of year	2,238,147	-
Current-year receipts	25,000,000	15,000,000
Conditions met - transferred to revenue	(25,000,000)	(12,761,853)
Other	(846,183)	-
	<b>1,391,964</b>	<b>2,238,147</b>
<b>Integrated National Electrification Programme Grant</b>		
Current-year receipts	17,548,000	16,500,000
Conditions met - transferred to revenue	(14,305,788)	(16,500,000)
	<b>3,242,212</b>	-
<b>LGSETA Grant</b>		
Current-year receipts	-	148,918
Conditions met - transferred to revenue	-	(148,918)
	-	-
<b>Library Subsidy</b>		
Current-year receipts	1,200,000	1,200,000
Conditions met - transferred to revenue	(1,200,000)	(1,200,000)
	-	-



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>31. Government grants &amp; subsidies (continued)</b>		
<b>Drought Relief Fund Grant</b>		
Current-year receipts	-	7,580,000
Conditions met - transferred to revenue	-	(7,580,000)
	-	-
<b>Enviromental District Grant</b>		
Balance unspent at beginning of year	873,208	-
Current-year receipts	286,870	873,208
Other	(873,208)	-
	286,870	873,208
Conditions still to be met - remain liabilities (see note 17).		
<b>32. Public contributions and donations</b>		
Donations received	-	696,680



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>33. Employee related cost</b>		
<b>Municipal staff</b>	<b>90,756,972</b>	<b>86,053,358</b>
<b>Senior Management Costs</b>		
Annual Remuneration	4,751,540	3,835,627
Car Allowance	891,048	772,055
Contributions to UIF, Medical and Pension Funds	66,719	57,752
Housing Allowance	54,000	216,000
Non-pensionable allowance	15,039	45,987
Performance Bonuses	52,100	48,000
Phone allowance	6,000	24,000
	<b>5,836,446</b>	<b>4,999,421</b>
<b>Municipal staff costs</b>		
Acting allowances	556,538	435,201
Basic	55,492,995	53,536,227
Bonus	4,323,866	4,255,334
Car allowance	4,945,856	4,635,793
Cellular and telephone	650,745	558,514
Daily Allowance	8,352	12,300
Defined contribution plans	206,409	(540,000)
Housing benefits and allowances	488,404	469,197
Leave pay provision charge	(1,638,734)	142,323
Long-service awards	420,872	388,178
Medical aid - company contributions	4,096,596	3,841,213
Other Allowance	31,043	42,436
Other payroll levies	35,402	30,302
Overtime payments	3,516,358	2,135,826
Pension	9,638,724	9,327,373
SDL	815,941	655,127
Standby Allowance	823,216	610,018
UIF	507,942	518,575
	<b>84,920,525</b>	<b>81,053,937</b>
<b>Senior management costs Breakdown</b>		
<b>Remuneration of Municipal Manager - S Fadi</b>		
Basic Salary	348,465	895,500
Contribution to pension fund, UIF, SDL	16,892	15,504
Car allowance	45,000	180,000
Cellphone allowance	6,000	24,327
Leave	-	45,660
Housing allowance	54,000	216,000
	<b>470,357</b>	<b>1,376,991</b>
<b>Remuneration of Municipal Manager - T Klaas</b>		
Annual Remuneration	532,741	-
Contributions to UIF, Medical and Pension Funds	9,927	-
	<b>542,668</b>	<b>-</b>
<b>Remuneration of executive directors</b>		



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Figures in Rand	2023	2022
<b>33. Employee related cost (continued)</b>		
<b>Remuneration of Chief Financial Officer - J Krapohl</b>		
Annual Remuneration	857,244	666,307
Contributions to UIF, Medical and Pension Funds	49,820	10,931
Rural Allowance	-	33,852
Cellphone allowance	26,000	24,000
Car Allowance	195,000	180,000
	<b>1,128,064</b>	<b>915,090</b>
<b>Remuneration of Director Community Services - N.A. Mbongwe</b>		
Annual Remuneration	676,629	305,454
Contributions to UIF, Medical and Pension Funds	13,145	-
Rural Allowance	38,036	5,939
Housing Allowance	120,000	69,018
Cellphone allowance	24,000	12,000
Car Allowance	288,000	120,000
	<b>1,159,811</b>	<b>512,411</b>
<b>Remuneration of Director Corporate Services - A.P. Kondile</b>		
Annual Remuneration	976,320	818,327
Contributions to UIF, Medical and Pension Funds	14,858	13,088
Rural Allowance	45,071	22,055
Housing Allowance	78,000	113,604
Cellphone allowance	26,000	24,000
Car Allowance	162,500	150,000
	<b>1,302,749</b>	<b>1,141,074</b>
<b>Remuneration of Director Infrastructure Planning Development - X.W. Mntonintshi</b>		
Annual Remuneration	1,020,610	858,428
Contributions to UIF, Medical and Pension Funds	13,788	12,290
Rural Allowance	42,399	39,137
Cellphone allowance	26,000	24,000
Car Allowance	130,000	120,000
	<b>1,232,797</b>	<b>1,053,855</b>
<b>34. Remuneration of councillors</b>		
Executive Major	936,483	859,191
Executive committee	1,426,548	1,672,125
Speaker	757,128	695,866
Councillors	4,227,259	3,564,022
Ward Committees	906,020	333,926
	<b>8,253,438</b>	<b>7,125,130</b>



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
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#### 34. Remuneration of councillors (continued)

##### Mayor

Basic salary	882,811	808,952
Cellphone allowance	40,800	41,709
Contributions to Medical, Pension Funds, Skills and UIF	9,272	8,530
Other allowance	3,600	-
	<b>936,483</b>	<b>859,191</b>

##### Executive Committee

Basic salary	1,083,069	1,398,262
Travel allowance	120,000	76,000
Cellphone allowance	81,600	106,036
Contributions to Medical, Pension Funds, Skills and UIF	13,579	16,027
Other allowance	8,300	13,800
Housing allowance	120,000	62,000
	<b>1,426,548</b>	<b>1,672,125</b>

##### Speaker

Basic salary	463,464	623,164
Travel allowance	120,000	24,000
Cellphone allowance	40,800	42,059
Contributions to Medical, Pension Funds, Skills and UIF	6,639	6,643
Other allowance	6,225	-
Housing allowance	120,000	-
	<b>757,128</b>	<b>695,866</b>

##### Councillors

Basic salary	3,539,664	2,945,068
Travel allowance	60,000	28,000
Cellphone allowance	479,400	490,454
Contributions to Medical, Pension Funds, Skills and UIF	41,695	37,845
Other allowance	46,500	38,655
Housing allowance	60,000	24,000
	<b>4,227,259</b>	<b>3,564,022</b>

##### Ward Committees

Basic salary	905,980	332,290
Contributions to Medical, Pension Funds, Skills and UIF	40	1,636
	<b>906,020</b>	<b>333,926</b>



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>34. Remuneration of councillors (continued)</b>		
<b>35. Depreciation and amortisation</b>		
Property, plant and equipment	25,943,665	24,509,934
Intangible assets	1,261,099	1,261,099
	<b>27,204,764</b>	<b>25,771,033</b>



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>36. Impairment loss</b>		
<b>Impairments</b>		
Property, plant and equipment	6,557,775	-
<b>Reversal of impairments</b>		
Property, plant and equipment	(430,293)	-
<b>Total impairment losses (recognised) reversed</b>	<b>6,127,482</b>	<b>-</b>

The main classes of assets affected by impairment losses are:

*Buildings*

*Plant and machinery*

*Furniture and fixtures*

*Motor vehicles*

*IT equipment*

*Infrastructure - Road network*

*Community*

*Infrastructure - Electricity network*

*Solid Waste Disposal*

*Wastewater network*

*Water network*

The main classes of assets affected by reversals of impairment losses are:

*Buildings*

*Plant and machinery*

*Furniture and fixtures*

*Motor vehicles*

*IT equipment*

*Infrastructure - Road network*

*Community*

*Solid Waste Disposal*

*Wastewater network*

*Water network*

The main events and circumstances that led to the recognition of these impairment losses are as follows:



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## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>36. Impairment loss (continued)</b>		
<i>Physical verification of movable and immovable assets was performed during the financial year, each assets condition was assessed and was graded accordingly. Should the asset be found to be in a very poor condition and not able to fulfill its service potential the asset was then impaired accordingly. Details of the verification condition assessments are recorded in the fixed asset register.</i>		
<b>37. Finance costs</b>		
Interest Cost - Landfill site provision & Employee benefits	3,887,852	2,262,755
Interest on overdue accounts	8,504,499	1,765,565
	<b>12,392,351</b>	<b>4,028,320</b>
<b>38. Auditors' remuneration</b>		
Fees	8,412,477	3,135,469
<b>39. Debt impairment</b>		
Debt impairment	17,673,381	42,301,172
<b>40. General expenses</b>		
Advertising	1,842,522	458,154
Auditors remuneration	8,412,477	3,135,469
Bank charges	230,273	564,118
Chemicals	2,542,921	1,603,030
Commission paid	489,665	710,319
Conferences and seminars	15,417	21,000
Consumables	2,157,163	833,996
Entertainment	-	4,582
Fleet	301,715	84,931
Fuel and oil	2,071,659	1,105,835
Hire	938,769	789,268
IT expenses	3,874,276	3,061,617
Insurance	909,102	1,063,021
Lease rentals on operating lease	507,356	-
Municipal Services - Electricity & Water	7,568,447	7,681,835
Postage and courier	2,774,934	3,205,747
Printing and stationery	31,330	262,143
Promotions	1,357	-
Protective clothing	7,337	426,573
Subscriptions and membership fees	1,886,334	-
Transport and freight	159,253	-
Travel and Subsistence	3,027,767	329,086
	<b>39,750,074</b>	<b>25,340,724</b>
<b>41. Bulk purchases</b>		
Electricity - Eskom	22,453,722	23,187,647
Water	8,531,903	10,700,964
	<b>30,985,625</b>	<b>33,888,611</b>



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>42. Contracted services</b>		
<b>Outsourced Services</b>		
Burial Services	8,991	-
Business and Advisory	12,573,963	8,097,728
Illegal Dumping	392,310	190,356
Meter Management	14,923	121,616
Personnel and Labour	955,910	3,915,335
Professional Staff	25,000	-
Refuse Removal	-	3,035
Researcher	28,677	-
Traffic Fines Management	63,070	6,527
Drivers Licence Cards	251,457	406,455
Water Takers	714,300	1,274,088
<b>Consultants and Professional Services</b>		
Business and Advisory	782,912	1,193,062
Legal Cost	5,795,997	787,324
<b>Contractors</b>		
Catering Services	841,004	152,781
Electrical	130,746	-
Gardening Services	121,424	-
Maintenance of Buildings and Facilities	589,042	219,128
Maintenance of Equipment	60,569	67,162
Maintenance of Unspecified Assets	3,154,654	2,111,291
Medical Services	539	-
Mint of Decorations	290,814	316,800
Transportation	274,215	129,048
Safeguard and Security	10,901,545	4,292,383
Sewerage Services	-	242,902
Small Assets Expensed	15,314	-
	<b>37,987,376</b>	<b>23,527,021</b>
<b>43. Cash generated from operations</b>		
Surplus/(deficit)	19,635,661	31,067,019
<b>Adjustments for:</b>		
Depreciation and amortisation	27,204,764	25,771,033
Fair value adjustments	(601,833)	(1,100,690)
Impairment deficit	6,127,482	-
Debt impairment	17,673,381	42,301,172
Bad debts written off	14,356,240	26,598,529
Movements in retirement benefit assets and liabilities	845,000	(41,000)
Movements in provisions	4,766,049	2,193,503
Inventory losses or write-downs	101,249	371,356
Landfill site movement	(1,516,788)	(429,748)
<b>Changes in working capital:</b>		
Inventories	(185,421)	(16,119)
Receivables from exchange transactions	(2,804,481)	11,071,594
Consumer debtors	(32,029,621)	(68,899,701)
Other receivables from non-exchange transactions	(2,193,154)	(4,482,071)
Payables from exchange transactions	28,803,217	7,362,131
VAT	(17,945,266)	8,154,134
Unspent conditional grants and receipts	(1,682,769)	6,378,424
Consumer deposits	(11)	2,650
	<b>60,553,699</b>	<b>86,302,216</b>



**Sunday's River Valley Local Municipality**  
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**Notes to the Unaudited Annual Financial Statements**

Figures in Rand

**44. Operating surplus**

Operating surplus for the year is stated after accounting for the following:

**Operating lease charges**

Lease rentals on operating lease - Other  
 • Contractual amounts

	2023	2022
	507,356	-
Impairment on property, plant and equipment		-
Reversal of impairment on property, plant and equipment	6,557,775	-
Amortisation on intangible assets	430,293	-
Depreciation on property, plant and equipment	1,261,099	1,261,099
Employee costs	25,943,665	24,509,934
	99,010,409	93,178,488



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## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

2023

2022

#### 45. Financial Instruments disclosure

##### Categories of financial instruments

2023

##### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	11,077,771	11,077,771
Receivables from non-exchange transactions	12,103,118	12,103,118
Cash and cash equivalents	4,324,077	4,324,077
	<b>27,504,966</b>	<b>27,504,966</b>

##### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	97,391,605	97,391,605
Consumer deposits	80,237	80,237
	<b>97,471,842</b>	<b>97,471,842</b>

2022

##### Financial assets

	At amortised cost	Total
Receivables from exchange transactions	8,273,291	8,273,291
Receivables from non-exchange transactions	9,909,963	9,909,963
Cash and cash equivalents	20,272,532	20,272,532
	<b>38,455,786</b>	<b>38,455,786</b>

##### Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	68,487,140	68,487,140
Consumer deposits	80,248	80,248
	<b>68,567,388</b>	<b>68,567,388</b>



# DRAFT V4

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
<b>46. Commitments</b>		
<b>Authorised capital expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Property, plant and equipment	26,503,456	62,746,831
<b>Total capital commitments</b>		
Already contracted for but not provided for	26,503,456	62,746,831
Total capital commitments will be financed from		
Borrowing	-	-
Capital replacement reserve	-	-
Capital replacement reserve/ Government grants	-	-
Government grants	-	-
Public contributions / donations	-	-

#### Operating leases - as lessee (expense)

Operating lease payments represent rentals payable by the municipality for certain of its office properties. Leases are negotiated for an average term of seven years and rentals are fixed for an average of three years. No contingent rent is payable.



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
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#### 47. Contingencies

##### Contingent liabilities

##### Contractual disputes

Below is a list of possible liability claims where the outcome was unknown at 30 June 2023 with the maximum unforeseen liability for the Municipality:

Agri Eastern Cape	1,000,000	-
Eva Statoe	1,095,600	-
Bartopart Pty Ltd	2,149,218	2,097,548
Zama Zondo Construction	9,877,630	9,960,304
Mogoba Maphuthi & Ass	5,635,603	-
Thulani Ndlebe	50,000	-
Bongani William	50,000	-
N G Kerk	136,778	-
Camelsa	1,736,451	-
McWilliams & Elliott Incorporated	-	962,717
	<u>21,731,280</u>	<u>13,020,570</u>

##### Agri Eastern Cape

Construction on 17 RDP houses on Groentuin Farm - Active

##### Eva Statoe

Personal Injury - Dormant - attempting to settle

##### Bartopart Pty Ltd

Security Services Speaker - Settled

##### Zama Zondo Construction

Personal Injury - Settled

##### Mogoba Maphuthi & Ass

Contract Emsengeni Taxi Loop - Active

##### Thulani Ndlebe

Road construction - Active

##### Bongani William

Small town revitalization programme - Project 2 Moses Mabida - Active

##### N G Kerk

Unfair Discrimination - Active

##### Camelsa

Unpaid invoices - IT Services - Active

##### McWilliams & Elliott Incorporated

Warrant of execution for the sale of the municipality's motorvehicles

#### 48. Related parties

##### Related party disclosures

##### Loans granted to related parties

In terms of the MFMA, the municipality may not grant loans to its councillors, management, staff and public with effect from 01 July 2004.

##### Remuneration of management

Compensation of key management and personnel is set out in notes 33 and 34 respectively in the annual financial statements.

All Councillors and Employees have disclosed their interest in related parties and no one has the ability to control or exercise significant influence over Council in making financial and operating decisions.



# DRAFT V4

## Sunday's River Valley Local Municipality

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Unaudited Annual Financial Statements for the year ended 30 June 2023

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022
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#### 49. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

##### Statement of financial position

2022

	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Inventories		298,731	(10,229)	-	-	288,502
Receivables from exchange transactions		11,388,801	(3,115,510)	-	-	8,273,291
Receivables from non-exchange transactions		8,821,490	1,088,475	-	-	9,909,965
VAT receivable		7,997,394	(7,997,394)	-	-	-
Cash and cash equivalents		20,272,553	(21)	-	-	20,272,532
Investment property		22,609,323	9,066,082	-	-	31,675,405
Property, plant and equipment		891,862,911	98,674,523	-	-	990,537,434
Intangible assets		1,466,440	2,216,229	-	-	3,682,669
Total Assets		964,717,643	99,922,155	-	-	1,064,639,798
Payables from exchange transactions		66,146,823	959,228	-	-	67,106,051
Consumer deposits		2,636,677	(2,556,429)	-	-	80,248
Provisions		6,422,668	(4,658,913)	-	-	1,763,755
VAT Payable		-	6,229,635	-	-	6,229,635
Provisions		38,342,697	4,658,913	-	-	43,001,610
Total Liabilities		113,548,865	4,632,434	-	-	118,181,299
Total Net Assets		851,168,778	95,289,721	-	-	946,458,499
Accumulated surplus		839,021,446	95,289,721	-	-	934,311,167

##### Statement of financial performance

2022

	Note	As previously reported	Correction of error	Change in accounting policy	Re-classification	Restated
Expenditure						
Depreciation and amortisation		(33,495,476)	7,724,443	-	-	(25,771,033)
Finance costs		(4,663,988)	635,668	-	-	(4,028,320)
Debt Impairment		(54,906,263)	12,605,091	-	-	(42,301,172)
Bulk purchases		(31,576,013)	(2,312,598)	-	-	(33,888,611)
Bad debts written off		-	(26,598,529)	-	-	(26,598,529)
General Expenses		(19,038,829)	(6,301,894)	-	-	(25,340,723)
Contracted services		(23,164,221)	(362,800)	-	-	(23,527,021)
Total Expenditure		(166,844,79)	(14,610,61)	-	-	(181,455,40)
Fair value adjustments		743,440	357,250	-	-	1,100,690
Reversal of impairments (Impairment loss)		11,760,396	(11,760,396)	-	-	-
Inventory gains		(8,203,035)	8,574,391	-	-	371,356
Surplus for the year		(162,543,989)	(17,439,374)	-	-	(179,983,363)



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## Sunday's River Valley Local Municipality

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### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2023	2022		
49. Prior-year adjustments (continued)				
Cash flow statement				
2022				
	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Taxation		39,876,272	27,072,370	66,948,642
Sale of goods and services		60,381,452	(9,833,988)	50,547,464
Suppliers		(100,646,572)	(13,043,459)	(113,690,031)
Finance costs		-	(4,028,320)	(4,028,320)
<u>Net cash from operating activities</u>		<u>(388,848)</u>	<u>166,603</u>	<u>(222,245)</u>
Purchase of property, plant and equipment		(73,864,147)	1,510,999	(72,353,148)



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#### 49. Prior-year adjustments (continued)

##### Errors

The following prior period errors adjustments occurred:

The following prior period errors were identified and corrected during the year:

##### Inventory:

Water inventory was accounted for in terms of Circular 98 as water purchased are to be accounted for under Inventory.

Affected line items	
General Expenses	66,084
Inventory	(10,229)
Bulk purchases	8,548,407
Inventory gains	(8,574,391)
VAT receivable	5,184
Payables from exchange transactions	(35,055)

##### Investment property:

All Land and Investment properties was verified against the valuation roll, properties was identified that was not included in the prior year register. Additional properties was identified that had to be removed as the properties transferred from owners and did not meet the criteria of Land or Investment properties.

Affected line items	
Accumulated Surplus/(Deficit)	(8,708,833)
Investment property	9,066,083
Fair value adjustments	(357,250)

##### Landfill Provision:

Correction of Landfill site provision due to correction of prior year discount rate and formula error was identified in the prior year that impacted the calculation of finance costs.

Affected line items	
Property, plant and equipment	635,668
Finance costs	(635,668)
Provisions - NCL	635,668
Provisions - CL	(635,668)



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#### 49. Prior-year adjustments (continued)

##### Property, plant and equipment

Management have changed the methodology of the prior year impairment calculations. The prior year asset registers was reversed from the GL excluding additions, transfers, disposals as it would not be practical to correct each line item individually. All assets was physically verified during the year and all conditions were updated for the current year. The new register was accounted for accordingly. All completed WIP projects was re-unbundled and correctly transferred to PPE per phase of completion based on supporting completion certificates.

Affected line items	
Property, plant and equipment	168,433,141
Depreciation and amortisation	(3,997,167)
Reversal of impairments (Impairment loss)	8,033,119
Accumulated Surplus/(Deficit)	(172,831,893)
Contracted services	362,800

##### Payables from exchange transactions

Correction of prior year accruals was done as it impact the current year opening balances of creditors, all statements was obtained and creditors listing was then agreed to the statements. Where differences was identified an adjustment was processed in the prior year.

Affected line items	
Payables from exchange transactions	(170,854)
Accumulated Surplus/(Deficit)	170,854

##### Consumer Debtors

Prior year corrections was done on Consumer debtors where the system and the GL did not previously agree, the sub system was then aligned to the GL. Impairment for the prior year was recalculated based on the correct 2022 debtors age analysis.

Affected line items	
Payables from exchange transactions	(221,190)
Receivables from non-exchange transactions	1,088,453
Debt Impairment	13,993,438
Receivables from exchange transactions	(17,417,130)
Consumer deposits	2,556,429

#### 50. Comparative figures

Certain comparative figures have been reclassified.

The effects of the reclassification are as follows:

Commitments have been restated from R79 674 522 to R62 746 831

Unauthorised expenditure have been restated from R255 138 633 to R338 466 188

Fruitless and wasteful expenditure have been restated from R16 425 255 to R16 906 213

Irregular expenditure have been restated from R332 262 015 to R485 338 257



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#### 51. Risk management

##### Financial risk management

The municipality's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The municipality's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance. The municipality uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by a central treasury department (entity treasury) under policies approved by the accounting officer. Municipality treasury identifies, evaluates and hedges financial risks in close co-operation with the municipality's operating units. The accounting officer provide written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Treasury function reports periodically to the municipality's finance committee, that monitors risks and policies implemented to mitigate risk exposures.

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

Ultimate responsibility for liquidity risk management rests with the Council, which has built an appropriate liquidity risk management framework for the management of the municipality's short, medium and long-term funding and liquidity management requirements. The municipality manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the municipality's financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 30 June 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	97,440,884	-	-	-
At 30 June 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Trade and other payables	67,106,051	-	-	-



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#### 51. Risk management (continued)

##### Credit risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the municipality to incur financial loss.

Potential concentrations of credit risk consist mainly of investments, loans and receivables, trade receivables, other receivables, short-term investment deposits and cash and cash equivalents.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction/ exposure limits, which are included in the municipality's Investment Policy.

Trade receivables comprise of a large number of ratepayers, dispersed across different industries and geographical areas. Ongoing credit evaluations are performed on the financial condition of these customers. Trade receivables are presented net of an allowance for impairment and where appropriate, credit limits are adjusted.

Credit risk pertaining to trade and other receivables is considered to be moderate due the diversified nature of debtors and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply.

In the case of customers whose accounts become in arrears, it is endeavoured to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Non-current Receivables and Other Receivables are collectively evaluated annually at reporting date for impairment or discounting. A report on the various categories of customers is drafted to substantiate such evaluation and subsequent impairment / discount, where applicable.

The municipality only deposits with major banks with high quality credit standing.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2023	2022
Receivables from exchange transactions	11,077,772	8,273,291
Receivables from non-exchange transactions	12,125,607	9,909,965
Bank balances	4,324,077	20,272,532

The method for determining the credit quality of the different financial instruments is disclosed in their individual notes.

Consumer deposits and guarantees held in lieu of service accounts are disclosed in note 9.

##### Market risk

##### Interest rate risk

The municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

Interest rate risk is defined as the risk that the fair value or future cash flows associated with a financial instrument will fluctuate in amount as a result of market interest changes.

The municipality's policy is to minimise interest rate cash flow risk exposures on long-term financing. Longer-term borrowings and finance leases are therefore usually at fixed rates.

This risk is managed on an ongoing basis.



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Figures in Rand	2023	2022
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**51. Risk management (continued)****Price risk**

The effect of any price risk in the foreseeable future is regarded as minimal given the fact that amounts receivable from the municipality's customers are levied in terms of the relevant statutes. It is not anticipated that given the nature of the municipality's business that changes in market prices will have a material impact on the trading results of the municipality.

There has been no change, since the previous financial year, to the municipality's exposure to market risks or the manner in which it manages and measures the risk.

**52. Going concern**

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

**53. Events after the reporting date**

The municipality have not identified any material category of non-adjusting events after the reporting date.

**54. Unauthorised, Irregular and Fruitless and Wasteful Expenditure**

Unauthorised expenditure	454,687,195	338,466,188
Irregular expenditure	519,490,325	485,338,257
Fruitless and wasteful expenditure	17,890,507	16,906,213
<b>Closing balance</b>	<b>992,068,027</b>	<b>840,710,658</b>

**55. Unauthorised expenditure**

Opening balance as previously reported	338,466,188	231,128,965
Add: Unauthorised expenditure - current	116,221,007	107,337,223
<b>Closing balance</b>	<b>454,687,195</b>	<b>338,466,188</b>

**56. Fruitless and wasteful expenditure**

Opening balance as previously reported	16,906,213	13,654,898
Add: Fruitless and wasteful expenditure identified - current	1,165,760	3,251,315
<b>Closing balance</b>	<b>18,071,973</b>	<b>16,906,213</b>

Fruitless and wasteful expenditure is presented inclusive of VAT



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Figures in Rand	2023	2022
<b>56. Fruitless and wasteful expenditure (continued)</b>		
<b>Details of fruitless and wasteful expenditure</b>		
	<b>Disciplinary steps taken/criminal proceedings</b>	
Arena Holdings	205,813	26,710
Auditor General of SA	123,922	117,305
Department of Water & Sanitation	-	1,202,119
Eskom	424,176	193,465
Lester Harrop Attorneys	-	72,625
Lower Sundays River Water User	99,517	50,856
SARS	112,212	209,935
Sasfin	-	1,022
Telkom SA	10,896	42,954
WRCON	-	1,334,324
COEGA Development Cooperation	7,759	-
Joubert Galpin And Searle	2,887	-
Weavind And Weavind	47,704	-
Boqwana Burns	80,043	-
South African Local Authorities Pension Fund	50,832	-
	<b>1,165,760</b>	<b>3,251,315</b>

No write offs of amounts were proposed to council or approved by council for the prior period under review.

#### Amount recovered

Investigations will be conducted in the following financial reporting period to determine whether any amounts are recoverable or not.

#### Disciplinary steps taken/criminal proceedings

Based of the above, no disciplinary steps or criminal proceedings were taken during the reporting period under review.



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### Notes to the Unaudited Annual Financial Statements

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<b>57. Irregular expenditure</b>		
Opening balance as previously reported	485,338,257	389,890,622
Add: Irregular expenditure - current	34,152,068	95,447,635
<b>Closing balance</b>	<b>519,490,325</b>	<b>485,338,257</b>



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#### 57. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

##### Disciplinary steps taken/criminal proceedings

Competitive bidding not invited	-	4,762,074
Three written quotations not invited	-	1,477,496
Declaration of interest not submitted	-	6,246,923
Tax clearances not obtained	-	1,551,613
Awards to close family member of [state details]	-	2,748,245
Cession of contract not approved by Accounting Officer	-	471,597
Competitive bidding processes not followed	-	16,645,098
Declaration of interest form not accurately completed	-	9,600
Declaration of interest not submitted	-	1,217,888
Declaration of interest of a municipal employee not done	-	46,720
Deviation attached however, no evidence that more suppliers were contacted for quotes.	-	152,599
Deviation not approved by the delegated authority	-	296,305
Deviations reasons not reasonable	-	14,068,190
No approved project extension request	-	8,497,611
Non-compliance with minimum threshold for local production and content	-	272,671
Non-compliance with regulation 32 - no discounts on contract, period of participation is beyond the period of the original contract	-	2,103,031
Total payments exceed original contract	-	92,530
Preferential point system not applied	-	286,548
Service Level Agreement not in place	-	33,349,674
Three written quotations not invited	-	1,074,754
Winning quotation not attached	-	76,468
Deviations not signed	-	-
	4,458,594	-



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<b>57. Irregular expenditure (continued)</b>		
On appointment of the supplier all the SCM processes were followed however the composition of the BAC was not per the requirements of SCM regulations as we did not have an SCM Practitioner as a member of the BAC.	39,432	-
The contract for the consulting services was extended for the services provider was extended for which the municipality did not have evidence in the form of documentation to prove that proper SCM processes were followed due to the fire incident of September 2014.	660,547	-
The contract that we had with Metsi Water Solutions ended and there is no extension letter. The tender that was advertised for water Chemicals expired before an appointment was made.	2,431,516	-
The service provider was directly appointed without sourcing three quotations yet the transaction exceeded the threshold value of R 2000.	4,384,546	-
The service provider was directly appointed without following proper SCM Processes	16,576	-
The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract.	1,241,435	-
The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract for legal services	6,653,686	-
The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract for security services.	5,776,130	-



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### Notes to the Unaudited Annual Financial Statements

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<b>57. Irregular expenditure (continued)</b>		
The service provider was directly appointed without following proper SCM Processes in that there was no specification, evaluation and adjudication of the contract for these services.	8,489,607	-
	<b>34,152,069</b>	<b>95,447,636</b>

#### Disciplinary steps taken/criminal proceedings

Based of the above, no disciplinary steps or criminal proceedings were taken during the reporting period under review.

#### 58. Material Losses

##### Electricity distributed losses

Units purchased (kWh) 14,162,799 16,252,538  
Units lost during distribution (kWh) 2,388,142 3,343,168  
Percentage lost during distribution 15% 21%

These losses are due to technical losses on the distribution system (transformers, cables, overhead lines), faulty meters, theft and vandalism.

##### Water distributed losses

Mega litres purified 891 1,091  
Mega litres lost during distribution 5,308 6,877  
Percentage lost during distribution 86% 86%

These losses are due to defective meters, losses on water network (breakage in pipelines and pumps, leaking valves, etc.), evaporation, theft, vandalism and damages due to blind excavations.



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<b>59. Additional disclosure in terms of Municipal Finance Management Act</b>		
<b>Contributions to organised local government</b>		
Opening balance	2,465,308	2,055,547
Current year subscription / fee	672,025	1,019,241
Amount paid - current year	(610,000)	(809,480)
	<b>2,527,333</b>	<b>2,465,308</b>
<b>Audit fees</b>		
Opening balance	1,540,165	1,681,832
Current year subscription / fee	9,028,232	3,723,094
Amount paid - current year	(9,354,744)	(3,864,761)
	<b>1,213,653</b>	<b>1,540,165</b>
<b>PAYE and UIF</b>		
Opening balance	-	1,396,958
Current year subscription	13,782,055	11,731,284
Amount paid - current year	(13,782,055)	(13,128,242)
	-	-
<b>Pension and Medical Aid Deductions</b>		
Opening balance	-	1,678,028
Current year subscription / fee	13,735,320	19,994,699
Amount paid - current year	(13,735,320)	(21,672,727)
	-	-
<b>VAT</b>		
VAT receivable	11,895,773	-
VAT payable	-	6,049,493
	<b>11,895,773</b>	<b>6,049,493</b>

VAT output payables and VAT input receivables are shown in note 8 and note 14.

All VAT returns have been submitted by the due date throughout the year.



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#### 59. Additional disclosure in terms of Municipal Finance Management Act (continued)

##### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2023:

30 June 2023	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. F Adams	1,465	19,586	21,051
Cllr. LE Baka	1,351	18,538	19,890
Cllr. N Baxana	601	4,149	4,750
Cllr. M Bosman	5,168	4,138	9,306
Cllr. B Dyantyi	1,238	15,118	16,356
Cllr. L Erasmus	933	-	933
Cllr. XJ Jonas	654	6,107	6,762
Cllr. N Langbooi	1,131	15,945	17,075
Cllr. A Ndawo	1,261	12,458	13,719
Cllr. SC Nodonti	-	217	217
Cllr. MC Payi	47	-	47
Cllr. Z Qusheka	-	1,450	1,450
Cllr. SH Rune	1,836	25,445	27,280
Cllr. K Smith	3,826	10	3,837
	<b>19,512</b>	<b>123,162</b>	<b>142,673</b>

30 June 2022	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
Cllr. LE Baka	1,440	13,339	14,779
Cllr. N Baxana	667	1,795	2,462
Cllr. M Bosman	64	-	64
Cllr. B Dyantyi	1,335	10,324	11,659
Cllr. SH Hendricks	1,126	19,004	20,130
Cllr. N Langbooi	1,198	11,602	12,800
Cllr. NP Ncambele	713	3,568	4,281
Cllr. SC Nodonti	499	4,487	4,986
Cllr. MC Payi	524	-	524
Cllr. SH Rune	1,966	18,352	20,318
Cllr. K Smith	7,135	1,254	8,389
Lwana Nimrod (Cllr Jack)	-	53	53
Mun Sundays River Valley (Cllr Happy Boy)	74	3,349	3,423
Mun Sundays River Valley	732	30,443	31,175
	<b>17,473</b>	<b>117,570</b>	<b>135,043</b>

During the year the following Councillors' had arrear accounts outstanding for more than 90 days.

30 June 2023	-Highest outstanding amount	Aging (in days)
Cllr. F Adams	21,051	300
Cllr. LE Baka	19,890	300
Cllr. N Baxana	4,750	300
Cllr. M Bosman	9,306	180
Cllr. B Dyantyi	16,356	300
Cllr. SH Hendricks	25,459	300
Cllr. XJ Jonas	6,762	300



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<b>59. Additional disclosure in terms of Municipal Finance Management Act (continued)</b>		
Cllr. N Langbooi	17,075	300
Cllr. A Ndawo	13,719	300
Cllr. SC Nodonti	217	180
Cllr. Z Qusheka	1,450	180
Cllr. SH Rune	27,280	300
Cllr. K Smith	3,837	180
	<b>167,152</b>	<b>3,420</b>

30 June 2022	Highest outstanding amount	Aging (in days)
Cllr. LE Baka	9,788	365
Cllr. N Baxana	31	365
Cllr. B Dyantyi	7,145	365
Cllr. SH Hendricks	15,667	365
Cllr. N Langbooi	8,259	365
Cllr. NP Ncambele	388	365
Cllr. SC Nodonti	3,342	365
Cllr. SH Rune	13,568	365
Cllr. K Smith	306	180
Lwana Nimrod (Cllr Jack)	52	365
Mun Sundays River Valley (Cllr Happy Boy)	2,507	365
Mun Sundays River Valley	28,601	365
	<b>89,654</b>	<b>4,195</b>

#### Non-compliance with the Municipal Finance Management Act

##### 60. Utilisation of Long-term liabilities reconciliation

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act. Sufficient cash has been set aside to ensure that long-term liabilities can be repaid on redemption date.

##### 61. Deviation from supply chain management regulations

In terms of section 36 of the municipality SCM regulations, any deviations from SCM policy needs to be approved by the accounting officer and noted by Council. The awards listed below have been approved by the accounting officer and noted by Council.

All deviations considered by the accounting officer are processed in terms of the SCM regulations and the municipality's SCM policy. This process entails being assessed by the SCM Bid Adjudication Committee in terms of the stipulated criteria for emergency procurements and circumstances where it is impractical or not possible to follow the official procedure.

Deviation from, and ratification of minor breaches of, the procurement processes

In terms of section 36(2) of the Supply Chain Management Policy approved by Council it is stipulated that bids where the formal procurement processes could not be followed, must be noted in the annual financial statements.

SCM paragraph reference			
36 (1)(a) i	Dispense with the official procurement processes in an emergency	46,000	350,706
36 (1)(a) ii	Dispense with official procurement processes if such goods or services are produced or available from a single source or sole provider.	23,202	1,248,004
36 (1)(a) v	Dispense with official procurement processes in any other exceptional case where it is impractical or impossible to follow the official procurement processes.	332,899	2,333,015
<b>Total deviations</b>		<b>402,100</b>	<b>3,931,724</b>



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### 62. Segment Information

#### General information

##### Identification of segments

For management purposes, the municipality is organised and operates in seven key functional segments. To this end, management monitors the operating results of these segments for the purpose of making decisions about resource allocations and assessment of performance. Revenues and expenditures relating to these segments are allocated at a transactional level.

The five key functional segments comprise of:

- Community Services
- Corporate Services
- Executive & Council
- Finance
- Technical Services

The grouping of these segments is consistent with the functional classification of government activities which considers the nature of the services, the beneficiaries of such services and the fees charged for the services rendered (if any).

Management does not monitor performance geographically as it does not at present have reliable separate financial information for decision making purposes. Processes have been put in place to generate this information at a transaction level and in the most cost effective manner.



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#### 62. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2023

	Community Services	Corporate Services	Executive & Council	Finance	Technical Services	Total
<b>Revenue</b>						
Revenue - Agency services	2,359,530	-	-	-	-	2,359,530
Revenue - Municipal - Licences and permits	1,167,276	-	-	-	-	1,167,276
Revenue - Rendering of services	6,121,039	-	-	-	39,626,450	45,747,489
Revenue - Rental of facilities and equipment	65,769	-	-	-	-	65,769
Revenue - Taxation revenue	12,177	-	(3,804,073)	61,958,428	-	58,166,532
Revenue - Transfer revenue	36,385,897	10,481,609	13,712,960	3,000,000	121,433,476	185,013,942
Revenue - Other income	112,633	-	-	440,533	139,370	692,536
Revenue - Interest received - investment	2,657,595	-	-	1,472,811	7,088,283	11,218,688
<b>Total segment revenue</b>	<b>48,881,915</b>	<b>10,481,609</b>	<b>9,908,887</b>	<b>66,871,771</b>	<b>168,287,579</b>	<b>304,431,762</b>
<b>Entity's revenue</b>						<b>304,431,762</b>
<b>Expenditure</b>						
Expenses - Employee costs	28,429,599	14,845,135	14,317,903	14,041,767	27,376,006	99,010,410
Expenses - Finance costs	3,887,852	-	(15,916)	8,520,416	-	12,392,352
Expenses - General	13,471,256	8,955,452	13,644,395	58,546,116	46,145,477	140,762,696
Expenses - Depreciation and amortisation	933,892	2,311,860	-	3,412,917	20,546,095	27,204,764
<b>Total segment expenditure</b>	<b>46,722,599</b>	<b>26,112,447</b>	<b>27,946,382</b>	<b>84,521,216</b>	<b>94,067,578</b>	<b>279,370,222</b>
<b>Total segmental surplus/(deficit)</b>	<b>2,159,316</b>	<b>(15,630,838)</b>	<b>(18,037,495)</b>	<b>(17,649,445)</b>	<b>74,220,001</b>	<b>25,061,540</b>
Fair value adjustments						(601,833)
Expenses - Impairments						6,127,480
Inventories losses/write-downs						(101,249)
<b>Entity's surplus (deficit) for the period</b>						<b>5,424,398</b>



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#### 62. Segment information (continued)

##### Assets

Segment assets	Community Services	Corporate Services	Executive & Council	Finance	Technical Services	Total
	32,178,113	-	-	- 1,016,840,677	63,007,728	1,112,026,518
<b>Total assets as per Statement of financial Position</b>						<b>1,112,026,518</b>

##### Liabilities

Segment liabilities	Community Services	Corporate Services	Executive & Council	Finance	Technical Services	Total
	-	-	-	- (158,372,023)	-	- (158,372,023)
<b>Total liabilities as per Statement of financial Position</b>						<b>(158,372,023)</b>

#### 2022

##### Revenue

	Community Services	Corporate Services	Executive & Council	Finance	Technical Services	Total
Revenue - Agency services	2,688,698	-	-	-	-	2,688,698
Revenue - Municipal - Licences and permits	1,676,910	-	-	-	-	1,676,910
Revenue - Rendering of services	5,468,332	-	-	-	39,171,863	44,640,196
Revenue - Rental of facilities and equipment	15,425	-	-	-	-	15,425
Revenue - Taxation revenue	16,621	-	5,733,747	65,677,307	-	71,427,675
Revenue - Transfer revenue	27,217,385	9,570,562	12,976,643	15,023,971	111,166,638	175,955,200
Revenue - Other income	117,943	-	-	424,164	469,929	1,012,036
Revenue - Interest received - investment	1,684,552	-	-	874,737	4,253,442	6,812,731
<b>Total segment revenue</b>	<b>38,885,866</b>	<b>9,570,562</b>	<b>18,710,390</b>	<b>82,000,179</b>	<b>155,061,873</b>	<b>304,228,871</b>
<b>Entity's revenue</b>						<b>304,228,871</b>







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#### 63. Budget differences

##### Material differences between budget and actual amounts

The budget has been prepared on the accrual basis of accounting in accordance with the prescripts of the Municipal budget regulations as well as MFMA budget circulars. In accordance with the Municipal budget regulations, the classification basis the municipality presents its budget is per economic as well as per functional classification (per Vote (Department) and GFS classification). It should be noted that minor budget differences between the basis the budget is prepared (accrual basis and prescripts of NT guidance) and actual financial results (accrual basis in accordance with GRAP) exists, mainly related to technical GRAP adjustments required. These differences are not material and as the basis of preparation is the same (accrual basis) no restatements have been made to the financial information compared to the budgeted amounts, but where found to be material is explained below:

##### Explanation of variances between approved and final budget amounts

The materiality framework of the municipality informs the determining base ranges. The framework outlines all principles and guiding practices to allow management to enforce a consistent application of the framework's guidelines. With regard to reporting, the understandability and transparency to users of the financial statements was a determining factor when deciding on the base %. The determining base was if the line item in the Statement of financial position or Statement of financial performance has more than a 10% deviation between the Final Budgeted amount and the Actual reported balance.

The variances identified in the Budget Statement is as follows:

NOTE 1	Planned revenue improvement programmes did not occur i.e meter installation for SRVM which was considered in the budget.
NOTE 2	Budget baseline was affected by COVID reflections and improved activity was noted during the current financial year resulting positive variance.
NOTE 3	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 4	Testing for Driver Licenses section has been closed resulting in lower cash inflows. Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 5	Higher interest received than anticipated for external investments. Reclassification of consumers interest due to mapping reclassifications not accounted for when final budget was prepared.
NOTE 6	The implementation of s8 of the MPRA resulted in downwards movement in this item as billing is not by use and category.
NOTE 7	Upwards movement attributable to more permits being issued for the financial year due to post-COVID status of the country.
NOTE 8	Higher interest received than anticipated for external investments. Reclassification of consumers interest due to mapping reclassifications not accounted for when final budget was prepared.
NOTE 9	Additional funding received resulted in variance
NOTE 10	The budget was not accurately set. Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 11	Ward committee fees resulted in larger remuneration of councillors.
NOTE 12	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 13	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 14	Current year landfill site NPV movement differ more than budgeted assumption based on prior condition of landfill site.
NOTE 15	Recoverability rate was lesser than anticipated at budgeting stage.
NOTE 16	Lack of cash containment and non-adherence to internal controls resulted in upward movement.
NOTE 17	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 18	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 19	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.



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#### 63. Budget differences (continued)

NOTE 20	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 21	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 22	More water stock at year end than anticipated at budget stage.
NOTE 23	Less consumption and lesser collections than anticipated at budget stage.
NOTE 24	Impairment raised due to recoverability resulted in lesser balance of receivables than planned.
NOTE 25	SARS refunds received with the financial year as opposed to last financial year.
NOTE 26	Increased operating expenditure and lesser cash containment resulted in more cash outflow than initial projections.
NOTE 27	New methodology used in the preparation of FAR resulting in larger CV at year end.
NOTE 28	New methodology used in the preparation of FAR resulting in variance.
NOTE 29	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 30	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 31	Correction of prior year error resulted in downward movement.
NOTE 32	SARS refunds received with the financial year as opposed to last financial year.
NOTE 33	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.
NOTE 34	Changes present value and assumptions made on actuarial valuation resulted in upward liability movement.
NOTE 35	Poor project management resulted in larger than anticipated unspent grants.
NOTE 36	Current year landfill site NPV movement differ more than budgeted assumption based on prior condition of landfill site.
NOTE 37	Changes present value and assumptions made on actuarial valuation resulted in upward liability movement.
NOTE 38	Incorrect base for the budget was used, thus the material difference identified. This was due to weak budgeting processes which will be rectified in the next financial year.

#### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters. For details on these changes please refer to pages to in the annual report.

The changes between the approved and final budget are a consequence of changes in the overall budget parameters. For details on these changes please refer to pages to in the annual report

#### 64. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

Details of the arrangement(s) is|are as follows:

Department of Transport

The municipality is an agent for the Department of Transport. The Department of Transport is a principal in the agreement for collection of motor registration license revenue entered into with the municipality as it collects these monies on behalf of Provincial government.

The municipality receives commission of 19% on all motor registration transactions performed by the municipality. The aggregate amount of revenue recognised as compensation for the transactions carried out on behalf of the principal is R 2 359 530 in the 2023 financial year. Refer to note 22.

Resources held by the Licensing section for the effective execution of the function from the principal, remain theirs and have not been included in the financial statements of the municipality.



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#### 64. Accounting by principals and agents (continued)

##### Entity as agent

##### Revenue recognised

The aggregate amount of revenue that the entity recognised as compensation for the transactions carried out on behalf of the principal is R2,359,530 (2022: R2,688,698).

##### Liabilities and corresponding rights of reimbursement recognised as assets

Money collected on behalf of the Department of Transport amounted to R12 190 410 for the reporting period. As at 30 June 2023.

#### 65. BBBEE Performance

Information on compliance with the B-BBEE Act is included in the annual report under the section titled B-BBEE Compliance Performance Information.