

DRAFT 2024/25 ANNUAL REPORT

AM AHLATHI LOCAL MUNICIPALITY



1. VISION

A resilient, sustainable people-centred local municipality

2. MISSION

A model municipality in partnership with its community through quality service delivery local economic development and public participation.

3. CORE VALUES

Accountability

Model

Accessibility

Healthy

Loyalty

Authentic

Trust

Honesty

Integrity

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ACRONYMS

IDP- Integrated Development Plan
PDP- Provincial Development Plan
SCM- Supply Chain Management
MIG- Municipal Infrastructure Grant
SDBIP- Service Delivery & Budget Implementation Plan
MRM- Moral Regeneration Movement
MPAC -Municipal Public Accounts Committee
FMG- Finance Municipal Grant
MSIG- Municipal Systems Improvement Grant
LLF- Local Labour Forum
MM- Municipal Manager
CFO- Chief Finance Officer
MTREF- Medium Term Revenue Expenditure Framework
GRAP- General Recognised Accounting Practise
SANRAL- South African National Road Agency Limited
SALGA- South African Local Government Association
ADM- Amathole District Municipality
NER- National Electricity Regulations
SMMEs- Small Medium and Micro Enterprises
HR- Human Resource
OHS- Occupational Health and Safety
MFMA- Municipal Finance Management Act
CCLR- Councillor
PR CLLR- Proportional Representative Councillor
PMS- Performance Management System
IGR- Intergovernmental Relations
DCF- District Communicators Forum (DCF)
DEDEAT- Department of Economic Development Environmental Affairs and Tourism
DRDAR- Department of Rural Development and Agrarian Reform
NGO- Non- Governmental Organisations
AFS- Annual Financial Statements
CIPC- Companies & Intellectual Property Commission
KPI- Key Performance Indicator

KPA- Key Performance Area

TCS- Traffic Contravention System

DPASA- Department of Public Services and Administration

VAT- Value Added Tax

AOPO- Audit of Predetermined Objectives

MTEF- Medium Term Expenditure Framework

SMART - Specific Measurable Assignable Realistic Time-related

HODs- Head of Departments (HO-Ds)

ICT- Information Communication Technology

PPE- Property Plant & Equipment

FAR- Fixed Asset Register

AC- Audit Committee

MPRA- Municipal Property Rates Acts

AG- Auditor General

FY- Financial Year

COGTA- Cooperative Governance and Tradition Affairs

KKH- Keiskammahoek

SLA- Service Level Agreement

DR- Disaster Recovery

IT- Information Technology

MEC- Member of Executive Council

Q1- Quarter 1

Q2- Quarter 2

Q3- Quarter 3

Q4- Quarter 4

AO- Accounting Officer

IA- Internal Audit

PPP- Private Public Partnership

N/A- Not Applicable

ALM- Amahlathi Local Municipality

EPWP- Extended Public Work Programme

GSFPA- Greater Stutterheim Fire Protection Association

UIF- Unemployment Insurance Fund

CA- Chartered Accountant

SA- South Africa

SPU- Special Programs Unit

LTO- Local Tourism Organisation

CTO- Community Tourism Organisation

LED- Local Economic Development

SALGBC- South African local Government Bargaining Council

CWP- Community Works Programme

MCCP- Mlungisi Community Commercial Park

DSRAC- Department of Sport Recreation Arts and Culture

EAP- Employment Awareness Programme

HRD- Human Resource Development

YTD- Year to Date

EEP- Employment Equity Plan

WSP- Workplace Skills Plan

LGSETA- Local Government Sector Education Training Authority

NERSA- National Energy Regulation South Africa

BTO- Budget and Treasury Office

MVR- Motor Vehicle Registration

SDI- Service Delivery and Infrastructure Development

MFV- Municipal Financial Viability

MTI- Municipal Transformation and Institutional Development

GGP- Good Governance and Public Participation

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

A. MAYOR'S FOREWORD

This is the annual report for 2024/25 financial year for the Amahlathi Local Municipality. This report is issued in the context that is defined by 31 years of democracy, in South Africa. The year 2024/25 also marked the first year of the Government of National Unity. The constitution of the Republic of South Africa provides for the establishment of local government as a distinct sphere of government. Local Government consist of municipalities that must provide a democratic and accountable government for local communities. The timing of this report is also a culmination of a past characterised by violent community protests related to service delivery. Amahlathi Local Municipality is led by a municipal council whose majority of councillors come from the African National Congress (ANC). The municipal council completed the first three years into the term of office that began in November 2021. The financial year of 2024/25 provided another wave of collective effort for the municipality to reconcile the service delivery gap between expectations of our communities and the actual delivery by the municipality.



We began by implementing the IDP and Budget Process plan. The first important activities included the rolling out a program for the needs' identification as part of mandatory consultations that must be done with communities. In this regard it is communities themselves that identified the projects to be implemented in 2024/25. Once again, the people of Amahlathi participated in good numbers during the public participation processes for IDP and Budget development. This successful account of delivery of goods and services to the people of Amahlathi Local Municipality proves beyond reasonable doubt that this government is the government of the people by the people for the people. The purpose of this report is to give an account to the people and stakeholders of Amahlathi Local Municipality which gave mandate to the council. This report is also required by law.

The Local Government: Municipal Finance Management Act, 56 of 2003 (MFMA) commands municipalities to prepare an annual report for each financial year. Section 127(2) of the Act requires that the Mayor, within seven months after the end of a financial year, to table in the municipal council the annual report of the municipality. The Annual Report is an account of how the municipality has taken up the challenge to grow the Amahlathi area, effectively engage the community and develop partnerships with the business sector. Section 46(1) of the Municipal Systems Act (MSA) requires municipalities to prepare a performance report for each financial year, setting out the performance of the municipality and its external service providers. The report should measure current performance against targets and performance in the previous financial year and outline measures to improve performance in the year ahead. The annual performance report must form part of the annual financial report. It is therefore my pleasure to present this Annual Report of Amahlathi Municipality for the period of 2024/25 to Council, the people of Amahlathi, the National and Provincial Treasury, the Local Government, Auditor General and other stakeholders.

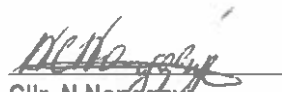
As the municipality we were mandated by our communities to deliver basic services including solid waste management, electricity, internal roads and public infrastructure. Our role was to identify, budget for, implement, and measure performance on projects against targets using Service Delivery and Budget Implementation Plan (SDBIP). Informed by the performance of the previous year we targeted an institutional performance of 80% or more. This has been achieved because of our committed, dedicated and competent administration. In the process we have seen significant improvements in service delivery on the ground. Amahlathi is not the same as last term. The locality is a construction site and job opportunities are created. It is in this regard that the Office of the Mayor applauds the dedication displayed by our employees to accomplish this good work as if challenges did not mount as high.

We take pride of our territory's natural beauty featuring the Amathole Mountain Range with its natural forests and planted timber, the friendly N6 and the palatable vegetation of the Dohne Sourveld. The Amathole Mountain Range has provided an important feature throughout history of the amaXhosa as a nation. These are the mountains and shrubs which provided a fortress for the troops of iNkosi Jongumsobomvu ka Maqoma. Today these mountains and shrubs provide world class hiking trails from our which our people derive sustainable livelihoods. We have no choice but to use our natural resources sustainable as factors of production in our pursuit of local economic

development. Doing so establishes a good foundation for an increased socio-economic emancipation to obviate the economic scourge of unemployment and thus unlock potential for competitive production in forestry, agriculture, tourism and manufacturing.

I would like to thank the community of Amahlathi Local Municipality for continuously believing in the municipal council, participating in the municipal programmes, their willingness to be part of the progressive collective. I would also like to extend my gratitude to my fellow Councillors, the Audit Committee, Senior Management and labour for their undivided commitment to collectively participate in our municipality's developmental agenda. The aim is to build and grow a resilient, sustainable and people centred Amahlathi Local Municipality.

Thank you.



Cllr. N Nongqaya
Her Worship, the Mayor
Amahlathi Municipality

B: STATEMENT OF THE MUNICIPAL MANAGER

This Annual Report captures Amahlathi Local Municipality's strategic focus, provides an overview on its performance and sets out Council's financial position for the 2024/25 financial year. This report also outlines the details of the various programmes managed by the Directorates of Amahlathi Local Municipality and how the municipality has performed towards meeting the set targets. The municipality firmly believe that it is on track towards meeting the growth and its set development targets although this year's challenges impacted negatively on the overall performance of the Municipality.



The municipal administration consisted of five directors who reported to the Municipal Manager. Their task was to implement policies and strategies passed by council to ensure proper service delivery.

As we present the annual report for the 2024/25 financial year, I confirm that the report has been compiled in line with the Local Government: Municipal Systems Act 32 of 2000 as amended, the Local Government: Municipal Finance Management Act 56 of 2003, Municipal Budget and Reporting Regulations as well as National Treasury Circular No. 63 that outlines Annual Report Guidelines.

The key priority areas of the institution during the year under review find their expression in the Integrated Development Plan, Budget and Service Delivery and Budget Implementation Plan and include the following:

- a) Institutionalisation of outcomes approach
- b) Accelerating and improving access to basic services
- c) Internal implementation of infrastructure projects using internal plants
- d) Continuing to review and improving financial systems and procedures.
- e) Address issues emanating from the Auditor-General's report for 2023/24 financial year.
- f) Development of municipal by-laws
- g) Public safety and law enforcement
- h) Improving reporting, monitoring and evaluation
- i) Capacitation of councillors and municipal employees.
- j) Revenue Enhancement
- k) Organizational Design

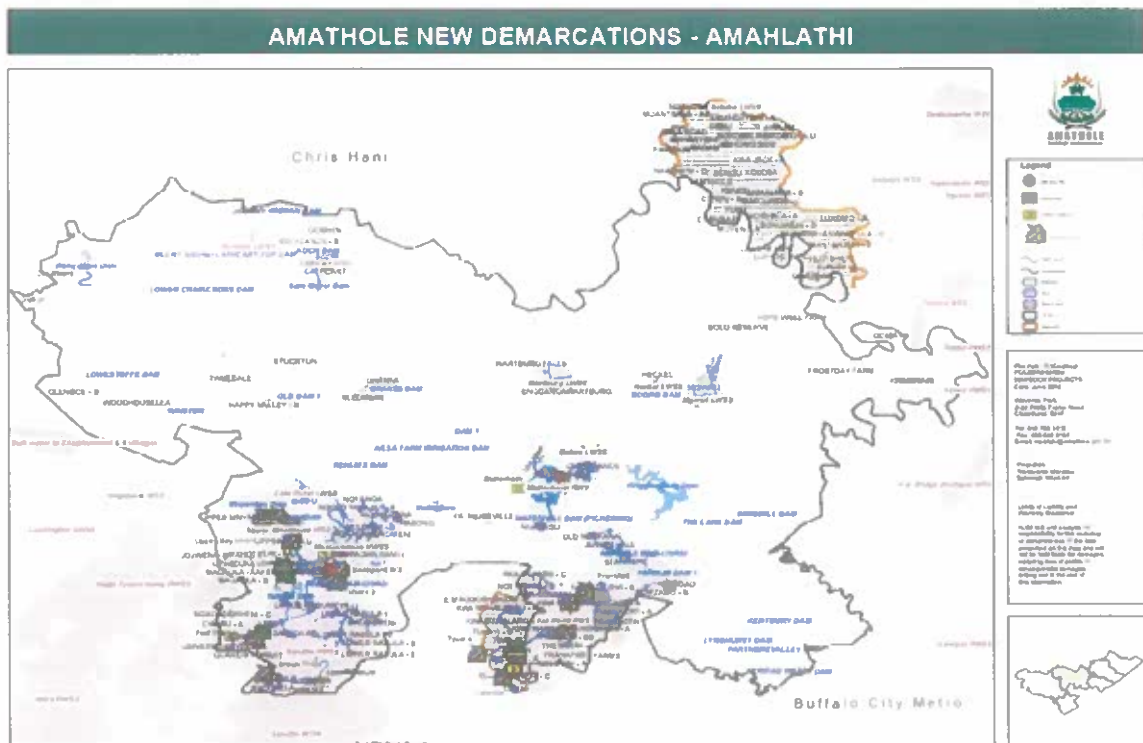
A large, stylized handwritten signature in black ink, which appears to read 'Z Shasha'. The signature is written over a horizontal line.

MUNICIPAL MANAGER
DR. Z SHASHA

C: EXECUTIVE SUMMARY

1.1 Municipal Manager's overview

Amahlathi Municipality is a category B collective executive type with ward participatory system. This locality is situated in the Northern part of the Amathole District Municipality and stretches about 4266.21km² between Raymond Mhlaba, Buffalo City, Great Kei and Chris Hani District. Amahlathi Municipality has four small towns namely; Stutterheim, Cathcart, Keiskammahoek and Kei Road. Stutterheim and Cathcart are strategically placed along the N6 road with access to the rail and road network. Keiskammahoek is the agricultural hub with a majority of the population active within the agricultural sector. Kei Road is the most underdeveloped town followed by Keiskammahoek. The main municipal offices are situated in Stutterheim where the Council is accommodated. The locality includes the bulk of the Amathole Mountain Range, Dohne Sourveld, Gubu and Wiggleswade Dams. The municipality is the home of major economic and development giants like Manderson Hotel, Dohne Agricultural Research Institute, Rance Timbers, ANCA Foods and Newden. The Forest Way also provides the municipality great tourist attraction sites on the foot of Amathole Mountains. The locality receives an average annual rainfall of about 600mm and is blessed with good soils in various areas thus giving it a somewhat high agricultural potential. The main economic sectors are community services, finance, manufacturing, trade, agriculture, construction and transport.

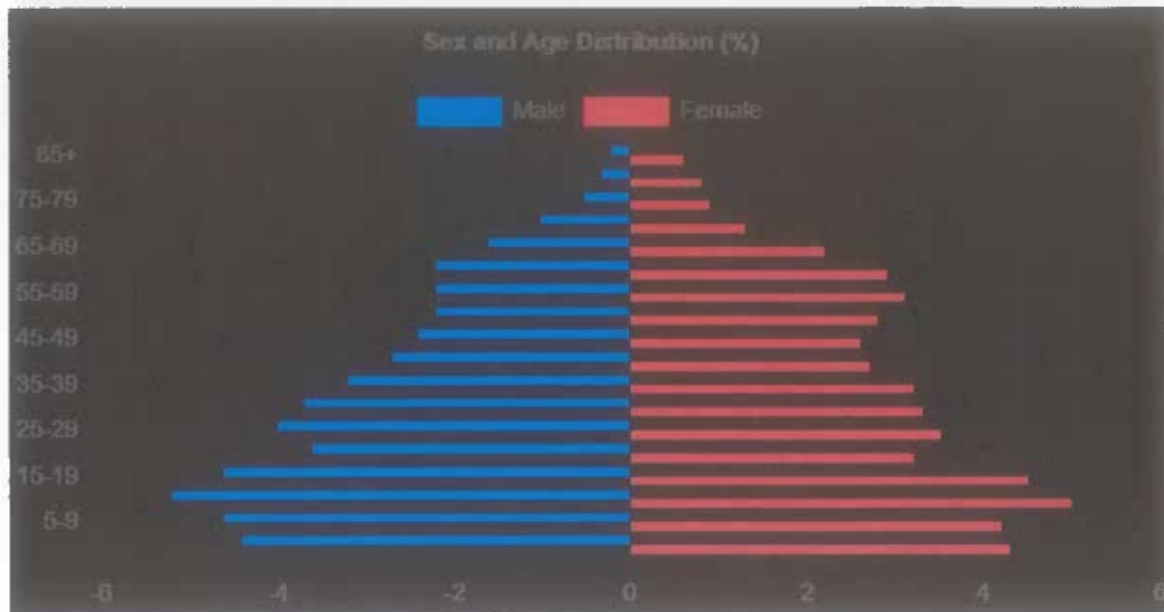


1.2 Population & Household dynamics

The population of Amahlathi has increased from **101 035 (2011)** to **115 703** as per the 2022 Census by Statistics SA. This increase in population can be attributed to improved life expectancy, such as access to health facilities, job opportunities, improved safety in working environments, as well as the availability of services to the population residing in Amahlathi municipality. The number of households increase from **29 994** to **33 621** households. The population is unevenly distributed among the 15 wards.

Age and Gender Distribution

- i. The gender distribution analysis of Amahlathi population reflects a similar pattern to that of the country with females accounting for 51.2% and males only 48.8%. Since females form the greater portion of the economically active population age groups 15 to 64 years, it will be strategic for the municipality to increase their participation in local governance issues.
- ii. The population pyramid below provides a breakdown of the population estimates in the municipality by age group and gender for 2022. The population of the municipality shows a typical age structure of a very young population distribution. The economically active population (15-64) who are willing and able to work account for majority of the municipality's total population. Thus, the municipality has a well-balanced economic active population.



Source: Census 2022

1.3 Household Income distribution

It was estimated that in 2023 7.07% of all the households in the Amahlathi Local Municipality, were living on R30,000 or less per annum. In comparison with 2013's 24.23%, the number is more than half. The 72000-96000 income category has the highest number of households with a total number of 4 260, followed by the 54000-72000 income category with 4 020 households. Only 1.7 households fall within the 0-2400 income category.

1.4 Access to basic services

According to data below as presented by Statistics South Africa in their 2022 Census, over 80% of households in the past 15 years have access to water and electricity. However, during the two periods, access to water declined slightly although at high levels while significant increase in the provision of electricity was observed as more than 90% of households in the municipality. Access to electricity is reliant on infrastructure above ground with cables that are able to cover significant land area compared to services that are provided by infrastructure underground.

Toilet facilities remain at low levels. Challenges in providing sanitation services in most municipalities include in-ground factors and the soil type. The service is influenced also by the type of infrastructure the municipality should provide taking into consideration the topography of the municipality in terms of identifying of landmark features and vegetative land cover.

With regards to access to refuse removal much focus is required as levels are low and declining which is indication of high backlog levels. This could likely be a result of the sparsely distributed households including the access to the various wards in the municipality for the collection of the refuse. The high levels of refuse removal to a communal service indicates refuse being disposed in a central place by households as opposed to removal by the municipality or a service provider.

Table: Access to service delivery

Access to Basic Infrastructure	2011		2022	
	Households	% of households with access	Households	% of households with access
Main source of drinking water				
Access to piped water	26 269	92.0%	30 561	91%
No access to piped water	2 278	8%	3060	9%
Access to Sanitation				
Flush Toilets	7 640	27.5%	15592	46.40%
Chemicals	415	1.5%	643	1.9%
Pit Toilets	18 263	65.7%	16 237	48.3%
Buckets	67	0.2%	150	0.4%
Other	-	-	487	1.4%
None	1403	5.0%	514	1.5%
Energy for lightning				
Electricity	24 919	87.4%	31 878	94.80%
Other	3 590	12.6%	1 781	5.2%
Energy for Cooking				
Electricity	20 577	72.3%	23 323	69.4%
Other	7 880	27.7%	10298	30.50%
Access to refuse removal				
Removed by local authority at least once a week	7 113	24.9%	13 336	39.70%
Removed by local authority less often	96	0.3%	227	0.70%
Communal refuse dump	316	1.1%	1 323	3.90%
Own refuse dump	19 789	69.3%	16 067	47.80%
No rubbish disposal	1 150	4.0%	1471	4.40%

Source: Stats SA Community Survey 2016, own calculations

According to Census 2022 about 91% of the households in Amahlathi area access water from regional/ local water scheme operated by the municipality or other water service provider and only 9% that does not have access to piped water.

Electricity – 2022 Census as per the table above indicates that 94.80% of households at Amahlathi uses electricity for lighting compared to 87.4% calculated in the Census 2011 meaning there is a great improvement of about 7.4%.

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Refuse removal - The statistics above indicate that about 47.80% in Census 2022 of Amahlathi households uses their own refuse dump as compared to 69.32% in 2022 and about 39.70% that have access to refuse removal at least weekly which is a great improvement compared 14.0% in 2011.

Natural Resources	
Major Natural Resource	Relevance to Community
Municipal Commercial Forest	Environmental aspect
Wetlands	Environmental aspect
<i>T 1.2.7</i>	

1.5 Financial Overview

The municipality's financial sustainability is visible from the large negative key ratios. The municipality adopted an unfunded budget. This is largely due to high creditors. Key successes achieved during the year included adoption of a budget surplus, reduction in distribution losses, third of Eskom debt written off. The municipality has developed a finance improvement plan to improve the municipalities financial sustainability. The municipality however remain reliant on Equitable Share and Conditional Grants.

Financial Overview: Year 2024/25			
			R' 000
Details	Original budget	Adjustment Budget	Actual
Income:			
Grants (excluding Capital)	145 504 900	146 284 900	146 341 301
Taxes, Levies and tariffs	92 774 786	110 241 947	131 414 081
Other	27 892 701	55 528 123	29 318 887
Sub Total	266 172 387	312 054 970	307 074 269
Less: Expenditure	308 577 094	298 302 791	317 291 099
Net Total*	(42 404 707)	13 752 179	(10 216 830)
* Note: surplus/(deficit)			<i>T 1.4.2</i>

Operating Ratios	
Detail	%
Employee Cost	44%
Repairs & Maintenance	1%
Finance Charges & Depreciation	12%
<i>T 1.4.3</i>	

The Employee related costs operating ratio of 44% is higher than industry norm of 40% and significantly more than AR expected norm of 30%. Repairs and maintenance have an operating ratio of 1%, which is lower than the industry norm of 8% of Property, plant and equipment and significantly lower than the AR expected norm of 20%. Finance charges and depreciation operating ratio is 12%. There is no listed industry norm for this ratio and the AR expected ration refers to Finance charges and Impairment and not Finance charges and depreciation. The past adopted budgets had significant budget deficits. This has since been corrected resulting in total operating expenditure significantly decreased. This decrease in operating expenditure, negatively affected the above ratios.

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Employee related costs and finance charges in its nature are expenditure items which are not easily reduced over the short term.

Total Capital Expenditure: Year -2021/22 to Year 2023/24				
			R'000	
Detail	Year 2021/22	Year 2022/23	Year 2023/24	Year 2024/25
Original Budget	31 130 100,00	39 791 000,00	33 877 200,00	62 147 850
Adjustment Budget	39 667 600,00	41 341 171,00	65 649 950,00	86 346 352
Actual	27 192 520,00	32 713 152,39	50 956 366,00	74 234 387
T 1.4.4				

The increase in Capital Expenditure from original budget to the adjustments budget is largely due to the approval of the Disaster Grant Roll over application and the allocation of the Small Town Revitalisation Grant from the Office of the Premier. The variance between the Actual and Adjustments budget are largely due to the adjustments budget including VAT and the actual expenditure incurred are reported excluding VAT.

1.6 Auditor General Report 2024/25 Financial Year

The Amahlathi Local Municipality received an unqualified audit opinion for the 2024/2025 audit and the following matters were identified.

Material uncertainty relating to going concern- note 48 to the financial statements, indicates that the municipality is unable to pay creditors within due dates and has negative key financial ratios, and that net current liabilities were realised. As stated in note 48, these events or conditions, along with the other matters as set forth in note 48, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

- Restatement of corresponding figures - As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the municipality at, and for the year ended, 30 June 2025
- As disclosed in note 4 and 5 to the financial statements, material cumulative allowance for impairment losses of R118,5 million (2023-24: R89 million) and R55,5 million (2023-24: R53,7 million) was incurred as a result of a provision for impairment of debtors.
- As disclosed in note 54 to the financial statements, material losses of R12 million (2023-2024: R18.4 million) were incurred, which represents 20% (2023-24: 35.3%) of total electricity purchased. The total losses are attributable to normal losses and illegal connections.

Report on the annual performance report

The report was evaluated on the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the municipality's planning and delivery on its mandate and objectives. AG performed the procedures to report material findings only; and not to express an assurance opinion or conclusion and did not identify any material findings on the reported performance information for the selected indicators.

A detailed report on the AG's findings is attached as part of Annual report for 2024/2025 financial period.

1.7 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 Annual Report to Internal Audit and Auditor-General	
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	
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 finalization for next financial year. Annual Report and Oversight Reports to be used as input	January

The draft annual report was prepared in compliance with the Municipal Finance Management Act 56 of 2003 and Circular 63 of the MFMA was considered during the compilation of the report to ensure all components highlighted are addressed. The draft Annual report will be submitted to internal Audit for Review, Performance Audit Committee and be tabled to Council, Auditor General and MPAC for verification and be published for public comments. The final annual report will be submitted to COGTA MEC, Treasury and Legislature as legislated.

CHAPTER 2: GOVERNANCE

COMPONENT A. POLITICAL AND ADMINISTRATIVE GOVERNANCE

Institutional Structure of Amahlathi Local Municipality

The institutional Structure of Amahlathi Local Municipality is divided into two levels, the Political and Administrative Structures. The Administrative Structure is accountable to the Political Structure.

2.1. Political Structure of Amahlathi Local Municipality

The Principalship of Amahlathi Local Municipality lies with the Council with the Executive Committee as its primary committee to facilitate service delivery. The Mayor is the chairperson of the Executive Committee while Speaker is the chairperson of the Council. Whip of Municipal Council chairs the committee of Whips. The mayor is the political head of the municipality vested with powers to set out priorities over the financial affairs of the municipality in terms of Chapter 7 of the Municipal Finance Management Act.



Cllr N Nongqayi (Mayor)



Cllr N Mlahleki (Speaker)



Cllr P Qaba (Whip of Municipal Council)

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The municipality has a total number of 30 Councillors where in 15 are ward councillors and 15 are proportional representative Councillors. The list and attendance of Council Meeting is appended as annexure A of this report.

The total number of Council Resolutions taken for the 2024/2025 financial year is 325

Resolutions	Total Number	Percentage
Implemented and Noted Resolutions	206	63,4%
In Progress	72	22,1%
Not Implemented	47	14.5%

LISTED BELOW ARE THE COMMITTEES THAT ASSIST COUNCIL IN CARRYING OUT ITS RESPONSIBILITIES:-

i. Executive Committee.

The Mayor of Amahlathi Local Municipality, **Honourable Cllr. N Nongqayi**, assisted by the Executive Committee, heads the executive arm of the Municipality. The Mayor is at the centre of the system of governance, since powers are vested in her to manage the day-to-day affairs. This means that she has an overarching strategic and political responsibility.

The executive committee consists of the Council members (chairperson of each standing committee) listed below and the heads of departments. Meetings are convened monthly but special meetings are convened when the need arises.

No.	Names
1.	Cllr Nomakhosazana Nongqayi
2.	Cllr Xola Tokwe
3.	Cllr Phatheka Qaba
4.	Cllr Nobathembu Kato-Manyika
5.	Cllr Busisa Xongwana
6.	Cllr Thamsanqa Balindlela

iii. Municipal Public Accounts Committee (MPAC).

The Municipal Public Accounts Committee is established to assist Council to fulfil its mandate of overseeing the Executive and the Administration.

The committee sits quarterly but special meetings are convened when the need arises. The main purpose of the MPAC is to exercise oversight over the executive functionaries of council and to ensure good governance in the municipality. Below is the list of the members of the committee.

No.	Names
1.	Cllr Zukisa Qonto
2.	Cllr Xoliswa Neti
3.	Cllr Masixole Gantsho
4.	Cllr Phathuxolo Able Simandla
5.	Cllr. Nicholas Ncevu
6.	Cllr. N.V. Mjandana

iv. **Standing Committees**

In terms of Section 80 of the Municipal Structures Act, 1998, if a council has an executive committee; it may appoint in terms of section 79 committees of councillors to assist the executive committee or the mayor.

Section 79 committees are permanent committees that specialise in a specific functional area of the municipality and may in some instances make decisions on specific functional issues. They advise the executive committee on policy matters and make recommendations to Council. The meetings are held monthly meaning 12 sittings per year.

The portfolio committee members together with their Chairpersons are as follow:

a. Infrastructure Service delivery Committee

No.	Names
1.	Cllr X.Tokwe - Chairperson
2.	Cllr N. Nyangwa
3.	Cllr N. Mbulawa
4.	Cllr R.B. Pickering
5.	Cllr M. Ngini

b. Corporate Services Committee

No.	Names
1.	Cllr P. Qaba- Chairperson
2.	Cllr M.E. Maweni
3.	Cllr N.C. Mkiva
4.	Cllr M. Neku
5.	Cllr P.N. Onceya-Sauti
6.	Cllr N. Ngxakangxaka

c. Community Services Committee

No.	Names
1.	Cllr T. Balindlela – Chairperson
2.	Cllr A. Hobo
3.	Cllr N.Z. Klaas
4.	Cllr N.O. Sidinana
5.	Cllr M. Ngini
6.	Cllr N.V. Mjandana

d. Planning and Development Committee

No.	Names
1.	Cllr B. Xongwana - Chairperson
2.	Cllr N. Ngxakangxaka
3.	Cllr M. Busakwe
4.	Cllr M.E. Maweni
5.	Cllr. N. Salaze

e. Budget and Treasury Committee

No.	Names
1.	Cllr N. Kato-Manyika Chairperson
2.	Cllr N. Mbulawa
4.	Cllr N.Nyangwa
5.	Cllr R.B. Pickering
6.	Cllr M. Busakwe

v. Other Committees

Whips Committee

No.	Names
1)	Cllr P Qaba-Chairperson
2)	Cllr Moslina Ngini-
3)	Cllr Nosipho Cynthia Mkiva
4)	Cllr Nonkanyiso Charlie
5)	Cllr Ntombizonke Vivian Mjandanda
6)	Cllr Neliswa Mbulawa
7)	Cllr Ndileka Ngxakangxaka
8)	Cllr Zamuxolo Emmanuel Mfulana
9)	Cllr. Onke Mgunculu

Rules, Ethics and Integrity Committee

No.	Names
1.	Cllr. Phakama Budaza - Chairperson
2.	Cllr Ngenamazizi Orsmond Sidinana
3.	Cllr Mbeko Neku
4.	Cllr Nonkanyiso Charlie
5.	Cllr Ntombizonke Vivian Mjandana
6.	Cllr. Moslina Ngini

Local Labour Forum Committee

The Local Labour Forum is a consultative structure that only takes decision within its powers and functions. The main collective agreement confers to the Local Labour Forum powers and functions of negotiating and or consulting among other things.

- On matters of mutual concern pertaining to the employer which do not form the subject matter of negotiations at the council or Division

- On such matters as may from time to time be referred to such forum by the Council or its division.
- Concluding of minimum service level agreement

The Local Labour Forum is established with equal representation from trade unions and the employer with the trade union's representation divided in proportion to their respective membership. In the year (23/24) under review the Local Labour Forum was functional. 4 LLF meetings were held as follows:

No.	Dates of Local Labour Forum
1.	19 September 2023
2.	08 November 2023
3.	11 February 2024
4.	08 May 2024

a. COMPOSITION OF LOCAL LABOUR FORUM COMMITTEE

No.	Names
1.	Cllr. P. Qaba – LLF Chairperson
2.	Cllr. L. Sidinana
3.	Cllr. N. Manyika
4.	Cllr. R. Pickering
5.	Chief Financial Officer
6.	Ms. N. Ngulo
7.	Ms. A. Noholoza
8.	Ms. T. Ndlamhlaba
9.	Mr. V. Msindwana – Labour Relations Officer
10.	Ms. T. Magwangqana -SAMWU Rep
11.	Mr. L. Nkongo -SAMWU Rep
12.	Mr. X. Roji-SAMWU Rep
13.	Mr. B. Sokrowa (Imatu Rep
14.	Mr. V. Bambatha – SAMWU Rep
15.	Ms. A. Matiwane- SAMWU Rep
16.	Mr. Z. Mkosi- SAMWU Rep
17.	Mr. X. Njaba – Admin Officer

b. Audit and Performance Committee

The function of the Audit and Performance Committee is primarily to assist the Municipality in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes and the preparation of financial reports and statements. The Audit and Performance Committee had 4 members listed below and should meet 4 times per annum as per its approved terms of reference.

NUMBER	SURNAME AND INITIAL	QUALIFICATION
1.	Smith L - AC Chairperson	CA (SA), Registered Auditor
2.	Mdani M - AC Member	Master's in business administration Post Graduate Diploma Management B.Tech HRM National Diploma in HRM

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3.	M. Manxiwa - AC Member	Attorney (Registered with Legal Practice Council) Bachelor of Law Corporate Law Certificate
4.	N. Hermanus-Mabuza - AC Member	Professional Internal Auditor (PIA) – (IIA) Master's in business administration Certificate: Advanced Business Program National Diploma: Internal Auditing Certificate: Information System Computer Auditing Accredited: Internal Quality Assurance Review (IIA)

The Audit Committee had the following meetings during the year:

Ordinary Meetings	Special Meetings
23 Jul 2024	20 August 2024
28 October 2024	27 August 2024
22 January 2025	18 February 2025
22 April 2025	25 June 2025

c. Training and Employment Equity Committee

In terms of the regulations to the Skills Development Act, every organisation with more than 50 employees must establish an institutional forum (Training & Employment Equity Committee) for purposes of consultation with regards to skills development. The Training & Employment Equity Committee consists of the following Councillors and Officials, and it sit bi-monthly. In the year (2024/25) under review the Training and Employment Equity Committee was functional and meetings were held as follows:

No.	Dates of Training & Employment Equity
1.	25 September 2024
2.	11 December 2024
3.	25 April 2025

d. Composition of Training and Employment Equity committee

No.	Names
1.	Cllr. P. Qaba – TEEC Chairperson
2.	Cllr. N. Ngxakangxaka

3.	Cllr. NC. Mkiva
4.	Cllr. NA. Kato-Manyika
5.	Cllr. MA. Busakwe
6.	Cllr. Mlahleki N
7.	Cllr R. Pickering
7.	Chief Financial Officer
8.	Ms. N. Nqulo – Director: Corporate Services
9.	HR Officer
11.	Skills Development Facilitator/Training Coordinator
12.	Occupational Levels: Representatives: <ul style="list-style-type: none"> - Senior Management - Professionally qualified & experienced Specialists & Middle Management - Skills -technical - Semi-skilled - Unskilled
13	• Imatu Representative
14.	• Samwu Representative
15.	• Non-Union member representative
16.	Mr. X. Njaba – Admin Officer/Secretariat

2.2 Administrative Structure of Amahlathi Municipality

The Municipal Manager is the head of administration. Directors as heads of departments report directly to the Municipal Manager while the Municipal Manager accounts to the Mayor and Council.



DR SHASHA (MUNICIPAL MANAGER)



MS NOZUKO NQULO – CORPORATE SERVICE



MS N DLOVA – ENGINEERING DIRECTOR



MS ANDISWA NOHOLOZA – COMMUNITY SERVICES



MR S MNWEBE
DIRECTOR DEVELOPMENT AND PLANNING)



MS B NGWENDU (CHIEF FINANCIAL OFFICER)

ROLES AND RESPONSIBILITIES OF DIRECTORATES

Role of the Chief Financial Officer:

- Is administratively in charge of the budget and treasury office.
- Must advise the accounting officer on the exercise of powers and duties assigned to the accounting officer in terms of this Act.
- Must assist the accounting officer in the administration of the municipality's bank accounts and, in the preparation, and implementation of the municipality's budget.
- Must advise senior managers and other senior officials in the exercise of powers and duties assigned to them in terms of section 78 or delegated to them in terms of section 79.
- Must perform budgeting, accounting, analysis, financial reporting, cash management, debt management and supply chain management.
- Financial management, review and other duties in terms of section 79 as delegated by the accounting officer.
- The chief financial officer of a municipality is accountable to the accounting officer for the performance of the duties referred to in subsection.

Role of the Director Engineering Services

- Responsible for the maintenance of all Municipal roads and storm water with the limited funding and machinery that is available. This does not include roads that fall under the Department of Roads and Public Works and South African National Road Agency Limited (SANRAL).
- The goal of the Building Control Unit is to enable the Amahlathi Municipality to fulfil its role as a controller of all Building activities & maintenance of all buildings, Engineering Planning aspects of services provision of new settlement areas and ensure that municipal buildings are continuously and adequately maintained.
- The goal of the PMU Unit is to ensure the successful implementation and management of all capital infrastructure projects within Amahlathi Municipality. The unit oversees projects which are mostly funded by grants such as Municipal Infrastructure Grant (MIG) / INEP /DMRE. The MIG programme is aimed at providing all South Africans with at least a basic level of service. INEP/DMRE programme aims for all households to be provided with an electricity supply.

- Electricity provided in Stutterheim, Cathcart & Amabele Village Station under the NERSA Distribution Licence NER/D/124EC. Eskom is responsible to provides electricity supply and connections to villages not covered in terms of NERSA Distribution Licence NER/D/124EC terms and conditions.
- Distribution & Reticulation: The goal is to maintain the systems in order to provide a safe, reliable and efficient electricity supply. Meter readings & monitoring of consumption with assistance of BTO to ensure efficiency in electricity service provided.
- Public Lights (Street & High masts): All Public lights funded through the municipal rates component, the electricity section responsible for planning, installation of new lights as well as the maintenance of public lights.
- Municipal Buildings: Ensure electrical supply to premises as a customer. Guidance with compliance in terms of SANS electricity wiring of premises. Monitoring of work quality in compliance with the Occupational Health & Safety Legislation. HVAC (Air Conditioners) – guidance to other units, monitoring quality and compliance in terms of Occupational Health & Safety requirements and Legislation.

Role of the Director Development Planning

- Facilitation of Local Economic Development
- Co-ordination of agricultural programmes
- Support to SMME's and Co-operative's
- Co-ordination of Tourism development
- Promotion of Culture and Heritage sub-sectors within Amahlathi
- Development of Local Economic Development related policies
- Co-ordination of Human Settlement delivery within Amahlathi
- Management of Spatial Development and Town Planning
- Land Use Management
- Ensure effective use and management of Municipal land
- Lead the implementation of High Impact Development Initiatives
- Facilitation of Development Partnerships.

Role of the Director Corporate Services

Plans, coordinates and manages activities of the Human Resources department to ensure the delivery of HR services such as HR Planning, Personnel Provisioning, and Administration of conditions of service, Personnel utilisation, Industrial relations and skills development.

- To develop a departmental vision and strategy and ensure implementation to provide effective service delivery.
- Manages performance of employees in the Department to ensure optimal work performance. Plans and manages utilisation of resources in order to perform activities. Develops and monitor systems, policies, procedures and processes to ensure correct working operations and practices.
- Manage the Human Resources department of the Amahlathi Council to ensure compliance with the corporate services directorate strategic plan.
- Develop, Manage and administer the recruitment and selection policy to ensure compliance with Recruitment and selection policy of the Municipality.
- Promote good and sound industrial relations environment to ensure labour stability in the municipality.

- Administer the implementation of the Employment Equity to ensure compliance with the Employment Equity Plan.
- Manage the Training and Development Function to ensure effective training system in the Municipality.
- Overall management of the Occupational Health and safety to ensure compliance with the OHS Act.
- Manage the use of Council resources to ensure economic, effective and efficient service delivery.
- Management of an administration system that is efficient and facilitates decision making and service delivery throughout the Amahlathi Municipality
- Manage the Municipality's administration in accordance with the constitution, local government municipal structures act and other applicable legislation.
- The effective management of Human Resources in order to ensure that transaction and implementation of skills development, employment equity, performance management and fleet management.

Role of the Director Community Services

- To contribute towards a safe and secure environment
- To promote a clean and healthy environment
- To promote a culture of reading and learning
- To ensure that public amenities are improved and well managed
- To reduce number of road carnages on our Public Roads
- To increase Traffic visibility in our Municipal Roads

B. INTER GOVERNMENTAL RELATIONS

NATIONAL & PROVINCIAL INTERGOVERNMENTAL STRUCTURES

Amahlathi Municipality participated in the quarterly munimec. The munimec provided a platform for the municipality to engage in intergovernmental relations with the Provincial Executive Council (MEC) to ensure effective service delivery and alignment with broader government goals. This involved participating in discussions, coordinating efforts, and addressing challenges related to municipal functions and development. The last munimec was held on the 12 – 13 June 2025.

RELATIONSHIPS WITH MUNICIPAL ENTITIES

The municipality does not have an entity. The Amathole Economic Development Agency SOC Ltd also trading as ASPIRE does assist the municipality in certain programs. Aspire is an entity of Amathole District Municipality. One of the project that Aspire is currently working on is the development of Cathcart Revitalization Strategy.

DISTRICT INTERGOVERNMENTAL STRUCTURES

Amahlathi Local Municipality participates in the District Mayor's Forum (DIMAFO). The Amahlathi Local IGR tables its reports to the Amathole District Mayor's Forum to ensure alignment with the district wide planning. The local IGR also escalates matters that cannot be resolved at local level to the DIMAFO. The main issues that usually get escalated are service delivery challenges, government debt and catalytic projects. The DIMAFO is normally preceded by the municipal manager's forum. The forum deals with issues that can be resolved at a technical level and prepares for the political session. National and provincial department participate in the DIMAFO. The DIMAFO escalates matters to the MuniMec.

The DIMAFO also serves as a political platform to oversee the District Development Model (DDM). The municipality participates in the DDM which is coordinated by the district municipality. The office of the municipal manager identified staff to provide support in the DDM.

2.3 Inter Governmental Relations committee

Chapter 3 of the Constitution Act 108 of 1996 provides for the principles that underpin the relations between the spheres of government. IGR meetings sit on a quarterly basis and are information-sharing sessions that seek to align planning between the municipality and other spheres of government.

Amahlathi Local Municipality has developed and adopted an IGR Policy Framework in 2016/17 that encourages establishment of IGR Clusters and the broader IGR to provide a platform for the meeting of minds of sector departments, stakeholders and the municipality.

The table below illustrates all the dates that broader IGR forum meetings were held during each quarter:

Quarter	Date
Q1	10 September 2024
Q2	19 November 2024
Q3	11 March 2025
Q4	13 May 2025

All four quarterly IGR meetings managed to sit with the concern of inconsistencies on attendance of sector departments.

B. PUBLIC ACCOUNTABILITY AND PARTICIPATION

2.4 Communication, Participation and Forums

The Municipality has a Public Participation Policy that was adopted by Council on 1 September 2015, and it is reviewed annually. In accordance with Municipal systems Act 2000, the municipality holds regular IDP/PMS/ Budget Representative Forum meeting in drafting IDP and Budget. Forum meetings are be convened quarterly in preparation of each phase.

The following forms are used in calling the interested parties.

- ✓ Website, Facebook, Notice Boards to publish our notices.
- ✓ Community Radio Stations to reach those parts of our community that do not read newspaper.
- ✓ Posters, pamphlets, ward councillors, ward committees, Community Development Workers (CDW) and announcements through community gatherings and community-based organizations
- ✓ Loud hailing

The municipality communicates promptly with the communities via Facebook, radio, notices, audio-visuals, and word of mouth. The most effective is the Facebook page. During the financial year the page saw increase in its following from 3800 to 6280. The Facebook page is followed mostly by youth, unemployed persons and the middle-class citizens. The municipal communication, although aimed at making communities aware of the municipal affairs, is also aimed at encouraging communities to be involved and participate in the affairs of the municipality.

IDP ROADSHOWS

Each year during the second quarter the executive committee as led by the mayor embark on roadshows to collect community needs and priorities. This process is conducted by holding meeting in each of the four clusters of Amahlathi Local Municipality. In the year under review the meetings took place from November until early December. The notices for the meeting are issued out by the communications via Facebook, ward councillors, whatsapp groups, notice boards and the word of mouth. The attendance varied with communities. In the Cathcart areas the meetings were attended in good numbers while in Mlungisi the attendance was less than desired. Some communities held their meetings with their ward councillors and prepared their needs and priorities which were

submitted by the respective ward councillors.

WARD BASED PLANNING

The municipality also embarked on a program to develop ward-based plans. The project was pioneered with five wards which are based in the Stutterheim cluster. Those are wards 6, 9, 13, 14 and 15. These wards are expected to update their plans prior to the IDP Roadshows. During the IDP Roadshows the ward councillors will present the plans and hand a copy to the municipality for inclusion in the IDP. The remaining wards will continue list their needs and priorities in the traditional way whilst another five is assisted to develop its ward-based plans. The ward-based plans programme is spanned for three years. It began in the year under review with five ward-based plans completed by end of June 2025. Another five will be developed and completed by June 2026 whilst the last batch of five plans are planned for June 2027.

IDP AND BUDGET REPRESENTATIVE FORUM

The municipality conduct a Rep Forum quarterly to maximise consultation on the development of the IDP and Budget. In the year under review all Rep Forums were conducted successfully. The Rep Forum is attended by ward committees, community stakeholders, sector departments and the municipality. The Rep Forums are meant to provide consultations at different stages of development of both IDP and budget. The last rep forum looks at the Final IDP and Budget before the council approves them in the council of May. In the year under review stakeholders, ward committees and all participants in the rep forum were afforded an opportunity to input on the IDP and Budget before it is tabled for approval in council. Other people use Facebook to submit their inputs for consideration in the IDP.

Other structures used to enhance public participation is through Ward Committee Meetings, LED Forums and SPU Forums and Local Communicator's forum which are convened quarterly. To ensure that the needs of unorganized groups are represented as well, advocacy groups and Non-Governmental Organizations (NGOs) are used as well for communication. Meetings of the Representative Forum will be held in any appropriate Municipal buildings and the preferable languages that we use during these sessions are:

- English
- Xhosa

The following tables reflects the roadshows that were conducted during the year under review.

PURPOSE	DATE	VENUE	TIME	CLUSTER
Priority needs Identification	15 October 2024	Mlungisi Community Hall	11H00	Stutterheim Cluster
	17 October 2024	Frankfort Hall	14h00	King Kei Cluster
	14 November 2024	Mzwandile Fanti Hall	10H00	Stutterheim Cluster
	15 November 2024	Cathcart Town Hall	10H00	Cathcart Cluster
	15 November 2024	Ndumangeni Hall	10:00	Cathcart Cluster
	19 November 2024	Springbok Hall	10:00	Keiskammahoek Cluster
IDP/Budget/PMS Rep Forum	16/08/2024	<ul style="list-style-type: none"> Mzwandile Fanti 	10:00	Stutterheim Cluster
IDP/Budget/PMS Rep Forum	27/11/2024	<ul style="list-style-type: none"> Stutterheim Library 	10:00	
IDP/Budget Public Hearings	11 April 2025	<ul style="list-style-type: none"> Border Post 	11:00	King Kei Cluster
	15 April 2025	<ul style="list-style-type: none"> Springbok hall 	11:00	Keiskammahoek Cluster
	22 April 2025	<ul style="list-style-type: none"> CathCart Town Hall 	11:00	Cathcart Cluster
	05 May 2025	<ul style="list-style-type: none"> Anchor (Businesses and Rate Payers) Stutterheim 	12:00	Stutterheim Cluster
IDP/Budget/PMS Rep Forum	14/03/2025	<ul style="list-style-type: none"> Mzwandile Fanti 	10:00	Stutterheim Cluster
	20/05/2025	<ul style="list-style-type: none"> Mzwandile Fanti 	10:00	
	05/11/2024	<ul style="list-style-type: none"> Mzwandile Fanti 	10:00	Stutterheim Cluster

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Annual Report Public Hearing	22/11/2024	• Ndumangeni Hall	14:00	Cathcart Cluster
	26/11/2024	• Border Post	10:00	King Kei Cluster
	29/11/2024	• Springbok Hall	10:00	Keiskammahoek Cluster

2.4.2 Ward Committees

Ward committees were formally introduced in year 2000, and since then our municipality had always had ward committees. The ward committees are established in each ward every five years. The term of office for the ward committees run concurrently with the term of office for the council. In line with Chapter 4 of the Municipal Structures Act 1998, the municipality is committed to enhance democratic, open, transparent and participatory system of local governance within its area of jurisdiction. The municipality is mandated by the Municipal Structures Act to elect Ward Committees within 90 days after the local government elections. After the inauguration of the new Council on 22 November 2021, the establishment of ward committees commenced on 5 January and a total of 150 ward committees were elected 10 in each ward of the 15. Ward Committees were inducted by the municipality and COGTA on 10 and 11 May 2022. From 12 May the 150 ward committees commenced with their duties.

Ward Committees are governed by the Ward Committee Functionality Policy and the Ward Committee Handbook published by COGTA. The Municipal Structures Act requires that, in addition to equitable gender representation, the ward committee should represent a diversity of interests in the ward. The purpose of the ward committees is to strengthen democracy in the ward by creating a platform in the ward where all interest groups are given an opportunity to identify their needs and raise their concerns, for a total ward need analysis and priorities. The ward committees also monitor the performance of the municipality and raise issues of concern to the local ward and assist with community awareness campaigns e.g. waste, water and sewage, payment of rates and charges, as members know their local communities and their needs.

In the year under review the municipality had approximately 146 ward committees instead of the required 150. The remaining 4 ceased to hold office for various reasons. The ward committees were functional for the duration although the lack of tools of trade hampered the reporting of ward committees. The ward boundaries differ in nature from those that are vast, congested and those that are in the middle. The sittings differ from few to many however the number of meetings were not satisfactorily. The minimum expected for each ward was 12 meeting one in each month. The ward councillors should submit the reports and attendance registers as well as the payroll registers for the ward committees.

There was no record of meeting filed in the municipality as ward committees conducted their meetings independently. There is no capacity to cover all wards by a single municipal official with serious transport limitations. The ward committees however submitted reports of their work on a monthly basis.

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

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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
* Section 26 Municipal Systems Act 2000	
T 2.5.1	

D. CORPORATE GOVERNANCE

The council recognises the wide range of risks to which Amahlathi Local Municipality is exposed. Amahlathi Local Municipality is committed to the effective management of risk to achieve the municipal goals and objectives, as well as converting risk into opportunities that create value for the municipality stakeholders. It is therefore a strategic objective to adopt a process of integrated risk management that will assist Amahlathi Local Municipality in meeting its key goals.

The Risk Management Committee is responsible for the assessment of risk to ensure that risk control and management efforts are not duplicated, risk identification "gaps" are avoided and that interdepartmental risks are identified and managed in a timely manner.

During the 2024/25 risk assessment the following strategic risks were identified and prioritised. :

- Electricity Distribution Losses above the norm
- Inadequate provision and maintenance of basic service delivery infrastructure
- Inability to meet current and future financial obligations
- Inability to leverage on fleet as a strategic resource for service delivery
- Ineffective implementation of communication strategy
- Non-Compliance with laws, regulations and statutory prescripts.
- Inability to render services in the event of a disaster
- Inability to create a conducive environment for economic prosperity

Existence of the committee and functionality.

The municipality has Risk Management Committee which consists of all Section 56 managers and is supported by the appointed departmental risk champions. Risk management reports are reviewed quarterly by the Risk Management Committee. The municipality conducted strategic, operational, litigation, fraud and ICT risk assessments in the 2024/25 financial year.

Risk Committee Meetings for monitoring risk implementation process were held on the following dates:

- 16 July 2024
- 16 October 2024
- 17 January 2025
- 22 May 2025

2.6 Anti- Corruption and Fraud

FRAUD AND ANTI-CORRUPTION STRATEGY

The municipality has Fraud Prevention Plan and Anti-Corruption Policy in place that were adopted by Council. The municipality is utilising Presidential Fraud Hotline number.

Financial Disciplinary Board is established to investigate alleged financial misconducts.

MPAC and Audit Committee are the oversight committees to investigate irregularities in contravention with MFMA.

Legal advice and handles fraudulent matters and other related financial misconducted.

The Internal Audit Unit conducted Fraud Awareness Campaigns within the municipality twice in 2024/25 financial year.

Fraud Risk Register is in place.

Whistle-blowing policy for protection of the whistle-blowers has been developed and approved by the Council.

Strategies in place for prevention i.e., campaigns etc.

The municipality conducted 2 fraud awareness campaigns during the financial year under review as follows;

- 26 November 2024
- 21 February 2025

Strategies in place for prevention i.e., campaigns etc.

The municipality conducted 2 fraud awareness campaigns during the financial year under review as follows;

- 20 September 2023 and
- 14 March 2024

2.7 Supply Chain Management

Section 3(1) (b) and (c) of the SCM regulations states that the accounting officer of a municipality must at least annually review the implementation of SCM policy and when necessary, submit proposal for the amendments of the policy to council. The SCM policy was initially developed in 2005 and implemented to give effect to the SCM regulations, and it was last reviewed in January 2023. Amahlathi has established an SCM unit which comprises of four officials. The code of conduct, oath of secrecy and declaration forms are signed by all officials involved in supply chain management. The SCM manager has reached prescribed levels as required by the Minimum Competency Regulations Guidelines and the other three officials are still in the process of completing the minimum requirements. In line with Municipal Finance Management Act (MFMA), the accounting officer has also established various bid committees that are consistent with the SCM regulations and any applicable legislation for competitive bidding i.e.

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

Range of procurement processes

STRUCTURE OF APPROVAL		
GOODS/SERVICE VALUE	PROCUREMENT METHOD MINIMUM	APPROVAL AUTHORITY
R0 – R2 000	Petty Cash	Head of Department or Delegated Authority
R2 001 – R5 000	Three Quotes	Head of Department or Delegated Authority
R5 001 – R30 000	Three Quotations	Head of Department or Delegated Official
R30 001-R300 000.00	1 Week Bulletin Notice and Advertisement via Website: Three Quotations	Chief Financial Officer
R300 001 – R2 Million	Competitive Bidding Process	Bid Adjudication Committee
R2 Million – R10 Million	Competitive Bidding Process	Bid Adjudication Committee
Above R10 Million	Competitive Bidding Process	Accounting Officer

2.8 Websites

Documents published on the Municipality's / Entity's Website	Yes / No	Publishing Date
Current annual and adjustments budgets and all budget-related documents	Yes	
All current budget-related policies	Yes	
The previous annual report (Year -2022 /23)	Yes	
The annual report (Year 2023/24) published/to be published	Yes	
All current performance agreements required in terms of section 57(1)(b) of the Municipal Systems Act (Year 2023/24) and resulting scorecards	Yes	
All service delivery agreements (Year 2024/25)	No	
All long-term borrowing contracts (Year 2024/25)	Not Applicable	
All supply chain management contracts above a prescribed value (give value) for Year 2023/24	No	
An information statement containing a list of assets over a prescribed value that have been disposed of in terms of section 14 (2) or (4) during Year 2023/24	No	
Contracts agreed in Year 2023/24 to which subsection (1) of section 33 apply, subject to subsection (3) of that section	No	
Public-private partnership agreements referred to in section 120 made in Year 2023/24	Not Applicable	
All quarterly reports tabled in the council in terms of section 52 (d) during Year 2013/24	Yes	

2.9 Bylaws

NO.	LOCAL AUTHORITY NOTICE	GAZETTE NO.
1.	Local Government : Municipal Systems Act (32/2000) : Municipality of Amahlathi: Street trading By-Law	1668
2.	Keeping of dogs and other animals By-Law	1668
3.	Neglected buildings and premises By-Law	1668
4.	Prevention of nuisances By-Law	1668
5.	Solid waste disposal By-Law	1668
6.	Use and hire of municipal building By-Law	1668
7.	Public open space By-Law	1668
8.	Advertising signs By-Law	1668
9.	Cemeteries and crematoria By-Law	

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		1668
10.	Ward committees By-Law	1668
11.	Delegation of powers By-Law	1668
12.	Community fire safety By-Law	1668
13.	Standing rules for council By-Law	1668
14.	Credit control By-Law	1668
15.	Indigent support By-Law	1668
16.	Rates policy By-Law	1668
17.	Tariff policy By-Law	4076

The municipal by-laws are created by council to regulate activities within their jurisdiction, covering a wide range of areas like zoning, waste management, and building regulations. These regulations are crucial for maintaining order, safety, and public health within the locality. The institution has 19 by laws and all 19 by-laws are promulgated. Most of these by-laws are old. The municipality in the following years will embark on the process of reviewing the old by-laws.

By-laws Introduced during Year 0					
Newly Developed	Revised	Public Participation Conducted Prior to Adoption of By-Laws (Yes/No)	Dates of Public Participation	By-Laws Gazetted* (Yes/No)	Date of Publication
None	None	No	None	No	None

**Note: See MSA section 13.* T 2.9.1

2.10 Public Satisfaction on Municipal Services

The municipality conducted a community satisfaction survey at the end of 2023/24 financial year. The survey covered the rate paying areas. The purpose was to ensure that the complaints are addressed during 2024/25. Most complaints were on unemployment, dilapidated roads, electricity loadshedding and water outages. The municipality addressed these issues during the 2024/25 financial year leveraging on the municipal disaster grant and municipal infrastructure grant.

CHAPTER 3: SERVICE DELIVERY PERFORMANCE

COMPONENT A: BASIC SERVICES

3.1 ELECTRICITY

Amahlathi LM distributes electricity to areas under the NERSA licence (Stutterheim, Cathcart and Amabele). Customers within this jurisdiction have access to electricity and is supplied by Amahlathi LM. All customers that are indigent and are registered with the Municipality database receives free electricity and certain services as per the indigent policy of the Municipality. The Municipality has initiated to replace all faulty meters, and this has yielded significant improvement in the electricity losses for 24/25 financial year. Amahlathi is currently busy implementing a project to replace all meter to smart meters to ensure efficient energy monitoring and service delivery. The other two projects that's a priority to the Municipality is the upgrade of the Cathcart Substation and the Stutterheim Main intake substation to ensure there is reliable and stable power supply to the Amahlathi residents. The Municipality is also looking into increasing the Notified Maximum Demand from Eskom to ensure the electricity demands of the community especially businesses and investors are catered for thus creating more economic stability within Amahlathi.

The rural parts of Amahlathi are being supplied by Eskom. The Municipality also has a wheeling agreement with Eskom to supply Kati-Kati and Daliwe through the Cathcart substation.

Through funding sources like INEP, the Municipality is continuously striving to address backlogs in electrification projects not only within Amahlathi jurisdiction but also within Eskom areas.

Employees: Electricity Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0		0	0	
4 - 6	0		0	0	
7 - 9	3		0	0	
10 - 12	3		3	0	
13 - 15	0		0	0	
16 - 18	1		1	0	
19 - 20	0		0	0	
Total	7		7	0	
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p>T 3.3.6</p>					

Capital Expenditure Year 0: Electricity Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	260				
Pre engineering Cathcart SS	1 500				
Pre-Engineering Stutterheim SS	360				
EEDSM	3 000				
STR Stutterheim public lighting	947.2				
STR Keiskammahoek public lighting	1 245				
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate.					
					T 3.3.8

COMMENT ON ELECTRICITY SERVICES PERFORMANCE OVERALL:

The 4 largest projects prioritized by the Municipality is a s follows.

1. RT29 Smart meter project
2. Pre engineering of upgrading of Cathcart Substation
3. Upgrading of Stutterheim Main intake substation
4. Energy efficient and demand side management EEDSM

The RT29 smart meter project was initiated in April 2025 and will continue for a period of three years. The project has completed the first phase which included the audits of the meters within Amahlathi and the submission of the As Is report to National Treasury. The other projects mentioned were completed within the allocated time and budget.

Eskom agreement on wheeling in place however awaiting credits to reflect on the Municipal account in terms of the Eskom usage.

Operating expenditure for the 24/25 financial year was fully utilised on items such as purchasing of new meters for new connections, on infrastructure repairs and maintenance and purchasing of materials like transformers. The

installation of new meters within Amahlathi during the 24/25 financial year has dropped the electricity losses from 35%(in 23/24) to 20% in the 24/25 financial year.

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

INTRODUCTION TO WASTE MANAGEMENT

In the initial year of implementing the National standard for weekly refuse collection from every household, a comprehensive approach has been adopted to ensure equitable and consistent waste management services across all clusters. The primary actions include expanding collection areas, increasing fleet capacity, and initiating door to door community surveys awareness campaigns to promote participation and proper waste disposal.

Major successes achieved and challenges faced

- **Expansion of service coverage:** Significant progress has been made in extending refuse collection services to previously underserved or unserved households e.g. Kologha Township.
- **Fleet and infrastructure:** Investment in two (2) new refuse collection cage trucks has improved efficiency and reliability.
- **Public engagement:** Successful awareness campaigns have increased household participation rates and improved waste disposal practices, contributing to cleaner communities. **The following awareness, clean-up and clearing of illegal dumping hotspots campaigns were conducted:**

- Waste awareness, clean-up and clearing of illegal dumping hotspots campaign conducted at Mlungisi Location, (Ward 14 & 15) on the 4 July 2024.
- Waste awareness and clean-up campaign conducted at Stutterheim town (Ward13) on the 9 July 2024.
- Waste awareness and clearing of illegal dumping hotspot campaign conducted at Kologha township (Ward 13) on the 27 July 2024.
- Waste Awareness Campaign conducted at Amatolaville Primary School on the 3 September 2024.
- Clean-up campaign conducted in Stutterheim town Ward 13 (Hill Street & N6 Route) on the 7th and 8th November 2024.
- Clean-up and clearing of illegal dumping hotspot campaign conducted at Mlungisi Location (Khayelitsha) Ward 15 on the 19 November 2024.
- Clean-up and clearing of illegal dumping hotspot campaign conducted at Mlungisi Location Ward14 on the 20 November 2024.
- Awareness campaign conducted at Kologha Township Ward 13 on 09th December 2024.
- Awareness and clean-up campaign, clearing of illegal dumping hotspot conducted in Cathcart Ward 5 (N6 Route, CBD, KatiKati township, old railway line area) on the 14th of January 2025.
- Clean-up and clearing of illegal dumping hotspots campaign conducted in Stutterheim town Ward 13 (CBD, N6 Route, open spaces) on the 20th of January 2025.
- Clean-up and clearing of illegal dumping hotspot conducted at Kologha township Ward13 on the 24th of January 2025.
- Clean-up and clearing of illegal dumping hotspots in Stutterheim town (Long Street, Hill Street)
- Clean- up and clearing of illegal dumping hotspots conducted in Stutterheim town Ward 13 (Cnr. Brownlee & Sprigg Street, Cnr. Long street & Sprigg street) on the 13th of March 2025.
- Door to Door Awareness: Blitz- Joint Operation at Kologha township Ward 13 on the 19 March 2025.
- Waste and Environmental management awareness campaign conducted at Cenyu Public School, Mlungisi Location, Ward 15 on the 21 May 2025. Awareness focused on different types of waste and its origin, types of waste management (recycling, composting, landfill, incineration) waste minimization (re-use, reduce, recycle), pollution and prevention.
- A Waste and Environmental management awareness campaign conducted at Sikhulule Public School, Mlungisi Location, Ward 14 on 22 May 2025. Awareness focused on different types of waste and its origin, types of waste management (Recycling, composting, landfill, incineration) waste minimization (Re-use, Reduce, recycle), pollution and prevention.
- Awareness and Clean-Up campaign conducted on the Route from Mlungisi Location, Ward 14 to Stutterheim town, Ward 13 on the 22 May 2025.
- Clearing of illegal dumping hotspots conducted at Nkqenkqenkq, Ward 14 and Khayelitsha, Ward 15 (Jongile High School area) Locations on the 30 May 2025
- **Monitoring tools:** Implementation of data collection tools (street cleaning, waste collection, waste disposal) has enhanced monitoring and planning capabilities, enabling more responsive service delivery.

Challenges faced

- **Resource constraints:** Insufficient funding and logistical challenges have limited the pace of infrastructure expansion and fleet procurement.

- **Operational disruptions:** Initially, with the new routes (Kologha Township) and schedules caused occasional service delays.
- **Public compliance:** Despite awareness efforts, some households are not adhering to waste collection schedules.

PROGRESS MADE WITH STREET CLEANING, WASTE COLLECTION, WASTE DISPOSAL

1. Street Cleaning

Daily street cleansing and clearing of illegal dumping hotspots operations are conducted by solid waste employees, EPWP participants and CWP participants.

- Daily street cleansing is conducted on Mondays to Fridays in all clusters and including night shifts and weekends in Stutterheim.
- Focus areas are the central business district, streets around towns, open spaces and outside areas
- Daily routine checks are conducted by the solid waste officer and supervisors to monitor the work done using a street sweeping and businesses' waste collection monitoring tool.
- Un-serviced areas are serviced through clean-up campaigns and clearing of illegal dumping hotspots monthly.

2. Waste Collection

Waste collection is done on households and businesses using the two (2) newly procured cage trucks i.e., 1 truck servicing Stutterheim, Amabele, Kei Road and another one servicing Cathcart. Factories, some businesses serviced by a skip bin truck in Stutterheim and old cage truck servicing Keiskammahoek.

Table 1: Waste collection conducted in residential areas, factories, and businesses as follows:

Cluster	Areas
Stutterheim	Stutterheim town, Lower Kologha, Mlungisi location, Kologha Township, Amatolaville, Amabele and Kei Road
Cathcart	Cathcart town, Daliwe and KatiKati locations
Keiskammahoek	Keiskammahoek town, Valdrai, Newtown and Sophumelela location
Factories	Anca Chicks and Newden
Businesses	Pick'n'Pay, Shoprite, Big Daddys, Spar, bowling club, country club, golf and tennis clubs.
Departmental sectors	Hospitals, Clinics, schools, school hostel, Department of Home Affairs, Department of Social Development, DRDAR, Department of Justice etc.

3. Waste Disposal

Collected waste is disposed of at the landfill sites i.e., Stutterheim, Cathcart and Keiskammahoek landfill sites.

Stutterheim disposal site: The site is currently licensed, fully operational with no cover material and compaction taking place due to no landfill compactor. As a result of no compaction taking place the site is not compliant with the conditions stated on the license and has reached its capacity. Daily operations and maintenance of the site like waste clearing are done by a front-end-loader, blowing paper is picked up by the EPWP casuals daily. The weighbridge is not operating due to no electricity transformer on site; the waste volume estimates are recorded on the waste disposal monitoring tool. Records of waste volumes are loaded on the South African Waste Information System (SAWIS) quarterly as means of reporting to National department. Vehicles with loads of waste

are recorded by the spotter and EPWP casuals. Waste volumes recorded for this reporting period were 14471,1 Tons. Four internal audits were conducted on this reporting period.

Cathcart disposal site: The site is operating illegally as it is not licensed. It is currently operating under the action plan submitted to the Department of Economic Development, Environmental Affairs and Tourism (DEDEAT) towards closure of the site. The Basic Assessment towards closure license of the site has been done by the appointed consultant and the application for closure license is now with relevant authorities. Waste volumes are recorded by the solid waste supervisor/ driver on the waste disposal monitoring tool. Waste volumes recorded for this reporting period were 5308 Tons. Four internal audits were conducted on this reporting period.

- **Keiskammahoek disposal site:** The site is fully operational and currently licensed. There is no compaction taking place, the site is non-compliant with the conditions stated on the license. Waste volumes are recorded by the solid waste supervisor/driver on the disposal monitoring tool. Waste volumes recorded for this reporting period were 1243.4Tons. Four internal audits were conducted on this reporting period.

PROGRESS MADE WITH RECYCLING INITIATIVE

The department has demonstrated fair progress in advancing the recycling initiative, aligning with environmental and waste management goals. Key progress include:

- Establishment of a Recyclers' data base.
- Continuous engagements with recyclers in Cathcart with the aim of commencing operations at the transfer station in Cathcart. The recyclers were trained by DEDEAT on recycling activities and conditions listed on the transfer station permit.
- Registration of Cathcart recyclers as a co-operative on CIPC with the assistance from LED department-Amahlathi LM.
- Schools' recycling survey/ awareness are conducted in primary schools, as well in businesses.
- A waste characterization training was conducted with assistance by the Department of Forestry, Fisheries & Environment (DFFE) for the recyclers, waste pickers, community members, CWP participants and ward committees at Stutterheim landfill site.

Challenges encountered.

- **Limited resources:** Budget constraints and logistical constraints have limited the scale and frequency of planned recycling activities.
- **Infrastructure:** There is a need for recycling equipment and facilities

Solid Waste Service Delivery Levels				Households
Description	Year -3	Year -2	Year -1	Year 0
	Actual No.	Actual No.	Actual No.	Actual No.
<u>Solid Waste Removal:</u> (Minimum level)				
Removed at least once a week	71 868	71 868	71 868	71 868
	(rate			

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	consumption from July 2024 to June 2025)			
Minimum Service Level and Above sub-total				
Minimum Service Level and Above percentage	47%	47%	47%	47%
Solid Waste Removal: (Below minimum level)				
Removed less frequently than once a week	655	547	565	523
Using communal refuse dump	865	846	487	865
Using own refuse dump	655	547	565	523
Other rubbish disposal	502	952	938	720
No rubbish disposal	112	123	124	124
Below Minimum Service Level sub-total	2 789	3 015	2 678	2 755
Below Minimum Service Level percentage	49,1%	52,9%	48,5%	55,2%
Total number of households	5 685	5 699	5 523	4 991
T 3.4.2				

Households - Solid Waste Service Delivery Levels below the minimum						
Description	Year -3	Year -2	Year -1	Year 0		
	Actual	Actual	Actual	Original Budget	Adjusted Budget	Actual
	No.	No.	No.	No.	No.	No.
Formal Settlements						
Total households	33 621 (2022 estimate)	33621	33621	33621	33621	33621
Households below minimum service level	26 683	26683	26683	26683	26683	26683
Proportion of households below minimum service level	79% 2	79%	79%	79%	79%	79%
Informal Settlements						
Total households	6938 (serviced households)	6938	6938	6938	6938	6938
Households below minimum service level	2 355	2 355	2 355	2 355	2 355	2 355
Proportion of households below minimum service level	33.9 % 21.5%	21.5%	21.5%	21.5%	21.5%	21.5%
T 3.4.3						

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Employees: Solid Waste Management Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	22	26	22	4	27.3%
4 - 6	0	0	0	0	0%
7 - 9	4	6	4	2	33.3%
10 - 12	1	1	1	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	27	31	27	4	27%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as of 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					
T3.4.5					

Employees: Waste Disposal and Other Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	0	0	0	0	0%
13 - 15	0	0	0	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	0	0	0	0	0%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p>					
T3.4.6					

Financial Performance Year 0: Solid Waste Management Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	R 234 121.00	R1 710 606.00			
Expenditure:	R 160 937.47	R1 710 606.00			
Employees					
Repairs and Maintenance	R 60 139.51	R103 100.00			
Other	R 100 797.96	R131 021.00			
Total Operational Expenditure					
Net Operational Expenditure					
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.4.7					

Capital Expenditure Year 0: Waste Management Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
RESTORATION OF STUTTERHEIM LANDFILL SITE PROJECT PHASE2	R3.3 000 000.00		R3,106,454.84		R3.3 000 000.00
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.4.9					

COMMENT ON WASTE MANGEMENT SERVICE PERFORMANCE OVERALL:

The Integrated Waste Management Plan (IWMP) has been endorsed by the MEC – Economic Development, Environmental Affairs and Tourism (DEDEAT) on the 28 August 2023. The waste section is to report to the DEDEAT on the implementation of IWMP quarterly. The waste management officer was appointed on the 1 September 2023 and designated.

Waste management services within the municipality are functioning at a basic level, with regular refuse collection provided in all municipal clusters (Stutterheim, Cathcart, Kei Road, Amabele & Keiskammahoek) throughout the week (households, businesses, old age homes, hospitals, factories etc.) by municipal employees and EPWP casuals. Unserved areas (informal settlements & rural) are serviced through clean up campaigns and clearing of illegal dumping hot spots. In some instances, vehicle breakdowns cause interrupt collections and create delays, which in turn contributes to illegal dumping.

At landfill sites access is generally available to the public and efforts such as fencing and securing sites are being implemented e.g. Restoration of Stutterheim landfill site Project Phase2 funded by DEDEAT. Compliance with licensing requirements remains a challenge as the sites are non-compliant and under audit due to no daily cover and compaction taking place. Recycling initiative efforts are currently underdeveloped, while informal waste pickers play an important role there is still no formal separation at source programme across the municipality and there is no drop off facilities available within the municipality. Meaning the diversion from landfill remains well below national targets.

Complaints are recorded and responded to within the turnaround time, 24 hours. Service changes are always communicated to the community such as delays or interruption of services.

Based on external audit scope and municipal priorities, these would likely be prioritized to address compliance, capacity and environmental standards:

- Closure and Rehabilitation of Cathcart Landfill site
- Upgrading the Stutterheim landfill site (Construction of a new cell, purchasing landfill compactor machinery)
- Cathcart transfer station upgrades/expansion (procurement of skip bins, recycling facility)
- Upgrades at the Keiskammahoek landfill site (fencing).

3.3 HOUSING

INTRODUCTION TO HOUSING

Amahlathi Local Municipality has been operating with an old and outdated Human Settlements Sector Plan (HSSP) which was developed and adopted in 2013. The Municipality in conjunction with Department of Human Settlements

have developed a Human Settlement Sector Plan (HSSP). The document has recently been adopted by Council in June 2025. The HSSP is a legislative requirement in terms of Section 9 (1)(f) of the Housing Act, 1997 (Act No. 107 of 1997). The Act requires every municipality to take reasonable and necessary steps to initiate, plan, coordinate, facilitate, promote and enable appropriate housing development in its area of jurisdiction. The plan is aligned with the national and provincial human settlements priorities. It is developed based on the approved National Framework for Development of HSSPs and forms a chapter in the Municipal Integrated Development Plan (IDP). Human Settlement is the housing provider; thus, they provide housing to the Municipality. Thus, the budget for Human Settlements Development is kept by the Department of Human Settlements. Amahlathi LM is not Accredited to provide housing.

During the year under review, the Department of Human Settlements has implemented several projects as shown below:

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RUNNING PROJECTS	BLOCKED PROJECTS	PLANNING PROJECTS	NEW APPLICATIONS	CLOSE-UP PROJECTS
1. Cenyu Village 450 2. Cenyulands 692 3. Masincedane 200 (99) 4. Kubusi 304 (156) 5. Frankfurt 300 6. Gasela 75 7. Katikati 300 8. Squashville 153 9. Mthonjeni 80 10. Goshen 100	1. Mlungisi 270 2. Ndakana 1300 (35)	1. Kei Road Northern Node 421 (Phase 2)	1. Nothenga 26 2. Gubevu 312 3. Mbaxa 4. Ethembeni 5. Ndlovini 6. Mgwali 7. Border Post And Nompandlana	1. Xholorha 700 2. Kei Road Northern Node 421 (Phase 1)

The budget set aside for these projects for the year under review is R53 779 108.00. These projects are at various stages of development.

Percentage of households with access to basic housing			
Year end	Total households (including in formal and informal settlements)	Households in formal settlements	Percentage of HHs in formal settlements
Year -3	na		na
Year -2	na	na	na
Year -1	na	na	na
Year 0	38,883	16,032	74.4
Total			

T 3.5.2

Employees: Housing Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	0	0	0	0	0%

7 – 9	1	1	1	0	0%
10 – 12	1	1	1	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	2	2	2	0	0%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.*

T 3.5.4

COMPONENT B: ROADS AND TRANSPORT

3.4 INTRODUCTION TO ROAD TRANSPORT

The Municipality is responsible for maintenance and rehabilitation of local roads within Amahlathi jurisdiction. Cleaning and unblocking of storm water drains to prevent overflow during rainy season. Provision of safe, rideable roads infrastructure and uninterrupted transport movement for the community. Provision of storm water structures to prevent overflowing, injury and damage to property.

The key objectives are maintenance of the road infrastructure to ensure, that it performs at its optimal and thus reduce safety hazard, by Provide the community with safe riding roads Reconstruction and rehabilitation of road infrastructure that has deteriorated. The roads department conducts routine road maintenance for the infrastructure to prevent deterioration and collapse of the infrastructure. The inclement weather has been the biggest challenge in this financial with multiple storms resulting in disaster. the roads were greatly affected by the disaster and the infrastructure deteriorated further, erosion of the wearing coarse, donga formation and collapse of storm water structures. The roads and storm water unit has managed to achieve 59km in road maintenance using Grader loaned by the Department of Transport.

Gravel Road Infrastructure				Kilometers
	Total gravel roads	New gravel roads constructed	Gravel roads upgraded to tar	Gravel roads graded/maintained
Year -2	145	15	1.8	100
Year -1	160	20	0.6	40
Year 0	166	51	2.0	59
				T 3.7.2

3.5 WASTEWATER (STORMWATER DRAINAGE)

INTRODUCTION TO STORMWATER DRAINAGE

The roads and storm water team are responsible for maintenance, cleaning, unblocking and rehabilitation of storm water structures within Amahlathi towns. The storm water drain unblocking is performed in these areas Stutterheim,

Cathcart, Kei Road and Keiskammahoek towns. The unit performs routine maintenance of the storm water drains and ad hoc maintenance during rainy season. The Roads and Storm- water Forman heading the team utilize the EPWP workers for unblocking of drain. The EPWP participants employed are from the towns and villages within Amahlathi. In 2024/25 the department has achieved 17,2km of storm water unblocking. Only permanent employee at Storm water section working with EPWP.

Stormwater Infrastructure				Kilometers
	Total Stormwater measures	New stormwater measures	Stormwater measures upgraded	Stormwater measures maintained
Year 0	18	0	1	17
				T 3.9.2

The storm water unit had target of unblocking at least 16km of storm drains within the towns of Amahlathi. The unit achieved 17,2km of storm water unblocking in the 2024/25 financial year. The capital project implemented through Grants also focus on upgrading and construction on new storm water infrastructure.

Job creation through EPWP* projects		
	EPWP Projects	Jobs created through EPWP projects
Details	No.	No.
Year -2	7	142
Year -1	13	405
Year 0	12	453
* - Extended Public Works Programme	T 3.11.6	

COMPONENT C: PLANNING AND DEVELOPMENT

3.6 PLANNING

INTRODUCTION TO PLANNING

The Town Planning Unit obtains guidance and development strategies from 3 crucial legislative frameworks, namely the Spatial Development Framework (SDF), Land Use Scheme (LUS), the Municipality's SPLUMA By-Law, and the Human Settlements Sector Plan (HSSP). The main challenges faced by the unit in Year 0 include the following:

- the lack of a standard operating procedure in implementing Section 172 of the municipality's SPLUMA By-Law, 2016
- the absence of a SPLUMA compliant SDF
- Lack of personnel to combat illegal land uses within our municipal jurisdiction
- An outdated HSSP

Achievements by the unit in Year 0 include:

- Undergoing the procurement process to appoint a service provider for the review of the Municipality's SDF
- Completing the first draft of the HSSP review

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Our top 3 service delivery priorities include the provision of middle-income housing/ First Home Finance, and a Commercial Development (Shopping Centre) in Stutterheim. During Year 0 Terms of reference and bid specifications were developed for the proposed shopping centre. With regards to housing provision, the Department of Human Settlements has availed the services of Gap Infrastructure Corporation (GIC) such as the development of General Plans for the proposed sites.

Applications for Land Use Development						
Detail	Formalisation of Townships		Rezoning		Built Environment	
	Year -1	Year 0	Year -1	Year 0	Year -1	Year 0
Planning application received	4	-	1	9	29	35
Determination made in year of receipt	Evaluation and assessment process	-	Evaluation and Assessment	Evaluation and Assessment	26 -approved 3 -denied due to con-compliance with LUS	28 approved 7 denied due to non-compliance with LUS
Determination made in following year	Required amendments sent to applicant	-	Approved	Approved	-	-
Applications withdrawn	-	-	-	-	-	-
Applications outstanding at year end	-	-	-	2	-	-

T 3.10.2

Employees: Planning Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	0	0	0	0	0%
10 - 12	2	4	2	1.06	50%
13 - 15	0	0	0	0	0%
16 - 18	0	1	0	1.084	100%
19 - 20	0	0	0	0	0%
Total	2	5	2	0	33%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

Capital Expenditure Year 0: Planning Services					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	0	0	0	0	0
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.10.6					

targets are:

1. Spatial Development Framework R450 000
2. Human Settlements Sector Plan R0 (Project funded by DHS)
3. Cathcart Small-towns Revitalisation R0 (Project funded by ADM)
4. LED Strategy R0 (Project funded by COGTA)
5. Furniture Incubation R0 (Project funded by DFFE)

Financial Performance Year 0: Planning Services					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure					
Net Operational Expenditure					
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.10.5					

3.7 LOCAL ECONOMIC DEVELOPMENT

INTRODUCTION TO LOCAL ECONOMIC DEVELOPMENT

Amahlathi Local Municipality has an outdated LED Strategy, which was last reviewed in 2012. In conjunction with Provincial department of Cooperative Governance are in the process of developing a new Local Economic Strategy. The LED Strategy was adopted by Council in May 2025. The new LED Strategy focuses on the following:

- Promotion of innovative strategies
- Potential funders
- Promotion of partnerships
- Renewable energy.

Currently the department is operating with a zero budget and is heavily reliant on other departments such as DRDAR, DFFE, DEDEAT, just to mention a few. The Municipality relies on forming partnerships with strategic institutions and implementation of Memorandum of Understanding with them as to improve local economic development of the institution. Service delivery priority projects were the Review of Amahlathi LED Strategy, Implementation of Stutterheim Master and Precinct Action Plan as one of the key catalytic projects, and to ensure that Amahlathi Community benefit on key projects implemented in the Amahlathi area such as SANRAL projects and projects implemented by Municipal Engineering Department.

Jobs Created during Year 0 by LED Initiatives (Excluding EPWP projects)				
Total Jobs created / Top 3 initiatives	Jobs created No.	Jobs lost/displaced by other initiatives No.	Net total jobs created in year No.	Method of validating jobs created/lost
Total (all initiatives)				
Year -2	1500	0	1550	Through CWP Reference Quarterly meeting.
Year -1	1476	24	1476	
Year 0	1337	139	1337	
Initiative A (Year 0)				
Initiative B (Year 0)				
Initiative C (Year 0)				

T 3.11.5

Job creation through EPWP* projects		
	EPWP Projects No.	Jobs created through EPWP projects No.
Year -2	7	142
Year -1	13	405

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Year 0	12	453
* - Extended Public Works Programme		T 3.11.6

Financial Performance Year 0: Local Economic Development Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	0	0	0	0	0
Expenditure:					
Employees					
Repairs and Maintenance					
Other					
Total Operational Expenditure	0	0	0	0	0
Net Operational Expenditure					
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					
T 3.11.9					

Employees: Local Economic Development Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	2	3	2	1.056	10%
7 - 9	3	3	0	0	0%
10 - 12	2	2	2	0	0%
13 - 15	1	1	1	0	0%
16 - 18	1	1	1	0	0%
19 - 20	0	0	0	0	0%
Total	9	10	9	1.084	10%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.11.8					

Capital Expenditure Year 0: Economic Development Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	0	0	0	0	0
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.11.10					

COMPONENT D: COMMUNITY & SOCIAL SERVICES

3.8 LIBRARIES.

INTRODUCTION TO LIBRARIES

The main aim of library and information services is to empower communities through meeting their needs with regards to access to information. It improves education, culture and recreational opportunities by providing resources in various formats to the entire community. To promote the culture of reading and effective use of library resources the following activities were conducted by library and information services through the following libraries:

- Stutterheim Public Library, Cathcart Public Library, Kei Road Public Library, Kati-Kati Public Library and Mgwali Public Library.

Amahlathi LM Libraries functioning is improving over the years as all programmes are being introduced including the availability of WIFI services in 5 libraries. 2 Libraries are using the brocade library system whilst others are in the process of actively using the system.

MEMBERSHIP STATISTICS FOR LIBRARIES.	
Stutterheim Public Library :	5 139
Cathcart Public Library :	899
Kei Road Public Library :	288
Kati kati Public Library :	574
Mgwali Public Library :	12
Walk- in :	13 115 library patrons
BOOK CIRCULATION	
Stutterheim and Cathcart Public Library :	14 261

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Employees: Libraries;					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	3	3	3	0	0%
7 - 9	1	1	1	0	0%
10 - 12	2	2	2	0	0%
13 - 15	1	1	1	0	0%
16 - 18	0	0	0	0	0%
19 - 20	0	0	0	0	0%
Total	7	7	7	0	0%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.12.4					
Financial Performance Year 0: Libraries;					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other	R116 578.16	R143 235.00			
Total Operational Expenditure					
Net Operational Expenditure					
Capital Expenditure Year 0: Libraries;					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	NA	N/A	N A	N/A	N/A

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Project A					
Project B					
Project C					
Project D					
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.12.6

Human Resources for the libraries is as follows: 06 librarians of which 02 are municipal employees and 04 DSRAC employees; 03 library assistants of which 01 Library Assistant is a municipal employee and 02 DSRAC employees through the EPWP programme. To enhance the operation of Library and Information Services, libraries received the following resources:

Resource	Sponsor
1 300 donations of books received	Walter Sisulu University
3 boxes donations of books received	Buffalo City Metropolitan Municipality
10 boxes of new books received	Department of Sport, Recreation, Arts and Culture
40 donations of books received	Friends of the library

Promotion of Libraries

In promoting the culture of reading and marketing libraries outreach programmes through awareness were conducted in all areas around Amahlathi Municipality as follows:

NAME OF EVENT	VENUE	DATE
Awareness campaign	Nonyameko Public School at Ndakana	17 July 2024
Partook in Mandela day	Sophumelela Public School at Langdraai	18 July 2024
Awareness campaign	Jongile Nompondo High School	30 July 2024
Literacy day	Cathcart High School	7 August 2024
Career dress-up day	Amatolaville Public School	28 August 2024
Spelling bee	Stutterheim Library	30 August 2024
International Literacy day	Masimanyane High School	4 September 2024
Awareness campaign	DG Public School	6 November 2024
Awareness campaign	Cenyu Public School	21 November 2024
Holiday program	Rise Up Kiddies	10 December 2024
Awareness campaign	Stutterheim Correctional Services	29 January 2025
Read aloud day	New Garden School (Stutterheim), Footsteps (Cathcart), Ncedisizwe (Katikati), Emajwareni (Mgwali)	5 February 2025
Library week	Heckel Primary School	12 March 2025
World book day	Kubusie High School	9 May 2025

Awareness campaign	Ndakana Public School	14 May 2025
Readathon	Sivuyile Public School	28 May 2025

E-books

- Electronic books are active, all registered libraries' patrons have been registered for access to e-books, were furthermore taken through e-books process.

Mini – Library for Blinds (MINILIB)

- Visually impaired patrons utilize audiobooks that were loaded to their envoy connect portable devices.

Keiskammahoek

- Library team successfully assisted more than 30 applicants for universities in Keiskammahoek Springbok Hall in supporting greater access to higher education, the focus was on grade 12 learners as well as youth that had not applied the previous year. The process of online application is progressing in all Amahlathi libraries.

Library Displays

Displays have been laid in all Amahlathi libraries on monthly bases commemorating different historical events.
District Event

- Jongile Nompondo and Cathcart High Learners represented Amahlathi Municipality in a District event that was held at Great Kei Municipality on the 16th of August 2024. The Afrikaans book review winner from Cathcart High partook in a Provincial Literacy Day that was held at Mthatha on the 6th to 7th September 2024, was also nominated for Funda Mzantsi Championship that was in George on the 23rd to 27th September 2024.

Zamukhanyo Daliwe, RC primary schools represented Amahlathi in a District event that took place at Mquma municipality on the 23 October 2024, where they achieved top positions in book reviews, spelling bee and reading.

Book clubs

Izithole book clubs have been active in all libraries, each library has adopted 10 learners from an identified school to partake in Izithole book club program.

3.9 CEMETORIES AND CREMATORIUMS

INTRODUCTION TO CEMETORIES & CREMATORIUMS

Cemetries fall under the Parks and Gardens Section. All wards have cemeteries with burial plots being sold at the Mlungisi location cemetery, Stutterheim town cemetery, Keiskammahoek and Cathcart. There is a need to identify new cemeteries especially in Stutterheim and this requires land to be identified. Cemeteries are cleaned regularly with the assistance of EPWP participants.

There municipality does not have a crematorium.

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166 burial plots were sold during the 2024/25 financial year with tariff depending on site location and type of coffin. 16 destitute families were assisted with burial throughout the Municipality.

Due to staff shortage, there is no staff specifically dedicated to cemeteries, all employees in the Parks and Gardens Section do all work.

The disposal of the dead function is a district in terms of the Powers and Functions.

Employees: Cemeteries and Crematoriums					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	3	3	3	0	0%
4 – 6	0	0	0	0	0%
7 – 9	1	1	1	0	0%
10 – 12	0	0	0	0	0%
13 – 15	0	0	0	0	0%
16 – 18	0	0	0	0	0%
19 – 20	0	0	0	0	0%
Total	3	3	3	0	0%
<p><i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i></p> <p style="text-align: right;">T 3.13.4</p>					

Financial Performance Year 0: Cemeteries and Crematoriums					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other	R143 090.11	R207 439.00			
Total Operational Expenditure					
Net Operational Expenditure					
<p><i>Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.</i></p> <p style="text-align: right;">T 3.13.5</p>					

Capital Expenditure Year 0: Cemeteries and Crematoriums					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.13.6					

3.10 FIRE

INTRODUCTION TO FIRE SERVICES

The function is severely underfunded despite legislative obligations imposed upon the municipality. Efforts of the Fire Service are aimed at risk management which has reduced the number of fire call outs from over 160 per annum to below 90 per annum. Service priorities are fire prevention, fire protection and fire suppression in order to protect life, property, environment and local economic development. Fire risk reduction and prevention strategies within the municipal forest and commonages are supportive of local economic development opportunities for the community as well as the municipality.

Fire Service Data					
	Details	Year -1	Year 0		Year 1
		Actual No.	Estimate No.	Actual No.	Estimate No.
1	Total fires attended in the year	83			
2	Total of other incidents attended in the year	6			
3	Average turnout time - urban areas	Less than 20 minutes			
4	Average turnout time - rural areas	More than 20 minutes			
5	Fire fighters in post at year end	4		4	6
6	Total fire appliances at year end	1	3	1	3
7	Average number of appliances off the road during the year	1			1
T 3.21.2					

Employees: Fire Services					
Job Level	Year -1	Year 0			
Fire Fighters	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
Administrators	No.	No.	No.	No.	%
Chief Fire Officer & Deputy					
Other Fire Officers					

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0 - 3	1	1	1	0	0%
4	4	4	4	0	0%
Total	22	23	22	1	4.54%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.21.4

Financial Performance Year 0: Fire Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Fire fighters					
Other employees					
Repairs and Maintenance					
Other	R42 143.94	R237 637.00			
Total Operational Expenditure					
Net Operational Expenditure					

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.21.5

Capital Expenditure Year 0: Fire Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	0	0	0	0	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.21.6

THE PERFORMANCE OF FIRE SERVICES OVERALL:

The fire and rescue service has a fire station in Stutterheim serving the entire municipality and currently has only had one fire truck operational since June 2023. Service delivery time frames and even responses are consequently jeopardized on a regular basis during the annual winter fire season. This may lead to loss of or harm to life, property, local economic development opportunities and the environment.

Fire service risk management strategies are being maintained in that the service meets its annual targets of fire break implementations, fire awareness campaigns, fire hydrant inspections and fire safety inspections.

There is urgent need to expand the fire service to Cathcart, Keiskammahoek and Kei Road, where fire outbreaks are allowed to get large and dangerous due to long distance travel time from Stutterheim. At least 2 more fire trucks and bakkies are required to manage the risk of fire and at least 3 fire supervisory posts will need to be funded, in order to provide an efficient service to these areas.

3.12 OTHER (DISASTER MANAGEMENT AND OTHER)

INTRODUCTION TO DISASTER MANAGEMENT

Disaster management has at its core the functions of prevention, mitigation, preparedness, response and recovery. It is a multi-disciplinary function that encompasses varied and wide fields of service delivery in coordination with a wide spectrum of stakeholders and role players. This coordination usually takes place via a Joint Operational Centre.

The section has had an extremely busy year having dealt with large scale wind and rainfall damages as well as

several fires. The municipality was affected by severe disasters with the severe being In March where settlements were total destroyed living dwellers displaced. All affected households received due attention in terms of humanitarian aid from Gift of the Givers and Hope of Africa and the section closely cooperated with District, Provincial and National spheres of government as well as private organisations within set deadline timeframes to give meaningful effect to response and recovery aspects to affected communities. The section conducted 51 disaster vulnerability assessments which were followed up by 10 disaster relief operations. At least 13 Joint Operations Centre meetings took place to ensure coordinated and efficient management of incidents and their victims. Advisory forum meetings were held to improve on related challenges from the year and plot a better way forward. 14 awareness campaigns were held with the purpose of improving community disaster, fire and safety awareness.

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There unit is operating within the fire services unit as there are currently no personnel dedicated. However, a position had been added and approved in the Organogram. The Municipality has a Service Level Agreement with SPCA for the management of the municipal animal pound.

Capital Expenditure Year 0: Disaster Management, Animal Licencing and Control, Control of Public Nuisances, Etc					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All					
Project A	0	0	0	0	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.22.6

3.11 TRAFFIC SERVICES/ LAW ENFORCEMENT

There is a functional traffic department at Amahlathi Local Municipality. The Motor Vehicle Licensing and Registration section collected a total of R 1 742 715.00 for the 2024/2025 financial year.

The Driving License Testing Centre section collected a total of R 957 716.25 for the 2024/2025 financial year.

TOTAL INCOME BY MVRA	R 957 716.25
TOTAL INCOME BY DLTC	R 1 742 715.00
TOTAL BY TCS	R 20 800.00

54 roadblocks were conducted, and 733 tickets were issued on road regulations transgressions.

Financial Performance Year 0: Law Enforcement					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue					
Expenditure:					
Employees					
Repairs and Maintenance					
Other	R102 373.25	R170 000.00	R15		
Total Operational Expenditure					
Net Operational Expenditure					
Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.					T 3.22.5

COMPONENT E: CORPORATE POLICY OFFICES AND OTHER SERVICES

3.12 EXECUTIVE AND COUNCIL

INTRODUCTION TO EXECUTIVE AND COUNCIL

The Executive Services Department encompasses both the office of the municipal manager and strategic services. The department's primary focus is to provide strategic direction and support to the council's development initiatives. The main functions are strategic planning and management, communications, special programmes, satellite offices, legal services, internal auditing, risk management, intergovernmental relations, management of staff of political offices and political office administration. The support function on political offices includes management and administrative support provided to MPAC, Women Caucus and Rules and Ethics Committee.

Employees: The Executive and Council					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	13	19	14	6	68%
10 - 12	1	4	1	0	25%
13 - 15	3	9	2	6	33%
16 - 18	1	2	1	1	50%
19 - 20	1	1	1	0	100%
Total	19	35	20	16	54%
Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.					
T 3.24.4					

Capital Expenditure Year 0: The Executive and Council					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	0	0	0	0	
Project A	0	0	0	0	
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					
T 3.24.6					

COMMENT ON THE PERFORMANCE OF THE EXECUTIVE AND COUNCIL:

The executive services fell below the performance bar of 80% for the 2024/25 financial year. The root causes include planning on indicators that are controlled outside the department. The department depended on the Provincial Treasury for the quality assurance on the internal audit function. The impact of the reversal of standardization led to some employees falling sick for prolonged periods. Some performance indicators suffered as a result. Executive services managed to make 79%. The five targets that are not met constitute 21%. The department has braced itself to ensure this does not happen in 2025/26 financial year. The two performance indicators that could not be achieved by internal audit are incorporated into this financial year's plan. The other two performance indicators from legal service are split. The one on compliance is given to internal audit. Legal is place under close monitoring by the accounting officer to ensure the performance of legal matters. The remaining SPU target was postponed owing to budget constraints. During this financial year, a request for the budget will be submitted at budget adjustment stage.

3.12 FINANCIAL SERVICESINTRODUCTION FINANCIAL SERVICES

In order for a municipality to be Financially Sustainable services should generate a surplus to fund support functions. The municipality's collection rate for Electricity is close to the Targeted collection rate. The municipality is experiencing challenges with implementing the credit control policy within the Eskom Licensed areas.

Debt Recovery							
R' 000							
Details of the types of account raised and recovered	Year -1		Year 0			Year 1	
	Actual for accounts billed in year	Proportion of accounts value billed that were collected in the year %	Billed in Year	Actual for accounts billed in year	Proportion of accounts value billed that were collected %	Estimated outturn for accounts billed in year	Estimated Proportion of accounts billed that were collected %
Property Rates	24168893	48%	22003286	13642037	62%	14460559	70%
Electricity – B	47137912	56%	63421803	53123115	84%	56310502	90%
Electricity – C							
Water – B							
Water – C							
Sanitation							
Refuse	11558281	50%	11734358	4576399	39%	4850983	50%
Other							
B- Basic; C= Consumption. See chapter 6 for the Auditor General's rating of the quality of the financial Accounts and the systems behind them.							
T 3.25.2							

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Employees: Financial Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 – 3	0	0	0	0	0%
4 – 6	1	2	2	0	0%
7 – 9	11	11	11	0	0%
10 - 12	8	9	8	1	4%
13 - 15	2	2	2	0	0%
16 - 18	2	2	2	0	0%
19 - 20	1	1	1	0	0%
Total	25	27	26	1	4%

Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.

T 3.25.4

Financial Performance Year 0: Financial Services					
R'000					
Details	Year -1	Year 0			
	Actual	Original Budget	Adjustment Budget	Actual	Variance to Budget
Total Operational Revenue	36 816 977	31 273 051	38 705 854	36 892 197	-1.3%
Expenditure:					
Employees	23 845 057	25 168 169	22 605 172	20 788 178	-17%
Repairs and Maintenance	0	0	0	0	0%
Other	13 438 371	15 279 049	13 470 589	12 558 319	-7%
Total Operational Expenditure	35 060 477	40 447 737	36 075 761	33 346 497	-8%
Net Operational Expenditure	1 756 500	-9 174 686	2 630 093	3 545 700	34%

Net expenditure to be consistent with summary T 5.1.2 in Chapter 5. Variances are calculated by dividing the difference between the Actual and Original Budget by the Actual.

T 3.25.5

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Capital Expenditure Year 0: Financial Services					
R' 000					
Capital Projects	Year 0				
	Budget	Adjustment Budget	Actual Expenditure	Variance from original budget	Total Project Value
Total All	62 147 850	84 846 351	74 234 387	0%	
Paving of Xholorha Internal Roads	13 850 000	13 850 000	13 982 553	1%	0
KKH Recreation Centre	4 600 000	5 243 000	5 455 372	19%	0
Mlungisi Sportfield	5 400 000	5 400 000	5 059 006	-6%	0
Regraveling of Phumlani Community	4 000 000	4 000 000	3 986 147	0%	0
Total project value represents the estimated cost of the project on approval by council (including past and future expenditure as appropriate).					T 3.25.6

The PMU section develops a 3 year plan and present it to Council. Priority is given to capital projects selected by Council to be included in the IDP. Additional consideration is given to projects that are in implementation stage. Other than Mlungisi Sportsfield, the 5 year targets set out in the IDP schedule can be obtained. No material variations are expected from the total approved project values.

3.13 HUMAN RESOURCE SERVICES

Human Resources is a strategic approach to managing an organization's valuable assets, its people focussing on Recruitment, training, Performance Management and Employee Relations. HRM plays a crucial role in aligning the workforce with the organisations goals and ensuring a productive work environment.

The following are the lists of positions that were filled in the financial year 2024/2025

POSITION	DEPARTMENT	FUNDING STATUS	STARTING NOTCH	TG	CURRENT STATUS
CFO	Budget and Treasury Office	Funded	R907 864.00	N/A	Commenced duties on 01 September 2024
Town Planning Officer	Development and Town Planning	Funded	R234 966.00	09	Commenced duties on 01 September 2024
Solid Waste Driver/ Supervisor	Community Services Department	Funded	R185 345.00	07	The candidate resumed duties on 01 October 2024
Communications Officer	Office of the Municipal Manager	Funded	R234 966.00	09	The candidate resumed her duties on 01 December 2024

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POSITION	DEPARTMENT	FUNDING STATUS	STARTING NOTCH	TG	CURRENT STATUS
Traffic Officers x 4	Community Services Department	Funded	R303 944.00	09	The 3 recommended candidates resumed duties on 01 January 2025, the fourth one will resume duties on 01 February 2025
Accountant Budget and Financial Reporting	Budget and Treasury Office	Funded	R454 875.00	12	The candidate resumed his duties on 01 January 2025
Driver to the Office of the Speaker	Office of the Speaker	Funded	R160 222.00	06	The candidate resumed his duties on 01 February 2025
Community Liaison Officer	Office of the Mayor	Funded	R321 828.00	09	The candidate resumed his duties on 01 February 2025

FILLED POSITIONS FOR FROM 01 JULY 2024 – 30 JUNE 2025

TRAINING AND DEVELOPMENT

Funding was sourced from LGSETA to conduct the following training.

- Leadership and Development Training which was catered for Managers, Officers, and Supervisors.
- LED Training.
- Pothole Patching Training which catered for (Unemployed and employees from Engineering Services and EPWP.
- Environmental Practice for municipal employees and unemployed
- Municipal Finance Programme

Employees: Human Resource Services 2024/2025					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
No task	1	0	1	0	
0 - 3	1	0	1	0	
4 - 6	6	7	6	0	
7 - 9	8	8	8	0	
10 - 12	6	3	6	0	
13 - 15	1	0	1	0	
16 - 18	1	1	1	0	
19 - 20	0	0	0	0	

Total	24	19	24	0
<i>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</i>				
				T3.26.4

Performance has been cascaded to employees from Task Grade twelve (12) and above and reviews are co-ordinated by each Head of Department then submitted to IDP/PMS office within three (3) working days of the next month after the end of each quarter. It has not yet been cascaded to employees below task grade 12. All targets have been met except for two targets that the department has to put emphasis on.

3.14 INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) SERVICES

Introduction to information and communication technology (ICT) services

The Information and Communication Technology (ICT) Services unit plays a critical role in supporting the organization's operational effectiveness, digital transformation, and service delivery capabilities. Over the past year, ICT has continued to align its strategic priorities with the broader institutional objectives, focusing on enhancing system reliability, improving user support services, and advancing digital infrastructure and automation of some of the functions of the municipality.

Key priorities during the year included:

- Strengthening cybersecurity and data protection measures
- Expanding and modernizing network infrastructure
- Enhancing remote working capabilities and collaboration tools
- Streamlining IT service management through automation.
- Strengthening ICT infrastructure to support core municipal services
- Improving staff access to reliable internet and digital tools
- Enhancing cybersecurity and data backup measures
- Reducing system downtime and improving response times for support
- Installation of Wi-Fi nodes across the ALM buildings.

ICT Human Resources

ICT Team includes:

- 2 permanent ICT staff
- 2 ICT interns (joined September 2024 & May 2025)

Infrastructure & Operations:

All municipal buildings are connected via ALM's internal network.

Internet access and **VoIP**, and soft phones are available across the sites.

ISP appointed to improve internet connectivity; **Wi-Fi hotspots installed** at all sites.

Data Management & Continuity

- Disaster Recovery Plan is approved.
- Data backup software is deployed and supports remote backups, reliant on optimal LAN performance.
- Emails migrated to **Microsoft 365** and are fully functional, hosted at an East London data centre.

Significant progress was made in these areas, with notable impact including improved system uptime, faster resolution of support tickets through the online ticketing system that we introduced as an ICT unit, and enhanced user experience across platforms and remote working tools to be able to assist end-users across the scattered municipal buildings timeously. Additionally, the implementation of cloud-based services and upgrades to core infrastructure resulted in greater scalability and cost-efficiency, and fast internet speed through the appointment of the new ISP for the municipality.

To improve performance, ICT introduced new monitoring tools and enhanced ICT staff training in line with evolving technologies through Khan Academy in cybersecurity. These efforts contributed to a measurable increase in system availability and end-user satisfaction. Furthermore, the consolidation of legacy systems and migration to more efficient platforms resulted in substantial operational savings and reduced technical challenges and delays.

In summary, ICT Services has made considerable strides in driving innovation, improving resilience, and delivering value-added support across the municipality. The foundations laid this year will continue to support future initiatives and digital transformation goals.

SERVICE STATISTICS FOR ICT SERVICES

The current manual service incident ticket system is designed to ensure that calls logged by employees are properly tracked and resolved successfully without hindering the business function of the municipality.

The following are the key areas that logged calls were about:

TYPE	NATURE	NO
Request Capture	All request from officials is captured and verified in web-based helpdesk(Spiceworks helpdesk).	78
Request Ticket	Tickets were opened to track the customer name, employee(s)email and incident description.	78
Problem Resolution	IT Technicians attempt to resolve all problems and request supported systems and applications. If the problem remains unresolved it is escalated to the next level of support.	0
Incidents Closure	All incidents are closed when resolution has been offered to the respective employees(s), however a resolution report process is not completed by the unit yet.	0
Customer Satisfaction	Surveys have not been established yet to determine the level of customer satisfaction.	0

- Improved response time: Average ticket resolution time decreased significantly due to a new internal helpdesk system and improved issue tracking.
- Reduced outages: Fewer infrastructure outages were recorded due to proactive maintenance and the replacement of outdated equipment.

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- Growth in digital systems: Two new systems were introduced to automate internal processes and support service delivery.

Employees: ICT Services					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3				0	0%
4 - 6				0	0%
7 - 9				0	0%
10 - 12	1	1	1	1	100%
13 - 15					0%
16 - 18	1	1	1	1	100%
19 - 20	0	0	0	0	0%
Total	2		2		100%
<p>Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.</p> <p style="text-align: center;">T3.27.4</p>					

3.15 LEGAL& RISK MANAGEMENT

Employees: Property; Legal; Risk Management;					
Job Level	Year -1	Year 0			
	Employees	Posts	Employees	Vacancies (fulltime equivalents)	Vacancies (as a % of total posts)
	No.	No.	No.	No.	%
0 - 3	0	0	0	0	0%
4 - 6	0	0	0	0	0%
7 - 9	1	3	0	2	33%
10 - 12	0	1	0	1	0%
13 - 15	0	0	0	0	0%
16 - 18	0	2	1	0	0%
19 - 20	0	0	0	0	0%
Total	1	6	1	3	17%

*Totals should equate to those included in the Chapter 4 total employee schedule. Employees and Posts numbers are as at 30 June. *Posts must be established and funded in the approved budget or adjustments budget. Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 250 to give the number of posts equivalent to the accumulated days.* T 3.28.4

INTRODUCTION TO LEGAL & RISK MANAGEMENT

The department performed better on its strategic and operational risk management and thus falling above the performance bar of 80%. Both in-year monitoring reports and the annual report show that the department generally fell above 80%. The department further worked on the legal matters in the municipality. A report on legal matters was produced on each quarter and submitted for the standing committee to consider. A challenge with this was only experienced in the second quarter when the responsible employee fell sick and was unable to prepare and submit the report as required. A litigation register is also prepared for the monitoring of the litigations and provision of an opinion to council.

COMPONENT F:

3.16 SPORT AND RECREATION

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

The component falls under the Parks and Gardens Section. No personnel are dedicated to the function. The Municipality has 16 public amenities inclusive of the recreational centre spread out in all clusters although some of these are in poor state due to not being maintained and as such buildings are exposed to vandalism and burglaries. The Municipality however does make effort to maintain these through a combination of in-house repair work by the handyman and outsourced maintenance through contractors. There are sports field in all wards for rugby and soccer being mended by the municipality and these being used for various tournaments especially during Easter season.

There is also a state-of-the-art sport field at Mlungisi location being constructed in phases towards being completed

COMPONENT K: ORGANISATIONAL PERFORMANCE SCORECARD

a) INSTITUTIONAL PERFORMANCE MANAGEMENT PROCESS OVERVIEW

In the 2024/2025 financial year, attempts were made to ensure that the municipality complies with legislation concerning the development, operation and maintenance of a performance management system that is commensurate to the institutional service delivery objectives enshrined in the IDP. The municipality has continued to maintain the effective operation of the following mechanisms:

- The 2022-2027 IDP included strategic objectives, strategies, and key performance indicators (KPIs) as required by the Municipal Systems Act, 32 of 2000;
- The 2024/2025 budget for implementation of the IDP was approved within the prescribed timelines prescribed in the Municipal Finance Management Act, 56 of 2003;
- After approval of the budget, the SDBIP was developed to integrate the IDP and the budget and to ensure effective implementation of the institutional strategies. The development of the SDBIP was informed by below

planning and reporting cycle in the quest to create a balance between integrated planning, reporting and accountability.

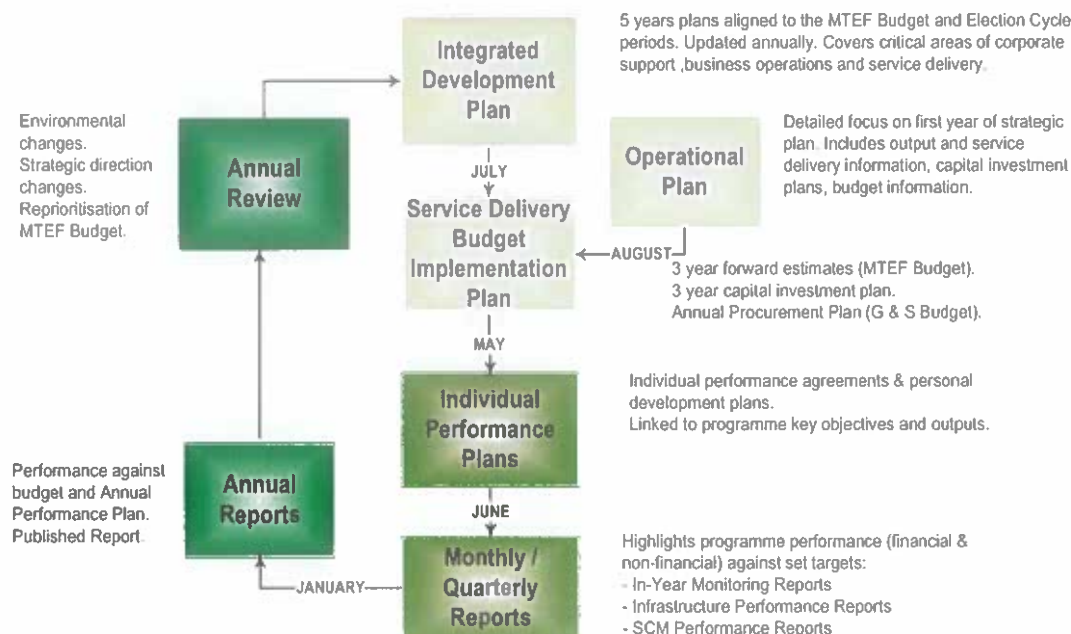


Figure 2: Planning & Reporting Cycle

- Adoption of the 2024/2025 Organizational Performance Management System and score card for monitoring and review of performance;
- Performance agreements with performance plans were developed, signed and approved by the Honorable Mayor as required by the Municipal Performance Regulations, 2006;
- Quarterly performance reports with supporting evidence were prepared by managers directly reporting to the Municipal Manager (MM); and
- Quarterly performance reports were objectively and independently audited by the Internal Audit unit to verify and to confirm performance information as reflected in the reports.

b) CHALLENGES FACED BY THE MUNICIPALITY

The following challenges were encountered in the period under review:

- Slow revenue collection
- Lack of Office Space and tools of trade
- Lack of construction plant.

c) **3.1 STRATEGY TO OVERCOME THE CHALLENGES AND AREAS OF UNDERPERFORMANCE**

- Construction or renovation of municipal offices
- Development of strategies to address high employee cost i.e. grading all job descriptions for both existing and vacant positions etc.
- Allocate budget for purchase of construction plant.

d) **CHANGES TO PLANNED TARGETS**

Section 72 (1)(a)(ii) of the MFMA states that an accounting officer of a municipality, must by 25 January of each year assess the municipality's service delivery performance during the first half of the financial year, and the service delivery targets, and performance indicators set in the SDBIP.

In preparation for the mid-year review of performance, management prepared quarterly reports, measured and analysed performance of the first six months of 2024/25. During the review management reviewed performance for the first and second quarter and also anticipated the last six months of the 2024/25 financial year incognisance of the feasibility to implement certain programmes based on priority and budget availability.

This process culminated to a **mid-year performance report** which highlighted achievements, non-achievements with reasons for non-achievement and corrective measures. The process also emerged with targets having to be amended going into the last six months of the financial year and about 16 targets be added from the strategic SDBIP as the municipality received additional grants i.e. Disaster Grant and Small-Town Regeneration Grant, 1 target removed to financial constraints and 4 targets were adjusted all these amendments were duly approved by all requisite authorities including Council. The table below depicts the changes made on 2024/25 SDBIP financial year as alluded above. Some targets were revised and 1 was removed due to financial constraints.

e) **3.6 PROGRESS REPORT AUDITOR GENERAL'S FINDINGS: PREDETERMINED OBJECTIVES**

Refer to attached AG Action Plan in Chapter 6

f) 3.7 FINANCIAL PERFORMANCE INFORMATION - CAPITAL EXPENDITURE 2024/25

Account Description	Funding	Original Budget	2nd Adjustment	YTD Exp (Excl. Vat)
Amabele Roads	Disaster Grant	-	1 868 167,00	1 594 559,53
Bridge between Rhawini and Bongweni	Disaster Grant	-	811 570,00	664 509,84
Kubusie Roads	Disaster Grant	-	2 853 741,00	2 567 678,05
Mandlakapheli Village roads	Disaster Grant	-	2 742 092,00	2 296 549,84
Mlungisi township roads	Disaster Grant	-	2 549 863,00	1 883 670,60
Sutterheim - Landfill Site Road	Disaster Grant	-	935 513,00	1 364 673,71
Upper & Lower Ngqumeya	Disaster Grant	-	2 471 253,00	2 017 960,00
Toise Road and Storm water Project	Disaster Grant	19 145 000,00	-	-
Regraveling Cenyu Village Internal Roads	Disaster Grant	-	3 500 000,00	3 043 283,44
Regraveling Goshen Internal Roads	Disaster Grant	-	2 970 000,00	2 896 260,78
Regraveling Emagcumeni Village	Disaster Grant	-	1 450 000,00	1 256 262,83
Regraveling Pumlani Village	Disaster Grant	-	4 000 000,00	3 466 215,19
Regraveling Ethembeni Village	Disaster Grant	-	3 200 000,00	2 782 077,67
Regraveling Road to Sophumelele	Disaster Grant	-	3 500 000,00	3 039 592,21
Regraveling Kubusie gravel road from area 5 to Mahanjane	Disaster Grant	-	525 000,00	-
KKH recreation Centre	MIG Grant	4 600 000,00	5 243 091,04	4 772 497,89
Mbaxa Community Hall	MIG Grant	2 300 000,00	2 473 854,42	2 698 561,33
Mlungisi Sportfield	MIG Grant	5 400 000,00	5 400 000,00	4 407 684,33
Paving of Xholorha Internal Roads	MIG Grant	13 232 850,00	13 850 000,00	12 158 741,85
Phumlani Community Hall	MIG Grant	2 000 000,00	183 054,54	159 177,86
Municipal Offices	MIG Grant	8 000 000,00	8 382 850,00	7 033 489,33
STR KKH Roads	OTP	-	1 500 000,00	-
STR KKH Electricity	OTP		500 000,00	102 240,00
STR Sutterheim Electricity	OTP		1 000 000,00	1 865 659,90
STR Sutterheim Roads	OTP		1 000 000,00	818 817,33
Upgrade Cathcart Substation	INEP Grant	1 860 000,00	1 860 000,00	1 618 260,87

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Account Description	Funding	Original Budget	2nd Adjustment	YTD Exp (Excl. Vat)
HV Substation	EEDSM Grant	3 000 000,00	2 850 000,00	2 454 662,50
Vehicles (Cherry Picker)	Own Funding	700 000,00	1 400 000,00	1 198 032,32
Furniture and Office Equipment	Own Funding	950 000,00	950 000,00	976 910,00
Vehicles	Own Funding	400 000,00	650 000,00	613 610,18
Machinery and Equipment	Own Funding	560 000,00	560 000,00	431 589,84
Vehicles (Traffic)	Own Funding	-	600 000,00	637 351,65
Computer Equipment	Own Funding	-	178 000,00	332 421,62
Waste Trucks	Own Funding	-	1 416 500,00	1 434 421,14
Landfill Site	Waste Grant	-	1 471 802,00	430 386,00
		62 147 850,00	84 846 351,00	73 017 809,63

g) **3.8 PERFORMANCE OF SERVICE PROVIDERS FOR THE YEAR ENDING 30 JUNE 2025**

Project Managers were requested to rate the performance of the Service Providers appointed by Council on the various projects. Service Providers and Contractors are rated in terms of the following:

- **Below Standard** - The Contractor/Service Provider did not meet the basic requirements as spelt out in the tender or contract. This may result in the contract being cancelled and/or the retention fee being withheld from the contractor. The Contractor may be asked to rectify the problem, or the contract may be cancelled, and another Contractor/Service Provider may be appointed to complete the contract/ project.
- **Acceptable** - The Contractor/Service Provider completed the project and met the basic requirements of the tender/contract. The standard of work was good enough, passable or adequate in terms of the requirements by the ALM.
- **Excellent** - The Contractor/Service Provider has completed the work up to the expected standard required. The requirements of the tender were achieved to the expectation of the municipality. There is a high quality of work and outstanding results were achieved.

Below is the performance rating of the municipality's service providers:

No	Bid No	Name of Service Provider	Project Name	Rating	Comment
1	SCM/32/2019-20	C-Track Mzansi	Extension of appointment-Provision of Fleet Management, Vehicle Monitoring & Tracking System For a Period of 3 years	Acceptable	Project is proceeding well
2	ALM/SCM/3-4/2020-21	Revco	Provision of debt collection Services	Acceptable	Project is proceeding well
3	SCM/11/2019-20	First Rand Bank Limited	Banking Services	Acceptable	Project is proceeding well
4	ALM/SCM/01/2021-22	Taleni Godi Kupiso inc	Provision of Legal Services for a period of three (03) years	Acceptable	Project is proceeding well

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No	Bid No	Name of Service Provider	Project Name	Rating	Comment
5	ALM/SCM/01/2021-22	Mabece Tilane Inc	Provision of Legal Services for a period of three (03) years	Acceptable	Project is proceeding well
6	ALM/SCM/01/2021-22	Magqabi Seth Zitha Inc	Provision of Legal Services for a period of three (03) years	Acceptable	Project is proceeding well
7	ALM/SCM/16/2021-22	Xerox Eastern Cape	Extension of appointment:Leasing of photocopying machines	Acceptable	Project is proceeding well
8	ALM/SCM/17/2021-22	Black Mountain Consulting Engineers	Provision of professional Civil Engineering Services for a period of 36 months	Acceptable	Contract has expired, consultant is finishing the projects it was undertaking
9	ALM/SCM/17/2021-22	Beecon Holdings (Pty) Ltd	Provision of professional Civil Engineering Services for a period of 36 months	Acceptable	Contract has expired, consultant is finishing the projects it was undertaking
10	ALM/SCM/17/2021-22	Kukho Consulting Engineers	Provision of professional Civil Engineering Services for a period of 36 months	Acceptable	Contract has expired, consultant is finishing the projects it was undertaking
11	ALM/SCM/08/2022-23	Magidi revenue protection	Supply & Delivery of Electrical Metres for 36 months	Acceptable	Project is proceeding well
12	ALM/SCM/27/2022-23	Lateral Unison Insurance Brokers	Provision of Insurance service for Municipal Assets for a period of 3 years	Excellent	Project is proceeding well
13	ALM/SCM/28/2022-23	Vitsha Trading	Construction of Keiskammahoek Multi-Recreational Centre	Acceptable	Project is proceeding well
14	ALM/SCM/30/2022-23	Utilities World (Pty) Ltd	Provision of prepaid vending solution for a period of three (03) years	Acceptable	Project is proceeding well
15	ALM/SCM/33/2022-23	Metro Computer Services (Pty) Ltd	Supply, Delivery & Installation of Laptops	Acceptable	Project is proceeding well
16	ALM/SCM/36/2022-23	CCG Systems (Pty) Ltd	Provision of Maintenance, Support, Licensing & upgrade of sage evolution financial system for a period of 3 years	Acceptable	Project is proceeding well

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No	Bid No	Name of Service Provider	Project Name	Rating	Comment
17	ALM/SCM/47/2022-23	Black Mountain Consulting Engineers	Panel of three professional Electrical Engineering Services for a period of three years	Acceptable	Project is proceeding well
18	ALM/SCM/47/2022-23	Bigen Africa Services (Pty) Ltd	Panel of three professional Electrical Engineering Services for a period of three years	Acceptable	Project is proceeding well
19	ALM/SCM/47/2022-23	ASCA Consulting t/a Vokon Afrika Consulting	Panel of three professional Electrical Engineering Services for a period of three years	Acceptable	No projects were assigned to them in the last three quarters
20	ALM/SCM/35/2022-23	Riley Auctions Africa t/a Riley Auctioneers	Provision of Auctioneering Services for the Disposal of ALM sites	Acceptable	Project is proceeding well
21	ALM/SCM/49/2022-23	Mikuwo Construction	Panel of three Service Providers for Cherry Picker and Crane Truck hire for three (03) years	Acceptable	Project is proceeding well
22	ALM/SCM/04/2023-24	Jemic Motors cc	Panel of three Service providers for provision of fleet maintenance services for a period of three (03) years	Acceptable	No projects were assigned to them during this quarter
23	ALM/SCM/05/2021-22	Mikuwo Construction	Panel of three service providers for a plant hire for a 36-month period for Amahlathi Local Municipality	Acceptable	Project is proceeding well
24	ALM/SCM/05/2021-22	Lunika Investments (Pty) Ltd	Panel of three service providers for a plant hire for a 36 month period for Amahlathi Local Municipality	Acceptable	No projects were assigned to them during this quarter
25	ALM/SCM/05/2021-22	Express Builders cc	Panel of three service providers for a plant hire for a 36-month period for Amahlathi Local Municipality	Acceptable	Project is proceeding well
26	ALM/SCM/05/2021-22	A 2 A Kopano Incorporated	Update & Maintenance of GRAP-Compliant fixed Asset Register	Acceptable	Project is proceeding well
27	ALM/SCM/47/2023-24	XL Aloe Travel	Panel of Service providers for the provision of Travelling Agency Services for a period of three (03) years	Acceptable	Project is proceeding well
28	ALM/SCM/47/2023-24	City of Choice Travel	Panel of Service providers for the provision of Travelling Agency Services for a period of three (03) years	Acceptable	Project is proceeding well

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No	Bid No	Name of Service Provider	Project Name	Rating	Comment
29	ALM/SCM/25/2023-24	Civ-Con Projects	Panel of five contractors for the construction of unpaved roads & Associated storm-water structures for a period of one year	Acceptable	Project is proceeding well
30	ALM/SCM/25/2023-24	MVJ Construction	Panel of five contractors for the construction of unpaved roads & Associated storm-water structures for a period of one year	Acceptable	Project is proceeding well
31	ALM/SCM/03/2023-24	Lunika Investments	Construction of Xholotha Internal Roads	Acceptable	Project is proceeding well
32	ALM/SCM/42/2023-24	Abantu Environmental Consulting	Waste Management license application for the closure & Rehabilitation of Cathcart Landfill site	Acceptable	Project is proceeding well
33	RT15-2021	Mobile Telephone Networks (Pty) Ltd (MTN)	Provision of voice over internet protocol (VOIP) soft calling/cloud hosted PBX system services for ALM for a period of 24 months	Acceptable	Project is proceeding well
34	ALM/SCM/46/2023-24	Penny Lindstrom Valuations cc	Compilation of valuation roll & Supplementary valuation roll for a period 2025-2030	Acceptable	Project is proceeding well
35	ALM/SCM/05/2024-25	Sizisa Ukhanyo Trading 184 cc	Installation of Burglars, Tinting of windows, and Installation of Air-conditions to Mzwandile Fanti Recreational Centre	Below standard	Project has been terminated
36	ALM/SCM/03/2024-25	Hello, World Systems,	Website Hosting, upgrade and the Maintenance of the ALM website for a 12-month period	Acceptable	Project is proceeding well
37	ALM/SCM/44/2023-24	ZKS and Nam General Trading	Construction of Mlungisi Sports field phase 3	Acceptable	Project is proceeding well
38	ALM/SCM/45/2023-24	Abram Mashego Construction & Maintenance Works jv PJA General Trading	Construction of Amahlathi Municipal Offices	Acceptable	Project is proceeding well
39	ALM/SCM/22/2023-24	Guqaa (Pty) Ltd	Fencing of Stutterheim Landfill site & Refurbishment of Recycling Facility	Acceptable	Project is proceeding well
40	ALM/SCM/25/2023-24	Civ-Con Projects	Construction of Roads and Stormwater Structures at Cenyalands Village Road	Acceptable	Project is proceeding well

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No	Bid No	Name of Service Provider	Project Name	Rating	Comment
41	ALM/SCM/25/2023-24	MVI Construction	Construction of unpaved roads and associated storm-water structures for Phumani Village, Bumbane & Kom Internal Road in Keiskammahoek (Ward 2)	Acceptable	Project is proceeding well
42	ALM/SCM/11/2024-25	Leko Engineering Consultants	Provision of professional Civil engineering Services for the design and construction supervision on the Construction of Keiskammahoek roads under the small-town revitalization programme	Acceptable	Project is proceeding well
43	ALM/SCM/12/2024-25	Leko Engineering Consultants	Provision of professional Civil engineering Services for the design and construction supervision on the Construction of Stutterheim roads under the small-town revitalization programme	Acceptable	Project is proceeding well
44	ALM/SCM/06/2024-25	Yande Engineering & Projects	Provision of professional electrical engineering services for the design and construction supervision of the streetlights and high mast lights in keiskammahoek under the small-town revitalization programme	Acceptable	Project is proceeding well
45	ALM/SCM/23/2024-25	Qamis Trading Enterprise cc	Supply and Delivery of Traffic uniform for 2024-25 financial year.	Acceptable	Project is proceeding well
46	ALM/SCM/07/2024-25	SNR Electrical cc	Appointment of Electrical service provider for energy efficiency and demand side management	Acceptable	Project is proceeding well
47	ALM/SCM/01/2024-25	CAB Holdings (Pty) Ltd	Provision of Customer Accounts printing & Distribution Services for a period of 3 years	Acceptable	Project is proceeding well
48	ALM/SCM/18/2024-25	Vuxaka Consulting Engineers	Provision of professional services for the construction of Ngqeqe Roads and Storm-water structures	Acceptable	Project is proceeding well
49	ALM/SCM/16/2024-25	Vuxaka Consulting Engineers	Provision of professional services for the construction of Izidenge Roads and Storm-water structures	Acceptable	Project is proceeding well

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No	Bid No	Name of Service Provider	Project Name	Rating	Comment
50	ALM/SCM/19/2024-25	Kufanikiwa Consulting Engineers (Pty) Ltd	Provision of professional civil Engineering Services for the Construction of Phumlani Community Hall	Acceptable	Project is proceeding well
51	ALM/SCM/28/2024-25	Dabini Hiring Services	Hiring & Servicing of Mobile Toilets for a period of 4 months	Acceptable	Project is proceeding well
52	ALM/SCM/40/2024-25	A&C Cosmic Solutions	Renewal of Cibecs endpoint data protection licences by a cibecs partner for Amahlathi Local Municipality for a twelve-month period	Acceptable	Service provider recently appointed
53	ALM/SCM/29/2024-25	Nkiseng Solutions (Pty) Ltd	Supply and Delivery of pruning equipment for Community Services	Acceptable	Service provider recently appointed

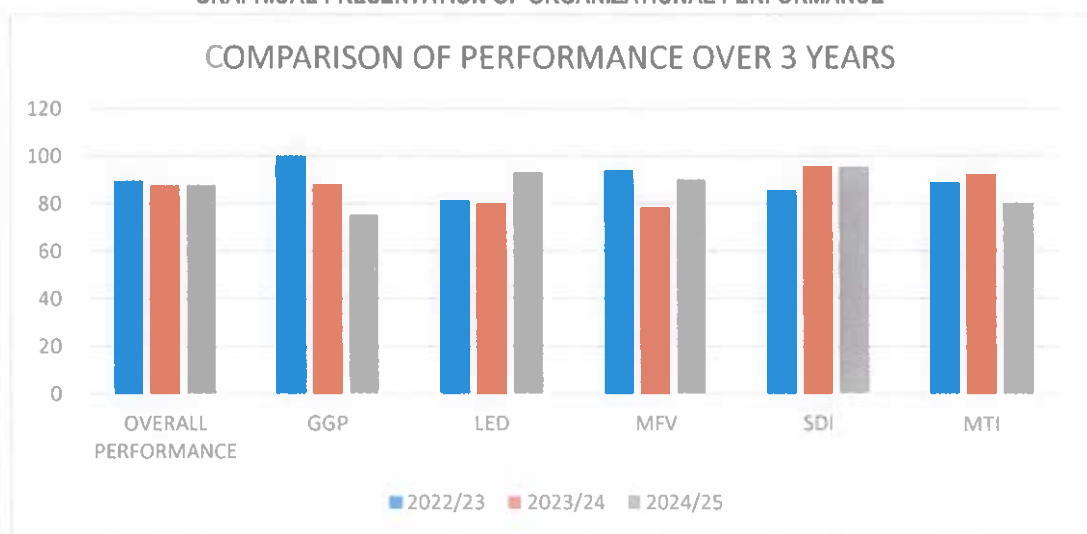
h) INSTITUTIONAL PERFORMANCE

INSTITUTIONAL PERFORMANCE						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	APR 2024/25
SDI	44	0	44	42	2	95,45
MFV	10	0	10	9	1	90,00
GGP	24	0	24	18	6	75,00
LED	14	0	14	13	1	92,86
MTI	15	0	15	12	3	80,00
Overall Performance	107	0	107	94	13	87,85

COMPARISONS OF PERFORMANCE OVER 3 FINANCIAL YEARS

KEY PERFORMANCE AREA	2022/23	2023/24	2024/25
GOOD GOVERNANCE AND PUBLIC PARTICIPATION	100%	88.24%	75,00
LOCAL ECONOMIC DEVELOPMENT	81.25%	80.00%	92,86
MUNICIPAL FINANCIAL VIABILITY	93.75%	78.57%	90,00
SERVICE DELIVERY AND INSTITUTIONAL DEVELOPMENT	85.71%	95.65%	95,45
MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT	88.89%	92.31%	80,00
OVERALL PERFORMANCE	89.69%	87.80%	87,85

GRAPHICAL PRESENTATION OF ORGANIZATIONAL PERFORMANCE



DEPARTMENTAL PERFORMANCE

The percentages depicted on the table below are only calculated according to the targets met and does not quantify any allocation of performance bonuses. The Core Competency Requirements (CCR's) are not included as the municipality is reflecting departmental performance based on service delivery only.

ENGINEERING SERVICES						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	APR 2024/25
SDI	33	0	33	31	2	93,94
MFV	1	0	1	1	0	100,00
GGP	2	0	2	1	1	50,00
LED	2	0	2	2	0	100,00
MTI	1	0	1	0	1	0,00
Overall Performance	39	0	39	35	4	89,74

COMMUNITY SERVICES						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	APR 2024/25
SDI	8	0	8	8	0	100,00
MFV	1	0	1	1	0	100,00
GGP	2	0	2	2	0	100,00
LED	1	0	1	1	0	100,00
Overall Performance	12	0	12	12	0	100,00

BUDGET AND TREASURY						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	APR 2024/25
MFV	7	0	7	6	1	85,71
GGP	4	0	4	4	0	100,00
LED	1	0	1	1	0	100,00
Overall Performance	12	0	12	11	1	91,67

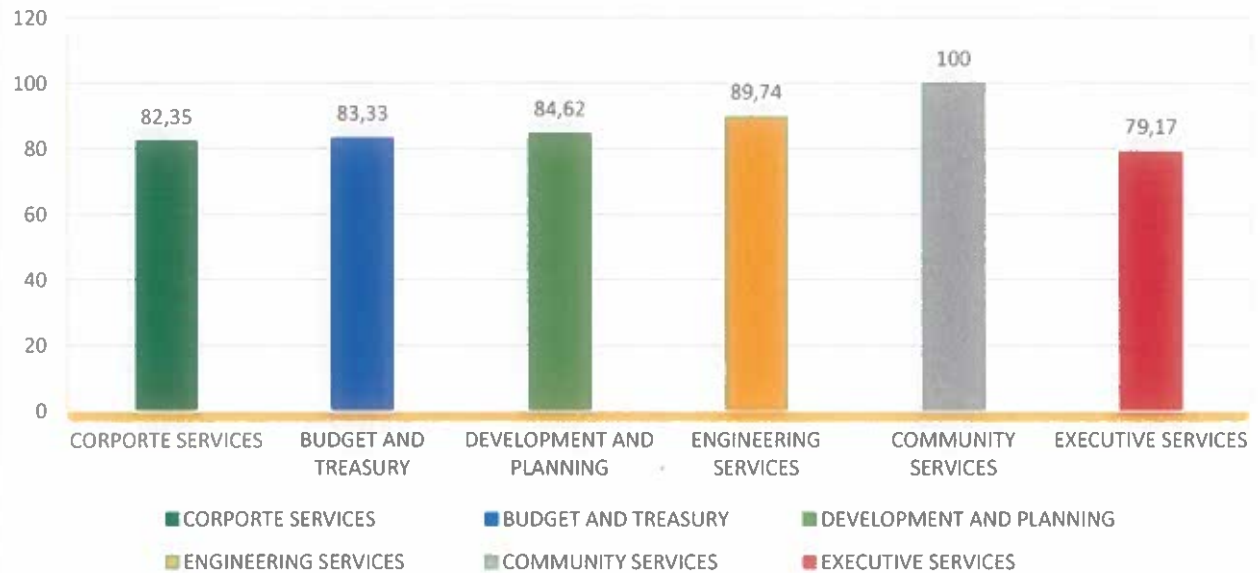
CORPORATE SERVICES						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	APR 2024/25
GGP	5	0	5	4	1	80,00
MTI	12	0	12	10	2	83,33
Overall Performance	17	0	17	14	3	82,35

EXECUTIVE SERVICES						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	APR 2024/25
SDI	1	0	1	1	0	100,00
MFV	1	0	1	1	0	100,00
GGP	19	0	19	14	5	73,68
LED	1	0	1	1	0	100,00
MTI	2	0	2	2	0	100,00
Overall Performance	24	0	24	19	5	79,17

PLANNING AND DEVELOPMENT						
KPA	Total targets	N/A Targets	Targets for the period	Met	Not Met	APR 2024/25
SDI	2	0	2	2	0	100,00
LED	9	0	9	8	1	88,89
GGP	2	0	2	1	1	50,00
Overall Performance	13	0	13	11	2	84,62

Graphical Presentation

2024/25 ANNUAL PERFORMANCE



In 2024/25 financial year the performance of Amahlathi Local Municipality reflects a performance rate of 87.85%. Financial Constraints, slow progress on appointed contractor, under collection were amongst challenges which could have led to more improvement on institutional performance. The departments should also ensure that the information provided is reviewed by the head of departments to ensure credibility and accuracy. In terms of departmental performance, Community Services have been consistently maintaining 100% achievement of its set targets, great improvement has been observed on Budget and Treasury Office and Development and Planning Departments. Decline in performance of Executive Services of about 1% and Corporate Services about 11.77%. A total of 13 targets have not been achieved by the municipality with only two service delivery (paving of Xhologha Internal Roads, Installation of smart meters which had to be stopped due to the smart meter grant received

3.17 DETAILED 2024/25 PERFORMANCE RESULTS PRESENTED PER KEY PERFORMANCE AREA (KPA)

11.1 KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT (SDI (Weight 40)

Outcome Response	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
Output 2: Improving access to Basic Services	"To ensure provision of a sustainable road network and public infrastructure within Amahlathi LM by 2027."	Maintenance and upgrading of the Municipal Road Network Servicing the Amahlathi Local Municipal Area.	% progress achieved on the surfacing (paving) of Xholorha Main Road	100% progress achieved on the paving of 2,3km at Xhologha Township	Target met 1 tender document for Xhologha internal roads compiled and submitted to SCM	Target not met 95% progress achieved on the paving of 2.3 kilometers at Xhologha Township. Variance report is written KPI 3 Please amend the report.	Unforeseen additional scope of work to cater for storm water drainage. Variation order was submitted and approved for additional storm water pipes to accommodate the increased storm water run-off. 100% progress on construction of Xhologha road will be in first quarter of 2025/26.	Director: Engineering Services	1.1.1
			% progress achieved on the rehabilitation of Mandlakapheli Village Road.	100% progress achieved on the rehabilitation of 3.9km of	New target – Disaster grant		N/A	Director: Engineering Services	1.1.2

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
				Mandlakapheli Village Road.		100% progress achieved on the rehabilitation of 2.1km Langdraai Village Road.			
			% progress achieved on the rehabilitation of Langdraai Village Road.	100% progress achieved on the rehabilitation of 2.1km Langdraai Village Road.	New target – Disaster grant	100% progress achieved on the rehabilitation of 2.1km Langdraai Village Road.	N/A	Director: Engineering Services	1.1.3
			% progress achieved on the rehabilitation of Sutterheim Landfill Site Road	100% progress achieved on the rehabilitation of 2km road culvert reconstruction of Sutterheim landfill site road	New target – Disaster grant	100% progress achieved on the rehabilitation of 2km road culvert reconstruction of Sutterheim landfill site road	N/A	Director: Engineering Services	1.1.4
			% progress achieved on the rehabilitation of Upper to Lower Ngqumeya road in Keiskammahoek	100% progress achieved on the rehabilitation of 3.6km Upper to Lower Ngqumeya road in Keiskammahoek	New target – Disaster grant	100% progress achieved on the rehabilitation of 3.6km Upper to Lower Ngqumeya road in Keiskammahoek	N/A	Director: Engineering Services	1.1.5

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Outcome 9: Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
						Targeted for rehabilitation of 100% of the roads in the district.			
			% progress on the rehabilitation of Tshoxa road in Keiskammahoek	100% progress achieved on the rehabilitation of 2.4km of Tshoxa road in Keiskammahoek	New target – Disaster grant	Targeted for rehabilitation of 100% of the roads in the district.	N/A	Director: Engineering Services	1.1.6
			% progress achieved on the rehabilitation of Kubusie road in Stutterheim	100% progress achieved on the rehabilitation of 7km of Area 5 to Mahanjane in Kubusie in Stutterheim	New target – Disaster grant	Targeted for rehabilitation of 100% of the roads in the district.	N/A	Director: Engineering Services	1.1.7
			% progress achieved on the rehabilitation of Mahanjane to Ohlson farm road in Stutterheim	100% progress achieved on the rehabilitation of 3km of Ohlson farm road in Stutterheim	New target – Disaster grant	Targeted for rehabilitation of 100% of the roads in the district.	N/A	Director: Engineering Services	1.1.8

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			% progress on the reconstruction of Bridge between Rhawini and Bongweni	100% progress on the construction of Bridge between Rhawini and Bongweni	New target – Disaster grant	Target – 100% progress on the construction of Bridge between Rhawini and Bongweni	N/A	Director: Engineering Services	1.1.9
				100% progress achieved on the rehabilitation of 1km of Amabele Road in Stutterheim	New target – Disaster grant	Target – 100% progress achieved on the rehabilitation of 1km of Amabele Road in Stutterheim	N/A	Director: Engineering Services	1.1.10
			% progress on the rehabilitation of Stanhope to Jerseyvale Road in Stutterheim	100% progress achieved on the rehabilitation of 2km of Stanhope to Jerseyvale Road in Stutterheim	New target – Disaster grant	Target – 100% progress achieved on the rehabilitation of 2km of Stanhope to Jerseyvale Road in Stutterheim	N/A	Director: Engineering Services	1.1.11

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			% progress achieved on the rehabilitation of Gasela Road in Stutterheim	100% progress achieved on the rehabilitation of 1km of Gasela Road in Stutterheim	New target – Disaster grant	Target not achieved on the rehabilitation of 1km of Gasela Road in Stutterheim	N/A	Director: Engineering Services	1.1.12
			% progress on the rehabilitation of township roads in Stutterheim	100% progress achieved on the rehabilitation of 3.6km of township roads in Stutterheim	New target – Disaster grant	Target not achieved on the rehabilitation of 3.6km of township roads in Stutterheim	N/A	Director: Engineering Services	1.1.13
			% progress achieved on the rehabilitation of village roads in Stutterheim	100% progress achieved on the rehabilitation of 7.7km of village roads in Stutterheim	New target – Disaster grant	Target not achieved on the rehabilitation of 7.7km of village roads in Stutterheim	N/A	Director: Engineering Services	1.1.14
			% progress achieved on the rehabilitation of Emagcumeni Road in ward 10	100% progress achieved on the rehabilitation of 750m of Emagcumeni Road in ward 10	New target – Disaster grant	Target not achieved on the rehabilitation of 750m of Emagcumeni Road in ward 10	N/A	Director: Engineering Services	1.1.15

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
				Road in ward 10		100% progress achieved on the rehabilitation of 3,98km Road between Peer to Nxawe & Matsa in Ethembeni (ward 7)			
			% progress achieved on the rehabilitation of Road between Peer to Nxawe & Matsa in Ethembeni (ward 7)	100% progress achieved on the rehabilitation of 3,98km Road between Peer to Nxawe & Matsa in Ethembeni (ward 7)	New target – Disaster grant	100% progress achieved on the rehabilitation of 3,98km Road between Peer to Nxawe & Matsa in Ethembeni (ward 7)	N/A	Director: Engineering Services	1.1.16
			% progress achieved on the rehabilitation of Goshen Road in Cathcart	100% progress achieved on the rehabilitation of 2km Goshen Road in Cathcart	New target – Disaster grant	100% progress achieved on the rehabilitation of 2km Goshen Road in Cathcart	N/A	Director: Engineering Services	1.1.17
			% progress achieved on the rehabilitation of Sophumelela Roads in Keiskammahoek	100% progress achieved on the rehabilitation of 2km roads of Sophumelela Roads in Keiskammahoek	New target – Disaster grant	100% progress achieved on the rehabilitation of 2km roads of Sophumelela Roads in Keiskammahoek	N/A	Director: Engineering Services	1.1.18

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Outcome 9: Respon sive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodia n	KPI NO
			% progress achieved on the rehabilitation of Ngxondorheni village Roads in Keiskammahoek	100% progress achieved on the rehabilitation of 1.5km Ngxondorheni village Roads in Keiskammahoek	New target -- Disaster grant	Target -- 100% progress achieved on the rehabilitation of 1.5km Ngxondorheni village Roads in Keiskammahoek	N/A	Director: Engineeri ng Services	1.1.19
			% progress achieved on the rehabilitation of Phumulani village Roads in Keiskammahoek	100% progress achieved on the rehabilitation of 1.5km Phumulani village Roads in Keiskammahoek	New target -- Disaster grant	Target -- 100% progress achieved on the rehabilitation of 1.5km Phumulani village Roads in Keiskammahoek	N/A	Director: Engineeri ng Services	1.1.20
			% progress achieved on the rehabilitation of Bumbani village Roads in Keiskammahoek	100% progress achieved on the rehabilitation of 1.5km Bumbani village Roads in Keiskammahoek	New target -- Disaster grant	Target -- 100% progress achieved on the rehabilitation of 1.5km Bumbani village Roads in Keiskammahoek	N/A	Director: Engineeri ng Services	1.1.21

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Outcome 9: Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			% progress achieved on the rehabilitation of Kom Roads in Keiskammahoek	100% progress achieved on the rehabilitation of 1km Kom village Roads in Keiskammahoek	New target – Disaster grant	Target not achieved in 2023/24. The rehabilitation of Kom Roads in Keiskammahoek is ongoing.	N/A	Director: Engineering Services	1.1.22
			% progress on pre-engineering work on the rehabilitation of Stutterheim Roads under the STR grant	100% progress achieved on the pre-engineering work on the rehabilitation of Stutterheim Roads under the STR grant	New target on Small town regeneration grant	Target not achieved in 2023/24. The pre-engineering work on the rehabilitation of Stutterheim Roads under the STR grant is ongoing.	N/A	Director: Engineering Services	1.1.23
			% progress on pre-engineering work on the rehabilitation of Keiskammahoek Roads under the STR grant	100% progress achieved on the pre-engineering work on the rehabilitation of Keiskammahoek Roads under the STR grant	New target on Small town regeneration grant	Target not achieved in 2023/24. The pre-engineering work on the rehabilitation of Keiskammahoek Roads under the STR grant is ongoing.	N/A	Director: Engineering Services	1.1.24

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	To ensure sustainable supply of electricity by developing new infrastructure while upgrading and maintaining existing networks by 2027.	Improve electricity infrastructure and reduce losses	No of reports on implementation of capital projects	4 reports on implementation of capital projects	Target met 4 reports on implementation of projects submitted	Target met 4 reports on implementation of projects submitted	N/A	Municipal Manager	1,1,25
					Target met 439 meters electricity installed	Target met 439 meters electricity installed			
					200 meters electricity installed	Target not met 155 meters electricity installed			
							The municipality is participating in the RT29 Smart meter grant project, under which a service provider has been appointed to install smart meters in Amahlathi. Phase one of the project, which include audits, has been completed. Phase two involves the physical	Director: Engineering Services	1.2.1

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
							installation of the smart meters. Installation of smart meters in Amahlathi will proceed under the RT29 contract, which is valid for a three-year period. However, all installations are scheduled to be completed by December 2025		
							N/A	Director: Engineering Services	1.2.2
							N/A	Director: Engineering Services	1.2.3

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			%progress on pre-engineering works-3.5MVA 22/11kV Cathcart Substation upgrade phase 2	100% progress on pre-engineering works-3.5MVA 22/11kV Cathcart Substation upgrade phase 2	New Target	Target for 2024/25: 100% progress on pre-engineering works-3.5MVA 22/11kV Cathcart Substation upgrade phase 2	N/A	Director: Engineering Services	1.2.4
			% progress on the pre-engineering work on the Upgrading of 11kv line and Street Lights in Stutterheim under the STR grant	100% progress achieved on the pre-engineering work on the Upgrading of 11kv line and Street Lights in Stutterheim under the STR grant	New Target	Target for 2024/25: 100% progress achieved on the pre-engineering work on the Upgrading of 11kv line and Street Lights in Stutterheim under the STR grant	N/A	Director: Engineering Services	1.2.5
			% progress on the pre-engineering work on the upgrading of High Mast and Street Lights in Keiskammahoek	100% progress achieved on the pre-engineering work on the upgrading of High Mast and Street Lights in Keiskammahoek	New Target	Target for 2024/25: 100% progress achieved on the pre-engineering work on the upgrading of High Mast and Street Lights in Keiskammahoek	N/A	Director: Engineering Services	1.2.6

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	To promote safety and security in the municipality by 2027		under the STR grant.	under the STR grant		Target met 100% of the STR grant			
		Implementation of the Community Safety Plan	Number of progress reports on disaster incidents submitted to Development and Planning	4 Progress reports on reported disaster incidents.	Target met 4 Progress reports on reported disaster incidents	Target met 4 Progress reports on reported disaster incidents	N/A	Director: Community Services	1,3,1
		Implementation of the Integrated Fire Management Plan	No of fire awareness campaigns conducted	08 Fire Awareness Campaigns conducted	Target met 13 fire awareness campaign conducted	Target met 13 fire awareness campaign conducted	N/A	Director: Community Services	1,3,2
		Conduct roadblocks	No. of roadblocks conducted	40 roadblocks conducted	Target met 41 roadblocks conducted	Target met 41 roadblocks conducted	N/A	Director: Community Services	1,3,3
		Provision of road marking and signage	No. of paintable streets with faded road markings painted	15 paintable streets with faded road markings painted	Target met 15 paintable streets with faded road markings painted	Target met 15 paintable streets with faded road markings painted	N/A	Director: Community Services	1,3,4

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Outcome A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	To ensure provision of sustainable public facilities by 2027	Facilitate maintenance and upgrade of sport, community halls, hawkers stalls, cemeteries and recreational facilities	% progress towards construction of Keiskammahoek Recreation Centre	100% progress achieved on the construction of the Keiskammahoek Recreation Centre	Target not met 46 progresses towards construction of Stutterheim Recreation Centre	Target not met 100% progress achieved on the construction of the Keiskammahoek Recreation Centre	N/A	Director: Engineering Services	1.4.1
			% progress towards construction of Mbaxa Community Hall	100% progress on the construction of Mbaxa Community Hall	Target not met 50% progress towards construction of Mbaxa Community hall achieved	Target not met 100% progress achieved on the construction of Mbaxa Community hall achieved	N/A	Director: Engineering Services	1.4.2
			% Progress on upgrades of sport facilities(Mlungisi i)	100% Progress on upgrading of Mlungisi Sports field	Target met 1 partially completed sites with no contractors on sites provided with security services (Mlungisi Sport Field)	Target met 100% progress achieved on upgrading of Mlungisi Sports field	N/A	Director: Engineering Services	1.4.3
			No. of library awareness campaigns	08 library awareness campaigns	Target met 12 Library awareness's	Target met 15 Library awareness's	N/A	Director: Community Services	1,5,1

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	effective use of library resources	culture reading and effective use of library resource	campaigns conducted	conducted 04 library awareness campaigns	campaigns conducted	campaigns conducted			
	Ensure that solid waste is managed in an Integrated environmentally friendly and sustainable manner	Review and Implement the Integrated Waste Management plan	Number of Reports on solid waste programmes implemented by June 2025	4 reports on solid waste programmes implemented by June 2024 (street cleaning, waste collection and disposal)	Target met 4 reports on solid waste programmes implemented by June 2024 (street cleaning, waste collection and disposal)	Target met 4 reports on solid waste programmes implemented by June 2024 (street cleaning, waste collection and disposal)	N/A	Director: Community Services	1,6,1
		Conduct waste management campaigns	No of waste awareness campaigns conducted per cluster	4 waste awareness campaigns conducted	Target met 13 Waste awareness campaign conducted.	Target met 13 waste awareness campaign conducted.	N/A	Director: Community Services	1,6,2
	To facilitate a balanced spatial development form for the Municipality	Finalize and Implement the Spatial Development Framework (SDF)	Number of Land Use Reports on compliance to the municipal SDF	4 Quarterly reports submitted on Land Use Applications	Target met 4 reports on compliance submitted	Target met 4 quarterly reports submitted	N/A	Director Development and Planning	1,7,1
		Implementation of Forestry Strategy	No of quarterly reports on municipal forestry	4 progress reports on municipal forestry	Target met 1 progress report on municipal	Target met 4 progress reports on municipal	N/A	Director: Community Services	1,7,2

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			management signed by MM	management signed by MM	forestry management signed by MM	forestry management signed by MM			
	To access to housing relief	To monitor the progress and implementation on housing applications submitted to Department of Human Settlements	No of reports on housing applications submitted to department of housing	4 reports on housing implementation status submitted to Standing Committee	Target met 4 progress reports on housing applications submitted to department of housing	Target met 4 progress reports on housing applications submitted to department of housing	N/A	Director Development and Planning	1,8,1

11.2 KPA 2 MUNICIPAL FINANCE VIABILITY (MFV) – (WEIGHT – 15)

Outcome 9: A Responsiv e	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
Output 6: Administrative and Financial Capacity	To continuously ensure an equitable, economical, transparent, fair and value – add supply chain management system/function	Strict adherence to SCM Regulations	No. of quarterly reports (tenders awarded, deviations report, contract management report) submitted to the Mayor by the 15th day after end of the quarter	4 quarterly reports (tenders awarded, deviations report, contract management report) submitted to the Mayor by the 15th day after end of the quarter	Target met 4 quarterly reports (tenders awarded, deviations report, contract management report) submitted to the Mayor by the 15th day after end of the quarter	Target met 4 quarterly reports (tenders awarded, deviations report, contract management report) submitted to the Mayor by the 15th day after end of the quarter	N/A	Chief Financial Officer	2,1,1
	To maintain an accurate and complete fixed asset register that is compliant with GRAP by 2024	Maintain a fixed asset register that complies with GRAP	No. of material audit queries raised on the updated asset register by the AG.	Zero material audit queries raised on the updated asset register by the AG.	Target not met 1 material finding on calculation of depreciation.	Target not met 1 material finding on calculation of depreciation.	N/A	Chief Financial Officer	2,2,1
	To ensure 100% expenditure of capital budget annually	Monitoring and reporting on the spending (MIG/INEP grants)	% expenditure of capital budget	100% expenditure of capital budget applied cumulatively	Target met 100% MIG expenditure of capital budget applied cumulatively	Target met 100% MIG expenditure of capital budget applied cumulatively	N/A	Director : Engineering Services	2.3.1

	To improve collection of income due from consumer debtors annually.	Collect 90% of billed income012e	% of billed income collected	85% of billed income collected	Target not met 64.36% of billed income collected	Target not met 64.36% of billed income collected	Government departments taking longer to verify accounts, By-passed meters and illegal connections, Areas that are supplied electricity by Eskom have a very low collection rate. Further engagement with government departments on reconciliation of accounts with the assistance of Cogta and Treasury. Installation of smart meters through the Smart Meter Grant to all our consumer will assist with the data of meters so that we can identify those	Chief Financial Officer	2,4,1
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								who have connected illegal. Treasury is engaging Eskom to assist municipalities in implementing credit control policies in areas supplied by Eskom.		
								N/A	Municipal Manager	2,4,2
								Target not met 40% of revenue enhancement activities have been implemented		
								4 quarterly reports outlining achievements on implementation of Revenue Enhancement Strategy		
								Implementation of Revenue Enhancement Strategy		
								Implementation of Revenue Enhancement Strategy		
								Adherence to all applicable financial legislation and regulations		
								To ensure effective, compliant and credible financial planning, management and reporting by 2027.		
								Target met 12 Monthly financial report submitted to Mayor and Treasury on the 10th working day of each month 4 sec 52 reports within 30 days Mayor and Treasury)		
								No. of Monthly financial reports (Sec 71 and sec 52 reports) submitted to Mayor and Treasury on the 10th working day of each month		
								Target met 12 Monthly financial report submitted to Mayor and Treasury on the 10th working day of each month 4 sec 52 reports within 30 days		
								N/A	Chief Financial Officer	2,5,1

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	igned with department transport	ubmitted of transport within 3 orking days after the end of each week	ubmitted of transport within 3 orking days after the end of each week	egistration to ubmitted of transport within 3 orking days after the end of each week			
To prepare a realistic budget in line with the objectives and strategies in the IDP based on a three-year Medium-Term Revenue and Expenditure Framework (MTREF)	Coordinate and develop Amahlathi municipality's budget in line with developmental imperatives in the IDP	2024/2025 budget prepared and submitted to council for approval on by 31st May each year	2025/2026 budget prepared and submitted to council for approval by 31st May 2025	Target met 2024/2025 budget prepared and submitted to council for approval on the 23rd May 2024	N/A	Chief Financial Officer	2,6,1

11.3 KPA 3: GOOD GOVERNANCE AND PUBLIC PARTICIPATION (WEIGHT – 15)

Outcome Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
Output 5: Deepen democracy through a refined ward committee model.	To strengthen democracy through improved public participation.	Public Participation Action Plan	No. of reports analyzing public participation trends	4 reports analyzing public participation trends	Target met 100% Implementation of Public Participation achieved.	Target met 100% Implementation of Public Participation achieved.	N/A	Municipal Manager	3,1,1
			% Increase on social media following by the end of the financial year	10% Increase on social media following by the end of the financial year	New Indicator	Target met 100% Implementation of Public Participation achieved.	N/A	Municipal Manager	3,1,2
			No. of quarterly petition Management status reports submitted to Council	4 Quarterly reports on the status of petitions received and submitted to Council	Target met 4 Quarterly reports on the status of petitions received and submitted to Council	Target met 4 Quarterly reports on the status of petitions received and submitted to Council	N/A	Municipal Manager	3,1,3
	To capacitate Satellite offices as one stop shops for service delivery by 2027.	Ensuring Cluster Wide Comprehensive Development	No. of Ward Based Service Delivery Plans	5 Ward Based Service Delivery Plans Developed	New Indicator	Target met 100% Implementation of Public Participation achieved.	N/A	Municipal Manager	3,2,1

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	To regularly coordinate provision of a comprehensive and integrated package of services by all spheres of government. To ensure a clean administration by 2027	Strengthening of IGR structures	No. of IGR meetings Convened	4 meetings Convened	Target met 4 IGR meetings convened 13/09/2024, 05/12/2023, 13/03/2024, 19/6/2024	Target met 4 IGR meetings convened 13/09/2024, 05/12/2023, 13/03/2024, 19/6/2024	N/A	Municipal Manager	3.3.1
		Strengthening systems and mechanisms relating to governance processes, risks management and internal controls	No. of risk management reports submitted by HODs to Internal Audit in preparation for Risk Committee Meeting	2 quarterly risk management reports submitted by HODs to Internal Audit in preparation for Risk Committee Meeting	Target met 4 quarterly risk management reports submitted by HODs to Internal Audit in preparation for Risk Committee Meeting	Target met 4 quarterly risk management reports submitted by HODs to Internal Audit in preparation for Risk Committee Meeting	N/A	All HODs	3.4.1
			No. of risk management reports reflecting a total of 80% implementation of risk management action plans (actions due and actions overdue) submitted to the Internal	2 Risk management reports reflecting a total of 80% implementation of risk management action plans (Actions due and Actions overdue) submitted to the Internal	Risk Management Policy, 4 quarterly risk meetings convened in 2023/24	Target not met 3 HODs reports reflected percentages less than 80% in Quarter 3 and other in Quarter 4.	Corporate Services-80% {Threshold is not met due to delay in appointment of fleet services provider as the tender is already closed for sitting of BAC.}	All HODs	3.4.2

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Outcome 9: Responsive	A Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			Audit unit by HOD's in preparation for risk management committee meeting	Audit unit by HOD's in preparation for risk management committee meeting			Engineering { (Roads master plan could not be developed due to budget limitations; Engineering program review session was postponed due other municipal commitments; policy review was also postponed to April due to other municipal programs.)		
			Number of Risk committee meetings and 1 Strategic, operational and fraud risks assessments Co-ordinated 2024	4 Risk committee meetings and 1 Strategic, operational and fraud risks assessments Co-ordinated 2024/25	Target met 92.31% implementation of the 2023/2024 risk-based internal audit plan	Target met 92.31% implementation of the 2023/2024 risk-based internal audit plan	N/A	Municipal Manager	3,4,3

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			Number of Business Continuity plans developed during 2024/25 Financial year	1 Business continuity plan developed during 2024/25 Financial year	0	TARGET REMOVED	Target removed due to financial constraints	Municipal Manager	3,4,4
			Number of risks based internal audit assignments conducted in 2024/25 financial year	8 risk based internal audit assignments conducted in 2024/25 financial year	Target met 92.31% implementation of the 2023/2024 risk-based internal audit plan	Target not met	In ability to recover lost hours due to strike by employees leading to delayed submission of information to internal audit unit. The outstanding audits have been rolled forward to quarter 1 of 2025/26 financial year.	Municipal Manager	3,4,5
			Number of compliances based internal audit assignments conducted in	2 compliance risk based internal audit assignments conducted in	4 compliance risk based internal audit assignments conducted in		N/A	Municipal Manager	3,4,6

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Outcome 9: Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			2024/25 financial year Number of Institution-wide compliance registers developed in Amahlathi Local Municipality	2024/25 financial year 1 Consolidated institutional compliance register submitted to Risk Management Committee for consideration	2023/24 financial year 100% Implementation of compliance plan in 2022/23	Target not met. Consolidated institutional compliance register submitted to Risk Management Committee for consideration in May 2025.	N/A	Municipal Manager	3,4,7
			Number of follow up audit reports on implementation of AGSA Audit Action Plan and Internal Audit Follow up	3 follow up audit reports on implementation of AGSA Audit Action Plan and Internal Audit Follow up	3 follow up audit reports on implementation of AGSA Audit Action Plan and Internal Audit Follow up in 2023/24	Target not met. 3 follow up audit reports on implementation of AGSA Audit Action Plan and Internal Audit Follow up in 2023/24	N/A	Municipal Manager	3,4,8
			Number of internal audit quality assurance reviews conducted	1 Final Internal Audit Quality Assurance Review Report by 30 June 2025	0	Target not met. Provincial Treasury has been requested to perform quality assurance	After Internal Audit follow up in May 2025, Provincial Treasury requested additional information.	Municipal Manager	3,4,9

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Outcome 9: Responsive	A	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
							REVIEW of the internal audit function. Information has been submitted and the review is in progress.	This has since been submitted, therefore internal Audit is waiting for the results of the audit.		
				No. of Anti-corruption and Fraud programmes conducted per annum	2 Anti-corruption and Fraud programmes conducted by 30 June 2025	Target met 2 Anti-corruption and Fraud programmes conducted per annum	Target met 2 Anti-corruption and Fraud programmes conducted per annum	N/A	Municipal Manager	3,4,10
				No. of audit committee meetings convened	4 audit committee meetings convened by 30 June 2025	Target met 4 audit committee meetings convened	Target met 4 audit committee meetings convened	N/A	Municipal Manager	3,4,11
		Ensure effective & efficient resolution of legal matters	Develop of compliance register and compliance plan	No. of reports on Implementation of developed governance compliance plan submitted to Risk Committee Meeting	4 reports on Implementation of developed governance compliance plan submitted to Risk Committee Meeting	Target not met	Target not met 1 report on implementation of developed governance compliance plan submitted to Risk Committee Meeting	The 2nd quarter report was not prepared and submitted as the manager was on sick leave. Target revised during mid-year due	Municipal Manager	3,5,1

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
		Develop litigation management Strategy	No. of reports on legal matters and their status with financial implications submitted to council	4 reports on legal matters and their status with financial implications and legal opinion presented to Council	Target met 4 reports on legal matters and their status with financial implications and legal opinion		to poor performance and register that had to be reviewed and target was assigned to Internal Audit		
						Target not met 3 reports on legal matters and their status with financial implications and legal opinion presented to Council			
	To ensure quality life through integrated welfare services for the children, youth, people women, elderly, with	Development and Implementation of Strategy on Special Programs	No. of SPU Forums Established, Supported and Capacitated	7 SPU Forums Established and Capacitated	Target met 100% Implementation of special programs action plan		Women forum was not resuscitated due to availability of budget required by the Women	Municipal Manager	3,6,1
						Target not met 6 SPU Forums Established and Capacitated			

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	disability, HIV and AIDS by 2027						Caucus to organize the reviewal of the target group. New mechanism that will not require financial support will be implemented in 2025/26 financial year.		
	To ensure proactive and effective communication	Building and positioning the municipality brand	No. of newsletters developed and published on website and municipal Facebook page	4 quarterly newsletters developed and published on website and municipal Facebook page	Target met 100% implementation of Communications Program of Action		N/A	Municipal Manager	3,7,1
	Strengthening ICT systems and networks for future generations by 2027	Improvement of ICT infrastructure for efficiency and data recovery	No of reports on the implementation of ICT infrastructure and Data Recovery	4 reports on the implementation of ICT infrastructure and Data Recovery	Target met 89.83% of information for municipal users backed up		N/A	Director Corporate Services	3,8,1
	To ensure compliant, effective and efficient	Modernize the telephone system for	Turnaround time to attend to logged	3 working hours to attend to	Target met 1:12 min to attend to		N/A	Director Corporate Services	3,9,1

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Outcome 9: Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	customer management by 2027.	customer care and productivity improvement	faults by users	logged faults users	logged faults users	logged faults users			
		Implementation and monitoring of controls to ensure security of information and business continuity	No. of reports on ICT systems implemented with itemized usage and expenditure reports submitted to standing committee	4 reports on ICT systems implemented with itemized usage and expenditure reports submitted to standing committee	Target met 7 Sourced and costed ICT system projects (1.Cibecs & Server Hosting submitted)	Target met 7 Sourced and costed ICT system projects (1.Cibecs & Server Hosting submitted)	N/A	Director Corporate Services	3,9,2
	To ensure business continuity in the event of a disaster by 2022 and beyond	Provide on-going support to users on system related queries	% of reported system related queries resolved	95% of reported system related queries resolved	Target met	Target met	N/A	Chief Financial Officer	3,9,3
		Implementation and monitoring of controls to ensure security of information and business continuity	Daily backups done on Financial system, Payroll and HR system	Daily backups done on Financial system, Payroll and HR system	Report on Daily backups cannot be verified if performed from the 01st May until the 12th May 2024.	Report on Daily backups cannot be verified if performed from the 01st May until the 12th May 2024.	N/A	Chief Financial Officer	3,10,1

11.4 KPA 4: LOCAL ECONOMIC DEVELOPMENT (LED) – (Weight – 15)

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25s	Comment and Corrective Action	Custodian	KPI NO
Output No 3: Implementation of Community Work Programmes	To improve implementation of the government intervention program to eliminate poverty by 2027	Implementation of the EPWP and municipal job creation program especially linked to areas of scarce skills and temporal local jobs created during the roll out of capital projects	No. of temporal work Opportunities created	357 Work Opportunities created	Target met 405 temporal work Opportunities created	Target met 405 temporal work Opportunities created	N/A	Director: Engineering Services	4.1.1
		Subcontracting of the work to SMMEs residing at Amahlathi LM during the roll out of Capital Projects	No. of Sub-contract agreements signed by the main contractor and sub-contractor	4 Sub-contract agreements signed by the main contractor and sub-contractor	Target met Sub-contract agreements signed by the main contractor and sub-contractor as follows	Target met Sub-contract agreements signed by the main contractor and sub-contractor as follows	N/A	Director: Engineering Services	4.1.2

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25s	Comment and Corrective Action	Custodian	KPI NO
	To ensure holistic and economic growth and development by 2027	Support and development of SMMEs around Amahlathi Local Municipality.	% of Amahlathi procurement expenditure should benefit SMMEs	30% of Amahlathi procurement expenditure should benefit SMMEs (Average % of the 4 quarters)	Target met 31% of Amahlathi procurement expenditure benefited by SMMEs	Target met 31% of Amahlathi procurement expenditure benefited by SMMEs	N/A	Chief Financial Officer	4,2,1
			No of SMMEs supported to access government Support Programs	50 SMMEs supported to access government Support Programs	Target met 152 SMMEs supported through various Programmes	Target met 152 SMMEs supported through various Programmes	N/A	Director: Development and Planning	4.2.2
			No. of businesses issued with new trading permits	50 businesses issued with new trading permits	Target not met 16.4% of business with trading permits	Target not met 16.4% of business with trading permits	N/A	Director: Development and Planning	4,2,3
			No of businesses that renewed their trading permits	72 businesses renewed their trading permits	New target	Target not met 48 businesses renewed their permits variance report attached	Constant change business ownership. Lack of law enforcement to Officers ensure businesses compliance	Director: Development and Planning	4,2,4

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Outcome 9: Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25s	Comment and Corrective Action	Custodian	KPI NO
	Promotion of Tourism through identification of Tourist areas.	Strengthen relationship with other Strategic Partners	No. of recycling initiatives undertaken	02 recycling initiatives undertaken	Target met 08 Recycling initiatives conducted.	Target met 08 Recycling initiatives conducted.	Municipal fleet challenges. Existence of Law enforcement officers to assist with compliance. To be implemented in the next financial year 2025/2026	Director: Community Services	4.2,5
		Finalize the tourism Infrastructure Improvement Process Plan	No. of reports on implementation of signed twinning agreements with strategic institutions	4 reports on implementation of signed twinning agreements with strategic institutions	Target met 4 reports on implementation of signed twinning agreements with strategic institutions	Target met 4 reports on implementation of signed twinning agreements with strategic institutions	N/A	Director: Development and Planning	4.2.6
			No. of tourist attractions promoted	8 tourist attractions promoted	Target not met 6 tourist attractions promoted	Target not met 6 tourist attractions promoted	N/A	Director: Development and Planning	4.3.1
			No. of trainings	3 support interventions	Target met	Target met	N/A	Director: Development	4.3.2

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25s	Comment and Corrective Action	Custodian	KPI NO
			conducted for both LTOs and CTOs combined	for both LTOs and CTOs combined	4 Support interventions for LTOs and CTOs Training	4 Support interventions for LTOs and CTOs Training		ent and Planning	
	To Stimulate local economy through Agricultural development by 2022	Provision of capacity building programs to support existing farmers	No. of farmers supported with capacity building	40 farmers to be supported with capacity building	83 Target met farmers supported with capacity building.	Target met 83 farmers supported with capacity building	N/A	Director: Development and Planning	4.4.1
	To ensure value-maximization of the forestry natural resource in line with local economic development by 2027.	Implementation of a forestry strategy in a Co-ordinated manner	Number of capacity building activities provided for timber cooperatives	6 capacity building activities provided for timber cooperatives	Target met 6 support interventions on timber cooperatives,	Target met 6 support interventions on timber cooperatives	N/A	Director: Development and Planning	4.5.1
	To ensure development of the economic infrastructure required to enable increased	Source funding for a catalytic project	No. of quarterly reports submitted on implementation of	4 quarterly reports on progress in implementation of catalytic projects	Target met 4 Funding applications submitted,	Target met 4 funding applications submitted	N/A	Director: Development and Planning	4.6.1

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Outcome 9: Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25s	Comment and Corrective Action	Custodian	KPI NO
	economic growth To building resilient smart towns		catalytic projects No. of Business Breakfast Coordinated	1 Business Breakfast Coordinated	Target met 2 Econ Target met 2 Economic Development Program Implemented omic Development Program Implemented.	Target met 1 Business Breakfast Coordinated 2 Econ Target met 2 Economic Development Program Implemented omic Development Program Implemented.	N/A	Municipal Manager	4,7,1

11.5 KPA 5: MUNICIPAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT – MTI (Weight – 15)

Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
Output 1: Implement and differentiate approach to Municipal Finance, Planning and support	To attract, retain, build capacity, and maximize utilization of Amahlathi Human Capital by 2022 and beyond	Implementation of the approved organizational structure.	No of Implemented Re-Engineered and Council Approved organogram Action Plan Items	4 implemented Re-Engineered and Council Approved organogram Action Plan Items	Target met 323 Job Descriptions of completed 173 Job descriptions were completed during 3rd quarter and 150 completed Job Descriptions in quarter 4 which makes 323 Job description completed as planned (161 Q3 and 161 Q4)	Target not met Amahlathi Job Descriptions were submitted to District Job Evaluation Committee, however due to unavailability of the grading system they could not go through to Provincial Grading Committee for confirmation	Contract of grading system expired and there is establishment of job catalogue. The distribution of Job Catalogue to municipalities is anticipated to commence by 01 August 2025.	Director: Corporate Services	5.1.1
					Target met 4 implemented programmes per Human Resource Strategy implementation plans (Recruitment Plan; Institutional & HR Policies and	Target not met Amahlathi Job Descriptions were submitted to District Job Evaluation Committee, however due to unavailability of the grading system they could not go through to Provincial Grading Committee for confirmation	N/A	Director: Corporate Services	5.1.2

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Outcome 9: A Strategic Responsive	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
			Employee Verification)	SATELLITE OFFICE(30-05-2024)	Target met 4 EAP programmes implemented per approved plan	N/A	Director: Corporate Services	5.1.3
	Strengthening systems and mechanisms relating to governance processes, risks management and internal controls	No. of EAP programmes implemented as per approved plan	4 EAP programmes implemented per approved plan.	Target met 4 EAP programmes implemented per approved plan	Target met 4 EAP programmes implemented per approved plan	N/A	Director: Corporate Services	5.1.4
		No. of reports on health and productivity of the municipality	4 Reports on health and productivity of the municipality	Target met 4 Reports on health and productivity of the municipality	Target met 4 Reports on health and productivity of the municipality	N/A	Director: Corporate Services	5.1.5
		Number of programs implemented to improve staff morale	1 program implemented to improve staff morale	New Indicator	Target met 1 program implemented to improve staff morale	N/A	Municipal Manager	5.1.6
	Implementation of the approved EEP	No. of quarterly reports prepared on compliance with EEP annual targets	4 quarterly reports prepared on compliance with EEP annual targets	Target met 4 quarterly reports prepared on compliance with EEP annual targets	Target met 4 quarterly reports prepared on compliance with EEP annual targets	N/A	Director: Corporate Services	

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	Promote sound Labor Relations for a conducive work environment through education and legislative compliance	Local Form (LLF) meetings and Labor Relations information sessions held	No of LLF meetings	4 LLF meetings	Target met 5 LLF meetings held as follows	Target met 5 LLF meetings held	N/A	Director: Corporate Services	5.2.1
			No of LR information sessions / training held	4 LR information sessions / held	Target met 4 information sessions / training held as follows;	Target met 4 information sessions / training held	N/A	Director: Corporate Services	5.2.2
		Develop and implement a blended learning and development programme strategy	No of trainings organized for employees	8 trainings organized for employees	Target met 13 trainings organized for employees	Target met 13 trainings organized for employees	N/A	Director: Corporate Services	5.2.3
	Efficient and economical utilization of council resources	Strengthening systems and mechanisms relating to governance processes, risks management and internal controls	No. of reports on implementation of fleet management systems with logistics management, fuel utilization, accidents and maintenance submitted to fleet	4 reports on fleet management systems with logistics management, fuel utilization, accidents and maintenance submitted to fleet management committee	Target met 4 reports on fleet management systems with logistics management, fuel utilization, accidents and maintenance submitted to fleet management committee	Target met 4 reports on fleet management systems with logistics management, fuel utilization, accidents and maintenance submitted to fleet management committee	There were no vehicles to be booked. The full implementation will be applied upon availability of fleet to be booked at end of Q1.	Director: Corporate Services	5.3.1

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Outcome 9: A Strategic Responsive	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
		management committee						
To ensure compliant and prudent safeguarding and preservation of institutional memory by 2027	Establishment of legal frameworks, standards, and ethical principles to protect the confidentiality of data	No. of implemented projects on the file plan for all active and archived documents	4 implemented projects with file plan for active and archived documents	Target met 4 Project implemented on the file plan	Target met 4 Project implemented on the file plan	N/A	Director: Corporate Services	5.4.1
	Implementation of digital Transformation Strategy	No. of reports on the implementation of the Digital Transformation Strategy	4 reports on the Implemented Digital Transformation Strategy	Target not met Could not determine % utilization of domain emails by Staff from the information submitted	Target not met Could not determine % utilization of domain emails by Staff from the information submitted	N/A	Director: Corporate Services	5.5.1
		No. of implemented internet projects in all municipal office buildings	2 implemented internet projects in municipal office buildings.	Target met 2 Implemented Internet projects in all Municipal Office	Target met 2 Implemented internet projects in all Municipal Office	N/A	Director: Corporate Services	5.5.2
To ensure adequate and improved working environment	Upgrading of offices	% progress achieved on the Construction of Amahlathi	30% progress achieved on the Construction of Amahlathi	Design Completed (New Target)	Target not met 20% progress achieved on the Construction of	Slow progress by contractor Contractor has submitted a turnaround	Director: Engineering Services	5.6.1

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Outcome 9: A Responsive	Strategic Objective	Strategy	Key Performance Indicator	Annual Target 2024/25	Annual Actual 2023/24	Annual Actual 2024/25	Comment and Corrective Action	Custodian	KPI NO
	To develop and implement effective and compliant frameworks to improve planning and performance management by 2022 and beyond	Promote accountability whilst creating high performance throughout the organization	Municipal offices in Stutterheim No of progress reports on Implementation of approved IDP/Budget/PMS process submitted to Standing committee	Municipal offices in Stutterheim 2 progress reports on Implementation of approved IDP/Budget/ PMS plan submitted to Standing committee	Monitoring implementation of approved IDP/Budget/PMS process plan.	Analysis of Municipal offices in Stutterheim	plan that will be closely monitored by consultant and the client	Municipal Manager	5,7,1
						Targeted progress report of implementation of IDP/Budget/PMS process plan submitted to Standing committee	N/A		

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE

4.1 INTRODUCTION

According to the Amahlathi Local Municipality organisational structure, the Municipality have six (6) section 56 managers who are signing performance agreements and submitted to the Department of Local Government and Traditional Affairs within the required time frames.

The 6 section 56 managers lead the following departments:

DEPARTMENT	FILLED/NOT FILLED
Municipal Managers Office	Filled
Budget and Treasury Office	Filled
Development and Town Planning	Filled
Engineering Services	Filled
Community Services	Filled
Corporate Services	Filled

Full time staff complement per functional area

Employees				
	Employees	2023/2024	Current year 2024/25	Total No
	No.			Employees
Corporate Services	29	32	24	24
Development and Planning	16	13	11	11
Engineering Department	63	75	69	69
Community Services	99	85	90	90
Executive Services	29	20	27	27
BTO	30	32	31	31
Totals	266	257	252	252

Headings follow the order of services as set out in chapter 3. Service totals should equate to those included in the Chapter 3 employee schedules. Employee and Approved Posts numbers are as at 30 June, as per the approved organogram.

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Vacancy Rate: Year 2024/25			
Designations	*Total Approved Posts No.	*Vacancies (Total time that vacancies exist using fulltime equivalents) No.	*Vacancies (as a proportion of total posts in each category) %
Municipal Manager	1	0	0%
CFO	1	0	0%
Other S56 Managers (excluding Finance Posts)	4	0	0%
Senior Manager Levels 17-19	1	0	0%
Highly skilled supervision levels 12- 16	38	2	0.87%
Skilled Technical & Academically Qualified Workers, Junior Management 9-11	42	0	14%
Total	87	2	4,3%

Note: *For posts which are established and funded in the approved budget or adjustments budget (where changes in employee provision have been made). Full-time equivalents are calculated by taking the total number of working days lost (excluding weekends and public holidays) while a post remains vacant and adding together all such days lost by all posts within the same set (e.g. 'senior management') then dividing that total by 252 to give the number of posts equivalent to the accumulated days.

TERMINATION REPORT AS AT 30 JUNE 2025

DEPARTMENT	RESIGNED	CONTRACT EXPIRED	RETIREMENT	DISMISSAL	DEATH	MEDICAL BOARD	TOTAL
ENGINEERING	2	0	0	1	0	0	
CORPORATE SERVICES	1	0	0	0	0	0	1
COMMUNITY SERVICES	1	0	2	0	0	0	3
BUDGET AND TREASURY	0	0	0	0	1	0	1
PLANNING & DEVELOPMENT	0	0	0	0	0	0	0
EXECUTIVE SERVICES OFFICE	1	0	0	0	0	0	1
TOTAL	5	0	2	1	1	0	9

Note: *The Municipality had a total of 252 employees in the 2024/25 financial year and nine (9) exited due to resignations, death and retirements. One employee was dismissed. The average South African benchmark for employee attrition is 10% and the municipality was able to contain its attrition rate to (9/252) 3.571%.

COMMENT ON VACANCIES AND TURNOVER:

The table above shows that the Corporate Services Department lost one (1) employee who was a driver to the speaker, two (2) General Worker Engineering and one (1) dismissal of the Manager Roads and Storm Water which is the highest position in the department. Three (3) General workers from Community Services and BTO office lost one (1) employee through death. One (1) Resignation from Executive Services.

This shows that ALM has no big problem of labour turnover, as Nine (9) employees left the institution.

4.2 MANAGING THE MUNICIPAL WORKFORCE

Municipal Systems Act 2000 s 67 requires municipalities to develop and adopt appropriate systems and procedures to ensure fair, efficient and transparent personnel administration in accordance with the Employment Equity Act. The Amahlathi Local Municipality has the policy process plan in place that is followed prior adoption of the institutional policies, policies are workshopped and adopted by the council on 30 June 2025. Below is the policy process plan for the institution:

PROCESS PLAN FOR ALL INSTITUTIONAL POLICIES TO BE REVIEWED / DEVELOPED 2024/2025 FINANCIAL YEAR				
	ACTION REQUIRED	PERSON RESPONSIBLE	TIME FRAME	COMMENTS/STATUS
Development/ review of institutional policies	Directorates will discuss their policies, identify areas that need to be reviewed. Develop new policies that are required by the municipality	All HOD'S	10 February 2025	This involves the analysis of the current policies to identify weaknesses and gaps
	Submission of all policies by departments to Corporate Services	All HOD'S	10 February 2025	Submission to Corporate Services after an extensive interaction to ensure joint workforce planning
	Policy workshop by the established policy development committee to engage on extensive interaction by all departments in preparation for the Institutional Policy Workshop	Municipal Manager, All Directors, All Managers and Supervisors	12 & 13 February 2025	Engagements with various departments
	Institutional Policy Workshop	ALL HOD'S	29 & 30 April 2025	Scrutinizing and cleaning up of all draft policies for submission to Council.
	Submission to Corporate Services Standing Committee	Director: Corporate Services	06 May 2025	Submission to Standing Committee
	SPECIAL LLF Consultation with Corporate Services Department	Corporate Services	27 May 2025	This involves the analysis of the Corporate Services Policies to identify weaknesses and gaps
	Submission of Policies to Council for adoption	Director Services Corporate	29 May 2025	Submission of policies to the Council

HR Policies and Plans				
	Name of Policy	Completed	Reviewed	Date adopted by council or comment on failure to adopt
		%		
1	Code of conduct for councillors	100	June 2022	29 June 2025
2	Council Rules of order	100	June 2022	29 June 2025
3	Delegations of Authority	100		29 June 2025
4	Expanded Public Works Programme Policy	100		29 June 2025
5	Petitions Policy	100	June 2022	29 June 2025
6	Code of conduct for ward committees	100	June 2022	29 June 2025
7	Career Management policy	100	June 2022	29 June 2025
8	Experiential training policy	100	June 2022	29 June 2025
9	Scarce Skills Policy	100	June 2022	29 June 2025
10	Employee study assistance policy	100	June 2022	29 June 2025
11	Training and development policy	100	June 2022	29 June 2025
12	Acting allowance policy	100	June 2022	29 June 2025
13	Bereavement Policy	100	June 2022	29 June 2025
14	Leave Policy	100	June 2022	29 June 2025
15	Policy on policy development	100	June 2022	29 June 2025
16	Fleet management Policy	100	June 2022	29 June 2025
17	Subsistence and Travelling Policy	100	June 2022	29 June 2025
18	Official transport to attend Funerals (Bereavement Policy)	100	June 2022	29 June 2025
19	Job Evaluation review policy	100	June 2022	29 June 2025
20	Occupational health and safety policy	100	June 2022	29 June 2025
21	Overtime and shift allowance policy	100	June 2022	29 June 2025
22	Performance Management and Development	100	June 2022	29 June 2025
23	Recruitment and Selection policy	100	June 2022	29 June 2025
24	Code of conduct for staff members	100	June 2022	29 June 2025
25	Long Service Allowance Policy	100	June 2022	29 June 2025
26	Code of conduct for councillors	100	June 2022	29 June 2025

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27	Grievance procedure	100	June 2022	29 June 2025
28	Skills Development policy	100	June 2022	29 June 2025
29	Staff retention policy	100	June 2022	29 June 2025
30.	Telephone usage and cellular allowance phone	100	June 2022	29 June 2025
31.	Records Management Policy	100	June 2022	29 June 2025
32.	Uniforms and Protective Clothing (Health and Safety Policy)	100	June 2022	29 June 2025
32.	Placement Policy	100	June 2022	29 June 2025
33.	Covid 19 Management Policy	100	June 2022	29 June 2025
Use name of local policies if different from above and at any other HR policies not listed.				T 4.2.1

4.3 SICK LEAVE

Number and Cost of Injuries on Duty						
Type of injury	Injury Leave Taken	Employees using injury leave	Proportion employees using sick leave	Average Injury Leave per employee	Total Cost	Estimated
	Days	No.	%	Days	R'000	
Required basic medical attention only	0	0	0%	0	0	
Temporary total disablement	0	0	0%	0	0	
Permanent disablement	0	0	0%	0	0	
Fatal	0	0	0%	0	0	
Total	0	0	0	0	0	
The claim was lodged with department of Labour and there was no compensation as there was no permanent or temporary disablement.						
T 4.3.1						
Number of days and Cost of Sick Leave (excluding injuries on duty)						
Salary band	Total sick leave	Proportion of sick leave without medical certification	Employees using sick leave	Total employees in post*	*Average sick leave per Employees	Estimated cost
	Days	%	No.	No.	Days	R' 000
Lower skilled /Unskilled (Levels 2-5)	114	8.6%	19	71	11.2	R40 512.03
Semi-Skilled (Levels 6-11)	290	59%	44	101	11.8	R155 102.30
Highly skilled production (levels 12-19)	351	24%	33	79	7.1	R111 433.46
Interns	72	0.1%	5	5	0.2	R 9 550.20
Other (task grade pending)	0	0%	0	0	0	R0.00
MM and S57	21	0%	2	5	1.1	R15 500.30
Total	848	91.7%	103	261	31.4	R 332 098.29
261 Number of employees in post at the beginning of the year including Interns						T 4.3.2

Number and Period of Suspensions				
	Department	Position	Nature of Alleged Misconduct	Date of Suspension
1	Community Services	Snr Traffic Officer	Fraud	2024/04/03
2	Community Services	Senior Enquiries Clerk	Fraud	2024/04/03
3	Community Services	General Worker/Roads	Fraud	2024/04/03
4	Community Services	Enq Clerk Prot Serv.	Fraud	2024/05/17
5	Community Services	Cashier	Fraud	2024/10/08
6	BTO	Revenue Manager	Illegal Strike	2024/10/16
7	Corporate Services	Cleaner Messenger/LED	Illegal Strike	2024/10/16
8	Community Services	General Worker/Community	Illegal Strike	2024/10/16
9	Engineering Services	General Worker/Eng	Illegal Strike	2024/10/16
10	Corporate Services	Cleaner Messenger/Comm	Illegal Strike	2024/10/16
11	Corporate Services	Cleaner Messenger/Comm	Illegal Strike	2024/10/16
12	Community Services	Librarian	Illegal Strike	2024/10/16
13	Community Services	Senior DTLC Clerk	Insolent behaviour	2025/02/07
14	LED	Senior Manager	Isolent Behavior	2025/02/07
15	Corporate Services	Conditions of Service	Fraud	2025/04/07

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16	BTO	Payroll	Fraud	2025/04/07
17	BTO	Payroll	Fraud	2025/04/10
18	BTO	Free Basic	Fraud	2025/04/10
19	BTO	Bank Recon.	Fraud	2025/04/10

Disciplinary Action Taken on Cases of Financial Misconduct			
Position	Nature of Alleged Misconduct and Rand value of any loss to the municipality	Disciplinary action taken	Date Finalised
Traffic officer	Fraud	03/04/2024	Pending
Enquiries Clerk	Fraud	03/04/2024	Pending
Enquiries Clerk	Fraud	03/04/2024	Pending
Cashier	Fraud	08/10/2024	Pending
BTO Payroll	Fraud	07/04/2025	Pending
BTO Payroll	Fraud	10/04/2025	Pending
BTO Free basic	Fraud	10/04/2025	Pending
Conditions of services	Fraud	07/04/2025	Pending
T 4.3.6			

4.4 CAPACITATING THE MUNICIPAL WORKFORCE - SKILLS DEVELOPMENT AND TRAINING

SKILLS DEVELOPMENT MATRIX

Skills Matrix												
Employees in post as at 30 June Year 2025												
Management Level	Gender	No.	Learnership		Skills programmes & other short courses		Management	Gender	No.	Actual: End of Year 2025	Actual: End of Year 2025	Actual: End of Year 2025
			Actual: End of Year 2025	Year Target	Actual: End of Year 2025	Year Target						
MM and s56	Female	0	3	0	0	0	MM and s56			1	1	1
	Male	0	0	0	0	0				0	0	0
Councillors, senior officials and managers	Female	0	5	0	0	0	Councillors, senior officials and managers			14	14	14
	Male	0	5	0	0	0				18	18	18

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Technicians and associate professionals*	Female	0	0	0	0	0	0	0	0	Technicians and associate professionals*	0	0	0	0	0	0
Male	0	1	0	0	0	0	0	0	1						1	0
Professionals	Female	0	0	0	0	0	0	0	0	Professionals	0	0	0	0	3	0
Male	0	1	0	0	0	0	0	0	2						2	0
Semi-Skilled and Unskilled	Female	0	12	0	0	0	0	0	9	Semi-Skilled and Unskilled	0	0	0	0	9	0
Male	0	9	0	0	0	0	0	0	4						4	0
Sub total	Female	0	20	0	0	0	0	0	27	Sub total	0	0	0	0	27	0

4.5 MANAGING THE WORKFORCE EXPENDITURE

Designation	Wages and benefits 2024/25	Wages and benefits 2025/26
Municipal Manager	R 1 527 034	R 1 582 334
Corporate Services Manager	R 1 307 865	R 1 300 184
Planning and Development Manager	R 1 233 017	R 1 300 184
Engineering Services Manager	R 1 228 183	R 1 300 184
Community Services Manager	R 1 203 136	R 1 300 184
Finance Manager (CFO)	R 350 911	R 1 038 188

EMPLOYEE RELATED COSTS	2024/25	2025/26
Basic	93 124 702	87 681 708
Bonus	6 155 952	6 478 209
Medical aid contributions	4 897 665	6 098 663
UIF	595 678	515 955
Cellphone and other allowances	2 305 974	1 085 629
Overtime payments	1 621 769	1 387 068
Acting allowance	224 733	666 978
Travel allowance	5 494 679	4 532 502
Housing benefit and allowances	2 522 375	2 429 783
Industrial Council Levy	35 811	35 593
Employee benefits and contribution plans	595 678	514 955
Pension fund contributions by Council	15 466 466	13 601 869

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Number Of Employees Whose Salaries Were Increased Due To Their Positions Being Upgraded		
Beneficiaries	Gender	Total
Lower skilled (Levels 1-2)	Female	0
	Male	0
Skilled (Levels 3-5)	Female	0
	Male	0
Highly skilled production (Levels 6-8)	Female	0
	Male	0
Highly skilled supervision (Levels9-12)	Female	0
	Male	0
Senior management (Levels13-16)	Female	0
	Male	0
MM and S 57	Female	0
	Male	0
Total		0
Those with disability are shown in brackets '(x)' in the 'Number of beneficiaries' column as well as in the numbers at the right-hand side of the column (as illustrated above).		

T 4.6.2

Employees Whose Salary Levels Exceed The Grade Determined By Job Evaluation				
Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
N/A	0	0 0	0	N/A

T 4.6.3

Employees appointed to posts not approved				
Department	Level	Date of appointment	No. appointed	Reason for appointment when no established post exist
N/A	N/A	N/A	0	N/A

T 4.6.4

CHAPTER 5: FINANCIAL PERFORMANCE

5.1 INTRODUCTION

This chapter 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: STATEMENT OF FINANCIAL PERFORMANCE

Reconciliation of Table A1 Budget Summary															
Description	Year 2024/25				Year -2023/24										
	Original Budget	Budget Adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments budget	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. Council approved policy)	Final Budget	Actual Outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual Outcome as % of Original Budget	Reported unauthorised expenditure	Expenditure authorised in terms of section 32 of MFMA	Balance to be recovered	Restated Audited Outcome
R thousands	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Financial Performance															
Property rates	26 745 685	-	26 745 686	-		26 745 686	22 003 286		-18%	82%	82%				24 168 893
Service charges	62 934 831 3	18 702 931	81 637 762 3 892 102	-		81 637 762 3 892 102	80 667 375 3 420 580		-1%	99%	119%				62 808 380
Investment revenue	892 102	-		-					-26%	74%	74%				3 455 509
Transfers recognised – operational	145 504 900 27 094	780 000 26 399 651	146 284 900 53 494 520	-		146 284 900 53 494 520	146 341 300 54 641 728		1%	100%	101%				146 341 300
Other own revenue	869			-					16%	116%	116%				

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Total Revenue (excluding capital transfers and contributions)	266 172 387	45 882 582	312 054 970	-	-	312 054 970	277 715 199											30 410 055
Employee costs	141 493 420	- 9 972 883	131 520 537	-		131 520 537	124 980 464											136 206 071
Remuneration of councillors	15 030 680	-	15 030 680	-		15 030 680	14 005 898											13 595 241
Debt impairment	26 000 000	-	26 000 000			26 000 000	28 601 670											25 872 214
Depreciation & asset impairment	24 185 885	-	24 185 885			24 185 885	30 528 899											24 778 718
Finance charges	3 000 000	- 500 000	2 500 000	-		2 500 000	7 068 822											15 523 956
Materials and Bulk	57 964 760	-	57 964 760	-		57 964 760	59 229 954											51 809 374
Transfers and grants	40 902 349	-	41 099 930	-		41 099 930	52 875 392											39 566 177
Other expenditure	308 577 094	- 10 275 302	298 301 792	-		298 301 792	317 291 099											306 742 073
Total Expenditure																		
Surplus/(Deficit)	- 42 404 707	56 157 884	13 572 179			13 572 179	- 10 216 830											- 40 167 614
Transfers recognised - capital	59 537 850	19 554 001	79 091 851			79 091 851	77 507 219											46 078 107

[illegible]

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Net cash from (used) operating	75 884 011	28 884 914	104 768 925	104 768 924	57 810 810	-3%	97%	122%	57 942 083
Net cash from (used) investing	(71 240 028)	(15 106 32 4)	(86 346 3 52)	(86 346 3 52)	(68 006 352)	-15%	87%	90%	50 310 960
Net cash from (used) financing	-	-	-	-	(230 575)				288 495
Cash/cash equivalents at the year end	21 091 550	13 033 489	34 125 039	34 125 039	12 554 267	30%	70 %	70 %	22 980 213

T 5.1.1

Notes

3 = sum of column 1 and 2

2 represents movements in original budget to get to final adjustments budget (including shifting of funds)

Virements must offset each other so that

virements in Total Expenditure equals zero

6 = sum of column

3, 4 and 5

8 does not necessarily equal the difference between 9 and 8 because overspending is not the only reason for unauthorised expenditure

9 = 7 - 6

10 = (7/6)*100

11 = (9/1)*100

14 = 13 - 12

15 in revenue equals Audited

Outcome plus funds actually

recovered

15 in expenditure equals Audited

Outcome less funds actually

recovered

15 in Cash Flow equals Audited

Outcome plus funds recovered

This schedule must be part of the financial statements of the municipality (all other schedules, A2 - A7, should form part of the annexures to the financial statements. These schedules do not directly form part of the audit opinion)

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Financial Performance of Operational Services						
Description	R '000					
	Year -2023/24	Year 2024/25			Year 2024/25 Variance	
	Actual	Original Budget	Adj Budget	Actual	Original Budget	Adj Budget
Operating Cost						
Electricity	58 285 423	68 238 421	71 175 884	67 069 214	-2%	-6%
Waste Management	26 082 612	13 159 204	13 868 969	14 985 243	12%	7%
Housing	186 383	-	76 200	86 325	0%	12%
Component A: sub-total	84 554 418	81 397 625	85 121 053	82 140 782	1%	-4%
Roads	49 259 935	62 804 771	59 610 719	52 742 070	-19%	-13%
Component B: sub-total	133 814 353	144 202 396	144 731 772	134 882 852	-7%	-7%
Planning & Development	8 842 750	9 776 016	8 913 574	8 492 075	-15%	-5%
Component C: sub-total	142 657 103	153 978 412	153 645 346	143 374 927	-7%	-7%
Community & Social Services	11 234 554	10 868 132	10 537 459	11 004 741	1%	4%
Public Safety	4 232 256	3 780 379	2 764 702	2 633 107	-44%	-5%
Sport and Recreation	-	-	-	-	-	-
	158 123 913	168 626 923	166 947 507	157 012 775	-7%	-6%

In this table operational income is offset against operational expenditure leaving a net operational expenditure total for each service as shown in the individual net service expenditure tables in chapter 3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

During the year permanent employees was employed by the municipality in the Town planning, resulting in increased costs. This required the budget for housing to be increased during the adjustments budget. This was however not enough which resulted in the 12% variance. The reduction in variance percentage from Original Budget to Adjustments budget indicate management's ability to identify errors in estimates. This underlying assumptions will be implemented when preparing future budgets.

T 5.1.2

Grant Performance						
Description	R' 000					
	Year -2023/24	Year 2024/25			Year 2024/25 Variance	
	Actual	Budget	Adjustments Budget	Actual	Original Budget (%)	Adj Budget (%)
Operating Transfers and Grants						
National Government:	136 913 150	143 951 150	144 251 150	144 251 150	100%	100%
Equitable share	131 533 000	138 370 000	138 370 000	138 370 000	100%	100%
FMG Grant	2 200 000	2 200 000	2 200 000	2 200 000	100%	10%

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EPWP Grant	1 310 000	1 211 000	1 511 000	1 511 000	125%	100%
PMU 5%	1 538 500	1 870 150	1 870 150	1 870 150	100%	100%
Disaster Relief Grant			-			
Provincial Government:	1 311 149	1 854 000	1 854 000	1 841 400	100%	100%
		1 792 000	1 792 000	1 792 000		
		62 000	62 000	49 400		100%
Sports and Recreation	1 200 000				100%	
Human Settlements	111 149				80%	80%
District Municipality:	-	-	-	-	-	-
Other grant providers:	249 785	398 750	398 750	398 750	100%	100%
Seta Grant	249 785	398 750	398 750	398 750	100%	100%
Total Operating Transfers and Grants	138 412 335	146 203 900	146 503 900	146 341 301	100%	100%

Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Full list of provincial and national grants available from published gazettes.

COMMENT ON OPERATING TRANSFERS AND GRANTS:

The Municipality received an additional R300,000 for EPWP, which resulted in the 25% from the original budget.
The Municipality employed a permanent employee in town planning during the year. This resulted in one of the interns paid for by the Department of Human Settlements were no longer required, which resulted in the 20% variance.

T
5.2.1

Grants Received From Sources Other Than Division of Revenue Act (DoRA)

Details of Donor	Actual Grant Year -2023/24	Actual Grant Year 2023/24	Year 2023/24 Municipal Contribution	Date Grant terminates	Date Municipal contribution terminates	Nature and benefit from the grant received, include description of any contributions in kind
Parastatals						
A – Sports and Recreation	1 200 000	1 792 000	-	N/A	N/A	Funding for Library
B – Human Settlements	111 149	49 400	-	N/A	N/A	Intern funded by the Department of Human Settlements

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C – LG Seta	249 785	398 750	-	N/A	N/A	Mandatory Grant
Foreign Governments/Development Aid Agencies						
A - "Project 1"	-	-	-	N/A	N/A	N/A
Private Sector / Organisations						
A - "Project 1"	-	-	-	N/A	N/A	N/A
Provide a comprehensive response to this schedule						T 5.2.3

COMMENT ON CONDITIONAL GRANTS AND GRANT RECEIVED FROM OTHER SOURCES:

No grants were surrendered to the National Revenue Fund.

5.2. ASSET MANAGEMENT

The Amahlathi Local Municipality believes that an Asset Management Policy is essential to ensure effective and efficient utilization of public monies and accountability thereof is heavily dependent on accurate recoding and accounting with the compilation of the Asset Register that is GRAP compliant. The policy is deemed necessary in order to facilitate the effective management, control and maintenance of the assets. The prime objective of the policy is to ensure that the assets of Amahlathi Municipality are properly managed and accounted for by:-

- Ensuring the accurate recording of asset information
- The accurate recording of asset movements
- Exercising strict control over all assets
- Providing correct and meaningful management information
- Affecting adequate insurance of all assets
- Maintenance of Council's Assets

The policy is reviewed and amended by council annually during IDP and Budget process. The last review was done in May 2024.

An asset tracking system using bar-coded discs and scanners is implemented. The system allows for regular audits of all assets to be completed in a shorter time frame and therefore allowing for more regular updates of the register.

Assets to be completed in a shorter time frame and therefore allowing for more regular updates on the register.

TREATMENT OF THE THREE LARGEST ASSETS ACQUIRED YEAR 2023/24				
Asset 1				
Name	Paving of Xholorha Internal Roads			
Description	Construction and Surfacing of Roads			
Asset Type	Road Infrastructure			
Key Staff Involved	2			
Staff Responsibilities	Monitoring, Managing & Reporting on the implementation of the Project			
				Year 2024/25
Asset Value				9 094 339.40
Capital Implications	Xholorha roads will be surfaced			
Future Purpose of Asset	To provide the community with at least a basic level of service			
Describe Key Issues	Project to be completed during the 2025/26 FY. No issues to report			
Policies in Place to Manage Asset	Asset Management Policy			
Asset 2				
Name	Building			
Description	Construction of Municipal Offices			
Asset Type	Buildings			
Key Staff Involved	2			
Staff Responsibilities	Monitoring, Managing & Reporting on the implementation of the Project			
				Year 2024/25
Asset Value				6 034 705.23
Capital Implications	Improved office space for administration and service delivery			
Future Purpose of Asset	To provide the community with at least a basic level of service			
Describe Key Issues	Additional funds required to complete project			

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Policies in Place to Manage Asset	Asset Management Policy			
Asset 3				
Name	Regraveling Cenyu Village Internal Roads			
Description	Construction of Access Road and Storm Water Structure			
Asset Type	Roads Infrastructure			
Key Staff Involved	2			
Staff Responsibilities	Monitoring, Managing & Reporting on the implementation of the Project			
Asset Value				Year 2024/25
				2 911 673.81
Capital Implications	Cenvyu roads were damaged by a disaster.			
Future Purpose of Asset	To provide the community with at least a basic level of service			
Describe Key Issues	Completed during the year. No issues to report			
Policies in Place to Manage Asset	Asset Management Policy, Roads Maintenance Policy			
T 5.3.2				

The projects listed above are Municipal Infrastructure Grant and Disaster Recovery Grant funded projects. With regards to the MIG funded projects, The Engineering Department develops a 3 year implementation plan, which is presented to Council. This implementation plan is linked to the projects per the IDP. With regards to the Disaster projects, these are projects to return municipal infrastructure assets to the state before the disaster occurred

Repair and Maintenance Expenditure: Year 2024/25				
	R' 000			
	Original Budget	Adjustment Budget	Actual	Budget variance
Repairs and Maintenance Expenditure	3 765 000	2 902 800	2 676 675	23%
T 5.3.4				

Repairs and maintenance budgeted for are significantly less than required by Treasury guidelines of 8% of Property, plant and equipment. This is due to budget constraints and the large value of Property, plant and equipment due to conditional grant funded projects.

Financial Ratios

FINANCIAL VIABILITY ASSESSMENT			
		As at 30 June 2025	As at 30 June 2024
Expenditure management			
1.1	Creditor-payment period	357,8 Days	726,6 Days
Revenue management			
2.1	Debt-collection period (after impairment)	225,1 days	240,35 Days
2.2	Debt-impairment provision as a percentage of accounts receivable	69%	71,4%
	· Amount of debt-impairment provision	R174 017 362	R142 731 001
	· Amount of accounts receivable	R250 494 960	R200 004 603
Asset and liability management			
3.1	A deficit for the year was realised (total expenditure exceeded total revenue)	No	No
	· Amount of the surplus / (deficit) for the year	R67 290 389	R7 691 186
3.2	A net current liability position was realised (total current liabilities exceeded total current assets)	Yes	Yes
	· Amount of the net current assets / (liability) position	R59 457 631	R128 617 309
3.3	A net liability position was realised (total liabilities exceeded total assets)	No	No
	· Amount of the net asset / (liability) position	R331 394 491	R264 104 102
Cash management			
4.1	The year-end bank balance was in overdraft	No	No
	· Amount of year-end bank balance (cash and cash equivalents) / (bank overdraft)	R12 554 267	R22 980 213
4.2	Net cash flows for the year from operating activities were negative	No	No
	· Amount of net cash in / (out)flows for the year from operating activities	R57 810 810	R52 115 801
4.3	Creditors as a percentage of cash and cash equivalents	1 299%	969%
	· Amount of creditors (accounts payable)	R163 049 478	R222 720 361
	· Amount of cash and cash equivalents / (bank overdraft) at year-end	R12 554 267	R22 980 213
4.4	Current liabilities as a percentage of next year's budgeted resources **	51%	68%
	· Amount of current liabilities	R163 049 478	R222 720 361
	· Amount of next year's budgeted income	R322 007 776	R325 710 233

The financial ratios per the above table are unfavourable. The ratios indicate that the municipality's financial is under pressure and action will have to be taken.

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COMPONENT B: SPENDING AGAINST CAPITAL BUDGET

Capital expenditure relates mainly to construction projects that will have value lasting over many years. Capital expenditure is funded from grants and internally generated funds

Capital Expenditure - Funding Sources: Year -2023/24 to Year 2024/25							
R' 000							
Details		Year -2023/24	Year 2024/25				
		Actual	Original Budget (OB)	Adjustment Budget	Actual	Adj to OB Variance (%)	Actual to OB Variance (%)
Source of finance							
	External loans						
	Public contributions and donations						
	Grants and subsidies	46 078 107	59 537 850	79 091 851	77 507 219	32%	30%
	Other	8 785 011	2 610 000	6 654 500	5 543 570	155%	112%
Total		54 863 122	62 147 850	85 746 351	83 050 789	34%	34%
Percentage of finance							
	External loans	-	-	-			
	Public contributions and donations	-	-	-			
	Grants and subsidies	84%	96%	92%	93%	4%	3%
	Other	16%	4%	8%	7%	30%	31%
Capital expenditure							
	Waste Projects	-	560 000	560 000	430 387	0%	-23%
	MIG Projects	22 431 264	35 532 850	35 532 850	29 074 516	0%	-18%
	Other	28 525 102	18 055 000	42 060 652	44 075 774	133%	144%
Total		50 956 366	54 147 850	78 153 502	73 580 677	44%	36%
Percentage of expenditure							
	Electricity	15%	9%	8%	22%	1%	13%
	Roads	23%	60%	28%	25%	32%	35%
	Other	61%	31%	64%	53%	67%	52%

T 5.6.1

The municipality is highly reliant on conditional grant funding to fund capital projects. During the 2024/25 financial year only 7% of the projects were funded by internally generated funds. The large variances between the amounts disclosed

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under sources of funding and the capital expenditure, is due to the sources of funding and capital expenditure budget are presented inclusive of VAT and the actual capital expenditure presented exclusive of VAT.

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 (%)
Paving of Xholorha Internal Roads	13 850 000	13 850 000	13 982 553	1%	1%
KKH Recreational Centre	4 600 000	5 243 000	5 455 372	19%	4%
Mlungisi Sportfield	5 400 000	5 400 000	5 059 006	-6%	-6%
Regraveling Cenyu Village Internal Roads	3 500 000	3 500 000	3 499 775	0%	0%
Regraveling of Phumlani Community	4 000 000	4 000 000	3 986 147	0%	0%
* Projects with the highest capital expenditure in Year 0					
Name of Project - A	Paving of Xholorha Internal Roads				
Objective of Project	Upgrade of internal road network of Xholorha from gravel to paving				
Delays	Additional scope for storm water pipes which had not been anticipated had to be done due to unforeseen circumstances.				
Future Challenges	The project has been completed so no future challenges have been anticipated.				
Anticipated citizen benefits	The upgraded road will ensure ease of access within the township				
Name of Project - B	KKH Recreational Centre				
Objective of Project	To provide a meeting place for the community with a library for recreational purposes.				
Delays	Unforeseen challenges and delays due to underground water				
Future Challenges	Currently the project has no budget. A budget maintenance application is being prepared for additional budget				
Anticipated citizen benefits	The Recreation Centre will provide a meeting place for the community. The centre will also provide a library for the community				
Name of Project - C	Mlungisi Sportfield				
Objective of Project	To provide sporting facilities for multiple sporting codes				
Delays	Poor performance by previously appointed contractors resulted in delays.				
Future Challenges	The project is almost complete and no challenges are anticipated				
Anticipated citizen benefits	The project will provide quality sporting facilities to the community				
Name of Project - D	Regraveling Cenyu Village Internal Roads				
Objective of Project	Rehabilitation of disaster rain damaged roads				
Delays	Project was completed as planned.				
Future Challenges	The project is complete, no challenges are anticipated				
Anticipated citizen benefits	The project restored access to the Cenyu community				
Name of Project - E	Regraveling Phumlani Community				
Objective of Project	Provide a meeting place for the community.				
Delays	Project is on schedule				
Future Challenges	The project is proceeding smoothly and currently no challenges are anticipated.				
Anticipated citizen benefits	The project will provide the Phumlani community with a formal meeting place				
T 5.7.1					

Other than an increase in the budget allocated to KKH Recreational Centre, due to underground water, there has not been any significant variances for the 5 projects presented above. For future projects, the municipality should reduce the time between the conclusion of planning and obtaining funding for execution of capital projects.

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Service Backlogs as at 30 June Year 0				
	*Service level above minimum standard		**Service level below minimum standard	
	No. HHs	% HHs	No. HHs	% HHs
Water		%		%
Sanitation		%		%
Electricity		%		%
Waste management		%		%
Housing		%		%
% HHs are the service above/below minimum standard as a proportion of total HHs. 'Housing' refers to * formal and ** informal settlements.				
T 5.8.2				

Municipal Infrastructure Grant (MIG)* Expenditure Year 0 on Service backlogs						R' 000
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adjustments Budget	
Infrastructure - Road transport				%	%	
Roads, Pavements & Bridges	48 227 199	67 372 199	48 105 639	0%	-40%	Relevant Division of Revenue Act conditions. Office of the Premier reviewed procurement process
Storm water				%	%	
Infrastructure - Electricity				%	%	
Generation				%	%	
Transmission & Reticulation	7 860 000	7 860 000	4 964 695	-58%	-58%	Relevant Division of Revenue Act conditions. Office of the Premier reviewed procurement process
Street Lighting				%	%	
Infrastructure - Water				%	%	
Dams & Reservoirs				%	%	
Water purification				%	%	
Reticulation				%	%	
Infrastructure - Sanitation				%	%	
Reticulation				%	%	
Sewerage purification				%	%	
Infrastructure - Other				%	%	
Waste Management				%	%	
Transportation				%	%	

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Gas				%	%	
Other Specify:				%	%	
Community	13 300 000	14 300 000	13 617 724	2%	-5%	Relevant Division of Revenue Act conditions
Other	8 382 850	8 000 000	8 088 512	-4%	1%	Relevant Division of Revenue Act conditions
				%	%	
Total	77 770 049	97 532 199	74 776 570	-4%	-30%	

* MIG is a government grant program designed to fund a reduction in service backlogs, mainly: Water; Sanitation; Roads; Electricity. Expenditure on new, upgraded and renewed infrastructure is set out at Appendix M; note also the calculation of the variation. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual.

The amounts disclosed above are including VAT and relate to only Grant funded capital projects.

T 5.8.3

COMPONENT C: CASH FLOW STATEMENT

INTRODUCTION TO CASH FLOW MANAGEMENT AND INVESTMENTS

Cash flow management is crucial for the financial stability and sustainability of a municipality. It ensures that the municipality has enough cash and cash equivalents available to meet its short-term obligations. Cash flow management assist in safeguarding the municipality against financial risk and uncertainties, promotes financial accountability, and enables effective delegation of financial responsibilities. By implementing sound cash flow management practices, the municipality can enhance its financial stability and improve overall performance.

Cash Flow Outcomes				
R'000				
Description	Year -2023/24	Current: Year 2024/25		
	Audited Outcome	Original Budget	Adjusted Budget	Actual
CASH FLOW FROM OPERATING ACTIVITIES				
Receipts	261 965 412	312 802 609	366 317 438	288 066 673
Ratepayers and other	62 931 180	93 067 759	121 280 549	74 103 518
Government – operating	146 808 018	146 250 000	146 284 900	130 878 277
Government – capital	46 078 107	59 537 850	79 091 851	77 507 219
Interest	6 148 298	13 947 000	19 660 138	5 577 659
Dividends	-	-	-	-
Payments	-207 849 611	-236 173 496	-261 548 513	-230 255 863
Suppliers and employees	-209 802 739	-233 173 496	-259 048 513	-230 226 939
Finance charges	-46 872	- 3 000 000	-2 500 000	-28 924
Transfers and Grants	-	-	-	-
NET CASH FROM/(USED) OPERATING ACTIVITIES	52 115 801	76 629 113	104 768 925	57 810 930
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts				
Proceeds on disposal of PPE				1 404 878
Decrease (Increase) in non-current debtors				
Decrease (increase) other non-current receivables				
Decrease (increase) in non-current investments				
Payments				
Capital assets	-44 484 678	-71 240 028	-86 346 352	-69 411 059
NET CASH FROM/(USED) INVESTING ACTIVITIES	-44 484 678	-71 240 028	-86 346 352	-68 006 181
CASH FLOWS FROM FINANCING ACTIVITIES				
Receipts				
Short term loans				
Borrowing long term/refinancing				
Increase (decrease) in consumer deposits				
Payments				
Repayment of borrowing	-288 495	-	-	-230 575

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NET CASH FROM/(USED) FINANCING ACTIVITIES	-288 495	-	-	-230 575
NET INCREASE/ (DECREASE) IN CASH HELD	7 342 628	5 389 085	18 422 573	-10 245 946
Cash/cash equivalents at the year begin:	15 637 585	15 702 466	15 702 466	22 980 213
Cash/cash equivalents at the year end:	22 980 213	21 091 551	34 125 039	12 554 267
Source: MBRR A7				T 5.9.1

The variance in increase in cash and cash equivalents are due to the decrease in Small Town Revitalisation project funding during the 2024-25 financial year. Cash receipts from consumers are less due to the collection rate being less than anticipated. This resulted in less available funds to pay suppliers. The municipality do not have cash backed reserves.

BORROWING AND INVESTMENTS

The municipality invests conditional grants and portions of unconditional grant funding for employee related costs in short term investments (call accounts). The municipality is part of the Eskom Debt relief program and one of the requirements of the program is that the municipality limit borrowing.

Actual Borrowings: Year -2021/22 to Year 2024/25				
	R' 000			
Instrument	Year 2021/22	Year 2022/23	Year 2023/24	Year 2024/25
Municipality	-	-	-	-
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	-	-	-	-
Municipality Total	-	-	-	-
Municipal Entities	-	-	-	-
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	-	-	-	-

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Financial derivatives				
Other Securities				
Entities Total				
				T 5.10.2

Municipal and Entity Investments				
			R' 000	
Investment* type	Year 2022/23	Year 2023/24	Year 2024/25	
	Actual	Actual	Actual	
Municipality				
Securities - National Government				
Listed Corporate Bonds				
Deposits – Bank	14 960	22 324	11 997	
Deposits - Public Investment Commissioners				
Deposits - Corporation for Public Deposits				
Bankers Acceptance Certificates				
Negotiable Certificates of Deposit – Banks				
Guaranteed Endowment Policies (sinking)				
Repurchase Agreements – Banks				
Municipal Bonds				
Other				
Municipality sub-total	14 960	22 324	11 997	
Municipal Entities				
Securities - National Government				
Listed Corporate Bonds				
Deposits – Bank				
Deposits - Public Investment Commissioners				
Deposits - Corporation for Public Deposits				
Bankers Acceptance Certificates				
Negotiable Certificates of Deposit – Banks				
Guaranteed Endowment Policies (sinking)				
Repurchase Agreements – Banks				
Other				
Entities sub-total	-	-	-	
Consolidated total:	14 960	22 324	11 997	
				T 5.10.4

COMMENT ON BORROWING AND INVESTMENTS:

The municipality does not have any borrowings and did not enter into any new borrowing agreements during the year. Investments relate to short term investments in call accounts) and are dominated in Rand.

5.3 SUPPLY CHAIN MANAGEMENT

Section 3(1) (b) and (c) of the SCM regulations states that the accounting officer of a municipality must at least annually review the implementation of SCM policy and when necessary, submit proposal for the amendments of the policy to council. The SCM policy was initially developed in 2005 and implemented to give effect to the SCM regulations, and it was last reviewed in May 2017. Amahlathi has established an SCM unit which comprises of four officials. The code of conduct, oath of secrecy and declaration forms are signed by all officials involved in supply chain management. The SCM manager has reached prescribed levels as required by the Minimum Competency Regulations Guidelines and the other three officials are still in process. In line with Municipal Finance Management Act (MFMA), the accounting officer has also established various bid committees that are consistent with the SCM regulations and any applicable legislation for competitive bidding i.e.

- Bid Specification Committee
- Bid Evaluation Committee
- Bid Adjudication Committee

5.4 GRAP COMPLIANCE

The municipality is required by legislation to report on its financial affairs using GRAP Reporting Framework. The Annual Financial Statements and Fixed Asset Register have been prepared and submitted using applicable GRAP standards. In the current year, the municipality has not adopted any new standards and interpretations as there are none effective in the current financial year.

CHAPTER 6: AUDITOR GENERAL FINDINGS

6.1. AUDITOR GENERAL OPINION 2024/25

The Amahlathi Local Municipality received an unqualified audit opinion in 2024/2025 audit and the following issues were raised.

MATERIAL GOING CONCERN

The municipality is unable to pay creditors within due dates and has negative key financial ratios, and that net current liabilities were realised. As stated in note 49, these events or conditions, along with the other matters as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of Matters

- The financial statements, as disclosed on note 47, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the Local Municipality at, and for the year ended, 30 June 2025.
- On note 4 and 5 to the financial statements, material cumulative allowance for impairment losses of R118,5 million (2023-24: R89 million) and R55,5 million (2023-24: R53,7 million) was incurred as a result of a provision for impairment of debtors.
- On note 54 to the financial statements, material electricity losses of R12 million (2023-24: R18,4 million) were incurred, which represents 20% (2023-24: 35,3%) of total electricity purchased. The total losses are attributable to normal losses and illegal connections.

6.2 AUDIT ACTION PLAN TO ADDRESS 2023/24 FINDINGS

Findings No.	CAAT	Audit Finding	Summary of the Finding	Cause	Classification	Recommendation	Action Plan	Proposed Time Frame	Department	Status

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COAF 006	AFS	1. Electricity – Classification issue	For the General expenditure – Electricity amount recorded on the financial statements amounting to R4 78 562 as illustrated on note 39, it was identified that the transaction included expenditure for water and sanitation amounting to R3 849 540,93. Therefore, this means that the amount recorded on the financial statements is misleading to the users of the financial statements	This is due to failure to separate the expenditures for water and sanitation from the electricity expenditure on the financial statements or to be aligned with the vote for Electricity, Water and sanitation' as per the general ledger	Misstatement in Annual Financial Statement	Management should ensure that the amounts presented on the financial statement are accurate, appropriately presented and are not misleading to the users of the financial statements	1. Adequate time for the review of Annual Financial Statements to Lead Schedules and supporting documents with sign-off. 2. Submission of AFS to Internal Audit for review. 3. Allow sufficient time to for Reviewal AFS in the Audit Plan	Expenditure Classification on Annual Financial Statements corrected.	18-Jul-25	Budget and Treasury	Implemented
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COAF 009	SCM	ments - Inaccurate amount recorded	were identified to been inaccurately the commitments register as follows	se was due to ant incorrectly ents made to s for services efore resulting urate balance	tements in financial statements	ould ensure that adequate views are performed on the s Register and the inputs in ation relating to the contract ents made to suppliers and rders have been accurately recorded	commitments er to WIP and ons Registers	15/08/2025	and Treasury

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COAF 009	AFS	With Flow Statement Differences	differences were in the Cash Flow Statement	views on the of cash flows a statement of making sure P standard is complied with. was noted that not separated revenue (VAT and expenditure be) the same separated in Annual Financial Statements	statements in financial statements	ment should make sure that ions relating to receipts and is properly done taking into ements relating to cash flow items. management should make y adjustments to the annual statements to ensure that the financial statements are fairly d as required by the MFMA.	te time for the Annual Financial and Schedules ing documents with sign-off. sion of AFS to lernal Audit for review. ient time to for FS in the Audit Plan	22-Aug-25	and Treasury
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Error – Note 46	the prior period to disclose the net amount per unit spent is restated as	with was noted fees were due include amounts as IP 3	financial	ould ensure that Prior e completely and sed in that it correctly ount previously reported, the error and the restated	e for the al Financial ead Schedules ocuments AFS to at time to for the Audit	asury

COAF 018	invoices not paid days from invoice receipt date	invoices were not paid days from date of invoices, refer to below for details	management ent in ensuring are paid within lated 30 days	Non-compliance	undertaking any procurement is the municipality must first sufficient funds have been and cash is available for the the required goods, works . This must be confirmed in chief Financial Officer. If this ed, then no orders must be such procurement must be o proceed. Accordingly, it is the accounting officer, chief and head of procurement to al officials are aware of the sures and service providers re any orders are placed or approved	where supplier be paid within t suppliers and evant payment arrangements	On going	30/06/2025	and Treasury
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Material Irregularity	Environmental Audit	Cathcart Waste Landfill and Transfer Station findings and impacts reported	The Amathlathi Local Municipality's waste management and disposal activities sometimes contravene or failed to comply with the requirements of section 28 (1) (Duty of Care) of the NEMA, section 19 (Prevention and remedying effects of pollution) of the NWA, 1998 (Act No. 36 of 1998. Requirements within the NEMWA, sections 16(1) (c) where waste must be disposed of, ensure that the waste is treated and disposed of in an environmentally sound manner & (d) manage the waste in such a manner that it does not endanger health or the environment or cause a nuisance through noise, odour or visual impacts, are not ways adhered to. The NEMWA, section 26(1)(a) prohibits disposing waste, or	Material Irregularity	1. Commence operation of transfer station. 2. Closure and rehabilitation of the Cathcart waste disposal site	30 June 2025 30 June 2026	Community Services

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knowingly, or negligently causing or permitting waste to be disposed in or on land, water body or unless disposal of that waste is authorized and (b) disposing of waste in a manner that is likely to harm the environment or harm to the health or well-being

6.3 AUDIT REPORT OF THE AUDITOR GENERAL 2024/25 FINANCIAL YEAR

Opinion

1. I have audited the financial statements of the Amahlati Municipality set out on pages xx to xx, which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cashflow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Amahlati Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and Division of Revenue Act 24 of 2024 (Dora).

Basis for opinion

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

Material uncertainty relating to going concern

6. I draw attention to the matter below. My opinion is not modified in respect of this matter.
7. I draw attention to note 49 to the financial statements, which indicates that the municipality is unable to pay creditors within due dates and has negative key financial ratios, and that net current liabilities were realised. As stated in note 49, these events or conditions, along with the other matters as set forth in note 49, indicate that a material uncertainty exists that may cast significant doubt on the municipality's ability to continue as a going concern.

Emphasis of matters

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

9. As disclosed in note 47 to the financial statements, the corresponding figures for 30 June 2024 were restated as a result of an error in the financial statements of the Local Municipality at, and for the year ended, 30 June 2025.
10. As disclosed in note 4 and 5 to the financial statements, material cumulative allowance for impairment losses of R118,5 million (2023-24: R89 million) and R55,5 million (2023-24: R53,7 million) was incurred as a result of a provision for impairment of debtors.
11. As disclosed in note 54 to the financial statements, material electricity losses of R12 million (2023-24: R18,4 million) were incurred, which represents 20% (2023-24: 35,3%) of total electricity purchased. The total losses are attributable to normal losses and illegal connections.

Other matter

12. I draw attention to the matter below. My opinion is not modified in respect of this matter.
13. In terms of section 125(2)(e) of the MFMA, the particulars of non-compliance with the MFMA should be disclosed in the financial statements. This disclosure requirement did not form part of the audit of the financial statements and, accordingly, I do not express an opinion on it.

Responsibilities of the Accounting Officer for the financial statements

14. The Accounting Officer is responsible for the preparation and fair presentation of the financial statements in accordance with the Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA); and for such internal control as the Accounting Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
15. In preparing the financial statements, the Accounting Officer is responsible for assessing the 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

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

Report on the annual performance report

18. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance against predetermined objectives for the selected material performance indicators presented in the annual performance report. The Accounting Officer is responsible for the preparation of the annual performance report.

19. I selected the following material performance indicators related to KPA 1: Service Delivery and Infrastructure Services presented in the annual performance report for the year ended 30 June 2025. I selected those indicators that measure the Municipality's performance on its primary mandated functions and that are of significant national, community or public interest.

% progress achieved on the surfacing (paving) of Xholorha Main Road

- % progress achieved on the rehabilitation of Mandlakapheli Village Road.
- % progress achieved on the rehabilitation of Langdraai Village Road.
- % progress achieved on the rehabilitation of Stutterheim - Landfill Site Road
- % progress achieved on the rehabilitation of Upper to Lower Ngqumeya road in Keiskammahoek
- % progress on the rehabilitation of Tshoxa road in Keiskammahoek
- % progress achieved on the rehabilitation of Kubusie road in Stutterheim
- % progress achieved on the rehabilitation of Mahanjane to Ohlson farm road in Stutterheim
- % progress on the reconstruction of Bridge between Rhawini and Bongweni
- % progress achieved on the rehabilitation of Amabele Road in Stutterheim
- % progress on the rehabilitation of Stanhope to Jerseyvale Road in Stutterheim
- % progress achieved on the rehabilitation of Gasela Road in Stutterheim
- % progress on the rehabilitation of Mlungisi township roads in Stutterheim
- % progress achieved on the rehabilitation of Cenylulands Village Roads in Stutterheim
- % progress achieved on the rehabilitation of Emagcumeni Road in ward 10
- % progress achieved on the rehabilitation of Road between Peer to Nxawe & Matsa to Nxawe in Ethembeni (ward 7)
- % progress achieved on the rehabilitation of Goshen Road in Cathcart
- % progress achieved on the rehabilitation of Sophumelela Roads in Keiskammahoek
- % progress achieved on the rehabilitation of Ngxondorheni village Roads in Keiskammahoek

- % progress achieved on the rehabilitation of Phumulani village Roads in Keiskammahoek
 - % progress achieved on the rehabilitation of Bumbani village Roads in Keiskammahoek
 - % progress achieved on the rehabilitation of Kom village Roads in Keiskammahoek
 - % progress on pre-engineering work on the rehabilitation of Keiskammahoek Roads under the STR grant
 - No of electricity meters installed
 - % progress on the upgrade of streetlights and highmast lights
 - No of fire awareness campaigns conducted
 - % progress towards construction of Keiskammahoek Recreation Centre
 - No. of paintable streets with faded roadmarkings painted
 - % progress towards construction of Mbaxa Community Hall
 - % Progress on upgrades of sport facilities(Mlungisi)
20. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the Municipality's planning and delivery on its mandate and objectives.
21. I performed procedures to test whether:
- the indicators used for planning and reporting on performance can be linked directly to the Municipality's mandate and the achievement of its planned objectives
 - all the indicators relevant for measuring the Municipality's performance against its primary mandated and prioritised functions and planned objectives are included
 - the indicators are well defined and verifiable to ensure that they are easy to understand and apply consistently and that I can confirm the methods and processes to be used for measuring achievements
 - the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated
 - the indicators and targets reported on in the annual performance report are the same as what was committed to in the approved initial or revised planning documents
 - the reported performance information is presented in the annual performance report in the prescribed manner

- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance
22. I performed the procedures for the purpose of reporting material findings only; and not to express an assurance opinion or conclusion.
23. I did not identify any material findings on the reported performance information for the selected indicators.

Other matter

1. I draw attention to the matter below.

Achievement of planned targets

KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE SERVICES

Targets achieved: 95%		
Budget spent: 94%		
Key indicator not achieved	Planned target achievement	Reported
1.1.1 % progress achieved on the surfacing (paving) of Xholorha Main Road	100% progress achieved on the paving of 2,3 kilometers at Xholorha Township	90% progress achieved on the paving of 2,3 kilometers at Xholorha Township

1.2.1 No of electricity meters installed		
200 meters electricity installed	Target not met	155 meters electricity installed

Report on compliance with legislation

24. 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.

25. 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.

26. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the Municipality, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

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

Annual financial statements, Annual performance report, Annual report

28. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA.

29. Material misstatements of revenue and disclosure items identified by the auditors in the submitted financial statement were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Procurement and contract management

30. Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R300 000 were procured using price quotations as required by SCM Regulation 17(1)(c).

31. Some of the contracts were extended or modified without the approval of a properly delegated official, in contravention of SCM Regulation 5.

32. The performance of the contractors or providers was not monitored on a monthly basis, as required by section 116(2)(b) of the MFMA. Similar non-compliance was also reported in the prior year

Expenditure management

33. Reasonable steps were not taken to ensure that money owed by the municipality was not always paid within 30 days as required by section 65(2)(e) of the MFMA.

34. Reasonable steps were not taken to prevent fruitless and wasteful expenditure amounting to R4,7 million, as disclosed in note 52 of the annual financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the disclosed fruitless and wasteful expenditure was caused by non compliance with section 65(2)(e) of the MFMA.

Governance and oversight

1. The audit committee did not submit an audit report on the review of the performance management system to the council, at least twice during a financial year, as required by regulation 14(4)(a)(iii) on Municipal Planning and Performance Management.

Human resource management

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

Consequence management

3. 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.

Other information in the annual report

4. The accounting officer is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in development priorities presented in the annual performance report that have been specifically reported on in this auditor's report.
5. 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.
6. 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 material indicators in the scoped-in development priority presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
7. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

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

material findings on compliance with legislation included in this report.

37. 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.
38. The matters reported below are limited to the significant internal control deficiencies that resulted in the material findings on compliance with legislation included in this report.
39. Leadership did not provide effective oversight responsibility regarding compliance and financial reporting. The slow progress in implementing the prior year action plan has resulted in repeat findings on compliance in the current year.
40. Leadership and senior management did not effectively monitor compliance with laws and regulations resulting in material non compliance with laws and regulations included in this report.

Material irregularities

41. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Status of previously reported material irregularities

Cathcart Waste Landfill site: Non-compliance with environmental management legislation

42. The municipality is operating a landfill site in Cathcart without a valid licence. The site was licensed for closure on 18 July 2013, with closure and rehabilitation required within a period of two years. This means that the license has lapsed, requiring a new closure license application for and upon closure. The site continues to be used for waste disposal and treatment.
43. This resulted in a material non-compliance with section 28(1) of the National Environmental Management Act 107 of 1998 (NEMA) and section 16 (1) of the National Environmental Management: Waste Act 59, of 2008 (NEMWA) which resulted in pollution of the environment, mainly due to the following:
 - No signs to and from the site observed.
 - No access control (nor security) – no official after hours (only a spotter during day to monitor the waste dumping that incur).
 - Waste disposal still incur.
 - No or ineffective control over waste receive / disposed.
 - Scavenging / recycler activities on site – burning of waste and smoke pollution.
 - No proper treatment / compaction / closure of waste.
 - No yellow assets – vehicles and equipment needed to compact / close – treat the waste upon disposal.
 - No dust suppression.
 - No weighbridge or billing system (or waste recording).
 - Serious windblown litter / pollution of the areas on / surrounding the site.
 - No gas, water, leachate monitoring.
- No ablution facilities / guard house or other equipment / needs

- Perfect breeding ground for vermin, vector and other unwanted elements (health and safety concerns)
- 44. There is a clear indication of significant air pollution, the degradation of the environment and other nuisances caused by improper landfilling. The pollution could cause serious health, safety and injury risks to the surrounding communities, including workers using the site or communities in nearby areas and substantial harm to the public.
- 45. The accounting officer was notified of the material irregularity on 28 March 2024 and invited to make a written submission on the actions taken and that will be taken to address the matter. The accounting officer responded, and it was concluded that appropriate actions have been taken. The actions taken and planned are as follows:
 - The municipality compiled and submitted an action plan to the Department of Economic Development Environmental Affairs and Tourism (DEDEAT) on 26 January 2024, for the activities towards closure of the site and operationalisation of the transfer station.
 - The municipality managed to source funding for conducting the basic assessment, this being the first step to outline the following processes.
 - o The tender advertisement for conducting the basic assessment of the site towards closure and rehabilitation closed on 19 April 2024.
 - o A draft transfer station operational plan was submitted to DEDEAT for inputs and comments. Two skip bins were procured and delivered on 15 April 2024, however these still need to be adjusted to properly fit onto the skip bin truck.
 - o A concept document was developed requesting further intense training of identified recyclers around the area of Cathcart, who are going to operate the transfer station was submitted to the DEDEAT.
- 46. Most of the actions taken by the accounting officer that are expected to bring improvement have been effected and some are still in progress. The service provider was appointed to assist the process and now the municipality is waiting for the waste licence application submitted to DEDEAT on 30 May 2025.
- 47. The progress will be followed up in the next financial year.

Auditor-General
East London
12 December 2025

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 material performance indicators 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.

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evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

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

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

Compliance with legislation - selected legislative requirements

The selected legislative requirements are as follows:

Selected legislation and regulations	Consolidated firm level requirements
Municipal Finance Management Act 56 of 2003	Sections: 1, 11(1), 13(2), 14(1), 14(2)(a), 14(2)(b), 15, 24(2)(c)(iv), 28(1), 29(1), 29(2)(b), 32(2), 32(2)(a), 32(2)(a)(i), 32(2)(a)(ii), Sections: 32(2)(b), 32(6)(a), 32(7), 33(1)(c)(ii), 53(1)(c)(ii), 53(1)(c)(iii)(bb), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f), 64(2)(g), 65(2)(a), 65(2)(b), 65(2)(e), 72(1)(a)(ii), 112(1)(j), 116(2)(b), 116(2)(c)(ii), 117, 122(1), 122(2), 126(1)(a), 126(1)(b), 127(2), 127(5)(a)(i), 127(5)(a)(ii), 129(1), 129(3), 133(1)(a), 133(1)(c)(i), 133(1)(c)(ii), 165(1), 165(2)(a), 165(2)(b)(ii), 165(2)(b)(iv), 165(2)(b)(v), 165(2)(b)(vii), 166(2)(b), 166(2)(a)(iv), 166(5), 170, 171(4)(a), 171(4)(b)
MFMA: Municipal budget and reporting regulations, 2009	Regulations: 71(1)(a), 71(1)(a)(b), 71(2)(a), 71(2)(b), 71(2)(d), 72(a), 72(b), 72(c)
MFMA: Municipal Investment Regulations, 2005	Regulations: 3(1)(a), 3(3), 6, 7, 12(2), 12(3)
MFMA: Municipal Regulations on financial Misconduct Procedures and Criminal Proceedings, 2014	Regulations: 5(4), 6(8)(a), 6(8)(b), 10(1)

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MFMA: Municipal Supply Chain Management Regulations, 2017	Regulations: 5, 12(1)(c), 12(3), 13(b), 13(c), 16(a), 17(1)(a), 17(1)(b), 17(1)(c), 19(a), 21(b), 22(1)(b)(i), 22(2), 27(2)(a), 27(2)(e), 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(i), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i), 38(1)(g)(ii), 38(1)(g)(iii), 43, 44, 46(2)(e), 46(2)(f)
Construction Industry Development Board Act 38 of 2000	Section: 18(1)
Construction Industry Development Board Regulations, 2004	Regulations: 17, 25(7A)
Division of Revenue Act	Sections: 11(6)(b), 12(5), 16(1); 16(3)
Municipal Property Rates Act 6 of 2004	Section: 3(1)
Municipal Systems Act 32 of 2000	Sections: 25(1), 26(a), 26(c), 26(h), 26(i), 29(1)(b)(ii), 34(a), 34(b), 38(a), 41(1)(a), 41(1)(b), 41(1)(c)(ii), 42, 43(2), 45(a), 54A(1)(a), 56(1)(a), 57(2)(a), 57(4B), 57(6)(a), 57A, 66(1)(a), 66(1)(b), 67(1)(d), 74(1), 96(b)
MSA: Disciplinary Regulations for Senior Managers, 2011	Regulations: 5(2), 5(3), 5(6), 8(4)
MSA: Municipal Planning and Performance Management Regulations, 2001	Regulations: 2(1)(e), 2(3)(a), 3(3), 3(4)(b), 7(1), 8, 9(1)(a), 10(a), 12(1), 14(1)(b)(iii), 14(1)(c)(ii), 14(4)(a)(i), 14(4)(a)(iii), 15(1)(a)(i), 15(1)(a)(ii)
MSA: Municipal Performance Regulations for Municipal Managers and Managers Directly Accountable to Municipal Managers, 2006	Regulations: 2(3)(a), 4(4)(b), 8(1), 8(2), 8(3), 26(5), 27(4)(a)(i)
MSA: Regulations on Appointment and Conditions of Employment of Senior Managers, 2014	Regulations: 17(2), 36(1)(a)
MSA: Municipal Staff Regulations	Regulations: 7(1), 19, 31, 35(1)
MSA: Municipal Systems Regulations, 2001	Regulation: 43
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)

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Preferential Procurement Policy Framework Act 5 of 2000	Sections: 2(1)(a), 2(1)(f)
Preferential Procurement Regulations, 2017	Regulations: 4(1), 4(2), 5(1), 5(3), 5(6), 5(7), 6(1), 6(2), 6(3), 6(6), 6(8), 7(1), 7(2), 7(3), 7(6), 7(8), 8(2), 8(5), 9(1), 10(1), 10(2), 11(1), 11(2)
Preferential Procurement Regulations, 2022	Regulations: 4(1), 4(2), 4(3), 4(4), 5(1), 5(2), 5(3), 5(4)

6.4 DRAFT AUDIT ACTION PLAN TO ADDRESS 2024/25 FINDINGS

No	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
1	COAF 001	SCM	1 Non-submission of information requested	The following information relating to RFI 3, issued on 25 July 2025 and due on the 30 July 2025 was not submitted: Section C - Consequence Management C.1 Attendance registers for trainings held on compliance	This is due to lack of adequate controls over document management process to ensure that information is readily available and accessible when required.	Internal control deficiency	It is recommended that management ensures that the information requested in the above mentioned RFIs is submitted on or before the due date of this communication of audit finding. Management should further ensure that proper record management is implemented, and	1. A proper filing system must be maintained and record keeping improved.		28/02/2026	Corporate Services	N Nqulo	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
							information requested for audit is submitted within the timeline agreed upon as contained on the engagement letter.						

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2	COAF 002	AFS	1. Annual Financial Statements	<p>The following issues were identified during the High-level review of the Annual Financial Statements submitted on 30 August 2025:</p> <p>1. Statement of Changes in net Assets Recalculated figures Amount as per submitted AFS Difference Accumulated surplus / deficit Total net assets Balance at 01 July 2024 as restated 264 641 349 264 641 349,00 256 504 063 8 137 286</p> <p>2. Note 55: Segment information Segment surplus or deficit, assets and liabilities Recalculated figures Amount as per submitted AFS Difference 2025 Total expenditure reconciling items 224 151 766 234 966 476 -10 814 710</p> <p>2024 Total expenditure reconciling items 233 840 784 246 129 965 - 12 289 181</p>	The cause was due to inadequate reviews performed by management and those charged with governance, prior to the submission of the annual financial statements for audit.	Internal control deficiency	Management should ensure that adequate reviews are performed prior to the submission of the annual financial statements to the auditors as required by the legislated date.	1. Include sufficient time in the AFS plan for review of AFS; 2. Conduct a full review on the final set of Annual Financial Statements, after final changes was made.	28/08/2026	Budget and Treasury	B Ngwendu	
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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
3	COAF 003	Internal Audit	1. Audit Committee	<p>The following issues were identified during the audit of processes, procedures, and functionality of the Audit Committee:</p> <p>1. The Municipality has not adopted the MFMA Circular 127 Municipal Audit Committee Toolkit as the requirements from the Circular had not been included in the Audit and Performance Committee Charter approved by Council.</p> <p>2. The internal audit plan was not approved by the audit committee before the financial year starts, as required by the Global Internal Audit Standards and the Public Sector Audit Committee Forum. The approval date was on 20 August 2024 i.e. after 01 July 2024.</p> <p>3. The Chief Audit Executive did not complete a plan for the external quality assessment prior to its completion.</p>	<p>Through enquiry with management, it was noted that the cause was due to oversight in ensuring effective and timely planning for the implementation of MFMA circulars, Regulations, Global Internal Audit Standard and the Public</p>	Non-compliance	<p>Management should ensure that all requirements in line with the MFMA, MFMA Circulars, Global Internal Audit Standards, Public Sector Audit Committee Forum and the Municipal Planning and Performance Management Regulations are adhered to and compliant with the operational</p>	<p>1. Internal Audit to review all compliance related issues for possible material non-compliance to be corrected during the year.</p>		31/03/2026	Executive Services	N Mbende	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				4. The External Quality Assessment was submitted for audit, however, it was signed on 10 September 2025, after the Audit Committee's appointment term ended on 31 August 2025. Therefore, the report has not yet been acknowledged and received by the Audit Committee.	Sector Audit Committee requirements.		effectiveness of the Audit Committee.						
				5. The Annual Report was reviewed by the audit committee on 18 February 2025 i.e. after the required 7 months.									
				6. The Audit and Performance Report was only reported once to Council on the 27 March 2025 meeting.									
4	COAF 003	Human Resources	2. Training Policy	It was identified that the municipality does not have a Training Policy in place and therefore indicates that there is no controls in place to provide direction on the completion of trainings.	Through enquiry with management, it was noted that the cause was due to	Internal control deficiency	The municipality should ensure that there is a Training Policy in place which directs the processes	1. Appoint an HR Manager 2. HR must develop a Training Policy		31/03/2026	Corporate Services	N Nqulo	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
					oversight in ensuring the municipality has a Training Policy implemented by its employee s.		taken to improve and maintain core skills and competencies of the personnel within the municipality.						
5	COAF 004	Human Resources	Performance Management	It was noted that the Individual Performance Contracting processes in line with the Performance Management Policy were not implemented as the Performance Promises (performance agreements) were not cascaded to task grades 1 to 11.	Through enquiry with management, it was noted that the cause was due to oversight in ensuring the implementation of the Performance	Non-compliance	Management should ensure that the Performance Management Policy in place is implemented to comply with the applicable legislation.	1. Appoint a HR Manager 2. Cascade performance assessment tasks to grades 1 - 11		31/03/2026	Corporate Services	N Nqulo	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
					nce Managem ent Policy to all task grades.								
		SCM	SCM CAATs	The following CAATs exceptions were identified: 1. Business partners of an employee in service of the municipality were identified to have transacted with the municipality as depicted in the table below: No. Name of person Position Partner entity name Supplier name Expenditure (Payments) - current year 1 Kupido Christo Quintin Gen Wrk Comm Services Stutterheim Emerging Construction and General Trading Primary Co-operative Limited Oobhungane Oongelengele Trading 40 525,00 2 Kupido Christo Quintin Gen Wrk Comm Services Stutterheim Emerging	1. This is due to lack of proper investigati ons and follow ups done on previousl y identified exception and on the declaratio ns submitted by employee s.	Internal control deficienc y	Managemen t should ensure that: • Timely follow ups on previously identified exceptions are done, and all municipal officials make honest declarations of interest and conduct more awareness programmes of what constitutes interest. • The	1. Timely review if previous identified CAATs exception s have been corrected 2. Communi cate the importanc e of completin g a declaratio n of interest form 3. Managem ent to decide on an annual		30/06/ 2026	Budget and Treasur y	B Ngwend u	
6	COAF 005												

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				Construction and General Trading Primary Co-operative Limited TH Paul Kruger Construction 113 360,00 It should further be noted the exception was identified in the 2023-24 financial year and that no declaration of the interest was made by the employee on the declaration submitted for audit purposes.			suppliers that form part of ongoing contracts and panels are required to declare interest prior to being awarded new work.	deadline date for all annual declaration of interest forms to be completed and submitted					
7	COAF 007	SCM	PPR Calculation	The following variances were identified for PPR calculations performed in line with PPR 2022: No. Name of Supplier Contract Number Points Awarded Auditor's recalculation Differences 1 Qamis Trading Enterprise CC ALM/SCM/19/2024-25 83 80 3 2 Olua Trading (Pty) Ltd ALM/SCM/19/2024-25 16.74 13.74 3 3 MSAS Solutions ALM/SCM/13/2024-25 19.80 13.80 6	This was due to lack of oversight on the part of management's reviews of the Preferential Procurement Points.	Internal control deficiency	Management should ensure that there are adequate reviews of the allocation of the Preferential Procurement Points calculations, to avoid any potential risks of inaccurately	1. Bid Committees must properly review the PPR Calculations		30/06/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				4 Waltons ALM/SCM/13/2024-25 42.76 39.76 3 5 Zentribox ALM/SCM/40/2024-25 69.54 66.54 3 6 Hello World Systems ALM/SCM/03/2024-25 91 83 8 7 Sizwe Paints PO04972 100 80 20 8 City Paints & Tool PO04972 86.53 66.53 20 9 Dulux Paint Centre PO04972 72.55 52.55 20			awarding a supplier, which would lead to Irregular Expenditure.						
8	COAF 008	Human Resources	1. Allowances - Policy Noncompliance	Travel allowance for Employee 269 as per the table below. Determined based on 30% average salary per SALGA as per the travel allowance policy	Absence of adequate monitoring to ensure compliance with the municipality's allowance policy and employment contracts.	Internal control deficiency	Ensure that allowance payments are made strictly in line with the municipality's approved allowance policy, employment contracts, and relevant legislative requirements.	1. HR must scrutinise HR policies and confirm property implementation thereof		31/03/2026	Corporate Services	N Nqulo	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
9	COAF 008	Expenditure	2. Difference between AFS and payroll reconciliation	When performing reconciliation between the AFS and the payroll report we noted a difference of R 1 789 272.94 between the payroll report and the AFS	The cause was due to inadequate reviews performed by management and those charged with governance, prior to the submission of the annual financial statements for audit.	Internal control deficiency	The amount in the AFS should be adjusted to reflect the amount payroll reports each individual payroll line items affected	1. A final alignment reconciliation must be done at year end to ensure that the employee related costs disclosed agrees to the line items per payroll report		18-Jul-26	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
10	COAF 009	SCM	1. Contracts not monitored on a monthly basis	The following contracts were not monitored on a monthly basis	This is due to management lack of oversight in ensuring that contracts are monitored on a monthly basis to comply with the MFMA	Non-compliance	1. Update business process to indicate that contracts are monitored prior to payment and/or upon completion of the project. 2. End user to complete a performance monitoring form when submitting invoices for payment, which will form part of the payment voucher	1. Contract Management must include monthly contract monitoring		31/03/2026	Budget and Treasury	B Ngwendu	
11	COAF 009	SCM	2. Extensions and variations not done in	The following contract variations were not approved in accordance with SCM Regulations and the MFMA as they were not approved in	This is due to lack management	Non-compliance	Management should ensure that all variations or	1. Prepare checklist of contract		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
			line with SCM Regulations	accordance with the municipality's policy: NO. CONTRACT NUMBER CONTRACT DESCRIPTION SERVICE PROVIDER AMOUNT 1 ALM/SCM/45/2023-24 Construction of Amahlathi Offices Abram Mashego Construction & Maintenance Works jv PJA General Trading 1 168 312,20 2 ALM/SCM/44/2023-24 Construction of Mlungisi Sports field ZKS & Nam General Trading 13 200,00 2.The following contract extensions of time were not approved in accordance with SCM Regulations and the MFMA as they were not approved in accordance with the municipality's policy: NO. CONTRACT NUMBER CONTRACT DESCRIPTION	oversight in ensuring that MFMA and SCM Regulations are being adhered to and applied.		extensions to contracts are approved in accordance with the MFMA, SCM Regulations and the municipality's policy.	variations and contract extensions. 2. Completed checklist must accompany all variations or extensions					

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				SERVICE PROVIDER 1 ALM/SCM/57/2023-24 Town planning office refurbishment TH Paul Kruger Construction 2 ALM/SCM/22/2023-24 Fencing of Stutterheim Landfill site and Refurbishment of recycling facility Guqaa (Pty) Ltd									
				3. The following contract variations were not approved in accordance with SCM Regulations and the MFMA as there was no supporting evidence to indicate that the extension was justifiable:									
				NO. CONTRACT NUMBER CONTRACT DESCRIPTION SERVICE PROVIDER 1 SCM/11/2019-20 Provision of Banking services for a period of 60 months First rand bank limited									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
12	COAF 009	SCM	3. No penalties identified on underperformance of supplier	<p>Evidence submitted for the following contracts indicate that there were delays on the progress of the contract but no penalties were identified as a result of those delays:</p> <p>NO. CONTRACT NUMBER CONTRACT DESCRIPTION SERVICE PROVIDER 1 ALM/SCM/22/2023-24 Fencing of Stutterheim Landfill site and Refurbishment of recycling facility Guqaa (Pty) Ltd</p>	<p>This is due to the lack of adequate implementation and maintaining a system of internal control to ensure that contracts that do not perform in terms of the conditions of the contract are given penalties or even terminated.</p>	Non-compliance	<p>Management should penalise or terminate the service of service providers who do not perform in terms of the general conditions of the contract.</p>	<p>1. Contract Management must include contract performance evaluation</p>		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
13	COAF 009	SCM	4. Contracts with no contract end date	<p>The following contracts were identified to not have contract end dates:</p> <p>NO. CONTRACT NUMBER CONTRACT DESCRIPTION SERVICE PROVIDER Contract end dates</p> <p>1. ALM/SCM/28/2022-23 Construction of Keiskammahoek Multi-recreational centre Vitsa Trading 27/06/25</p> <p>2. ALM/SCM/45/2023-24 Construction of Amahlathi Offices Abram Mashego Construction & Maintenance Works jv PJA General Trading 30/03/26</p> <p>3. ALM/SCM/44/2023-24 Construction of Mlungisi Sports field ZKS & Nam General Trading 16/04/25</p> <p>4. ALM/SCM/02/2023-24 Construction of Mbaxa Community Hall Imivuzo Trading 20/04/25</p> <p>5. ALM/SCM/57/2023-24 Town planning office refurbishment TH Paul Kruger Construction 4</p>	<p>This is due to the lack of adequate implementation and maintaining a system of internal control to ensure that contracts include a contract period that is agreed upon by the service provider and the municipality at contract inception.</p>	Internal control deficiency	Management should ensure that the contracts entered into with the municipality have set limits in order to avoid ongoing contracts.	1. SCM must ensure that all appointment letters indicate a contract end date.		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				Months 6. ALM/SCM/25/2022-23 Construction of Stutterheim Multi-Recreational centre Balu Investments jv Naniswa Trading 10/04/25									
14	COAF 010	SCM	Non-submission of information requested	During the audit of Commitments, the request for information (RFI) no. 43 was issued to management on 31 October 2025 with the due date of 04 November, after evaluating the submitted information the auditors identified that the following documents requested on the RFI document were not submitted (i.e. are still outstanding): - Appointment letters (Contract amount reflected) - Payment certificates (Expenditure to date e.g. 30/06/2025 reflected) List of contracts with outstanding appointment letters: No CONTRACT NUMBER	This is due to lack of adequate controls over document management process to ensure that information is readily available and accessible when required.	Internal control deficiency	Management should ensure that the information requested in the above mentioned RFIs is submitted on or before the due date of this communication of audit finding. Management should further ensure that proper record	1. A proper filing system must be maintained and record keeping improved.		30/06/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				CONTRACT DESCRIPTION APPOINTMENT DATE SERVICE PROVIDER TYPE/COMMODITY TENDER AWARD VALUE (incl VAT) Variation order / Extension Payments as at 30 JUNE 2025 Commitments as at 30 JUNE 2025 1 ALM/SCM/01/2023-24 Panel of six contractors for the construction of unpaved roads & associated storm-water structures for a period of one years (also forest way & Toise) 22/08/2023 Mikuwo Construction Roads R 3 863 290,47 R 0,00 R 3 863 290,47 R 0,00 7 ALM/SCM/25/2023-24 Panel of five contractors: Construction of Kubusie Road from area 5 to Mahanjan & Ohlson farm road in Stutterheim 18/03/2024 Civ-Con Projects Roads R2 956 067,38 R 0,00 R 2 956 067,38 R0,00 8 ALM/SCM/25/2023-24 Panel of five contractors: Construction of roads between peer to			management is implemented, and information requested for audit is submitted within the timeline agreed upon as contained on the engagement letter.						

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status	
				<p>Nature of the Finding</p> <p>nxawe & Matsa to Nxawe in Tembani 07/10/2024 Civ-Con Projects Roads R2 750 745,00 R 0,00 R 682 102,38 R2 068 642,62</p> <p>13 ALM/SCM/25/2023-24 Panel of five Contractors:</p> <p>Construction of Bridge between Rhawini and Bongweni 18/03/2024 Naniswa Trading (Pty) Ltd Roads R949 974,06 R 0,00 R 907 212,04 R42 762,02</p> <p>List of contracts with outstanding Payment Certificate:</p> <p>Tab A</p> <p>No CONTRACT NUMBER</p> <p>CONTRACT DESCRIPTION</p> <p>APPOINTMENT DATE</p> <p>SERVICE PROVIDER</p> <p>TYPE/COMMODITY TENDER</p> <p>AWARD VALUE (incl VAT)</p> <p>Variation order / Extension Payments as at 30 JUNE 2025</p> <p>Commitments as at 30 JUNE 2025</p> <p>1 ALM/SCM/01/2023-24 Panel of six contractors for the construction of unpaved roads</p>										

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status	
				& associated storm-water structures for a period of one years (also forest way & Toise) 22/08/2023 Mikuwo Construction Roads R 3 863 290,47 R 0,00 R 3 863 290,47 R 0,00 7 ALM/SCM/25/2023-24 Panel of five contractors: Construction of Kubusie Road from area 5 to Mahanjan & Ohlson farm road in Stutterheim 18/03/2024 Civ-Con Projects Roads R2 956 067,38 R 0,00 R 2 956 067,38 R0,00 8 ALM/SCM/25/2023-24 Panel of five contractors: Construction of roads between peer to nxawe & Matsa to Nxawe in Tembeni 07/10/2024 Civ-Con Projects Roads R2 750 745,00 R 0,00 R 682 102,38 R2 068 642,62 12 ALM/SCM/25/2023-24 Panel of five contractors: Construction of roads For Phumlani village, Bumbane and Kom Internal Road in Keiskammahoe 07/10/2024 MVI Construction Roads R3 306 519,05 R 0,00 R										

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				Nature of the Finding 2 644 853,72 R661 665,33 14 ALM/SCM/25/2023-24 Panel of five Contractors: Construction of Amabhele road, Jersey vale roads & Gasela road in Stutterheim 18/03/2024 Naniswa Trading (Pty) Ltd Roads R2 519 000,00 R 0,00 R 837 417,65 R1 681 582,35									
				Tab B No CONTRACT NUMBER CONTRACT DESCRIPTION APPOINTMENT DATE SERVICE PROVIDER TYPE/COMMODITY TENDER AWARD VALUE (incl VAT) Variation order / Extension Payments as at 30 JUNE 2025 Commitments as at 30 JUNE 2025 1 ALM/SCM/44/2023-24 Construction of Mlungisi Sports field Phase 3 31/07/2024 ZKS & Nam General Trading Roads R4 850 000,00 R 0,00 R 3 476 811,83 R1 373 188,17									

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No.	COAF No.	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
15	COAF 011	Non-submission of information requested	During the audit of Commitments, the request for information (RFI) no. 43 was issued to management on 31 October 2025 with the due date of 04 November, after evaluating the submitted information the auditors identified that the following documents requested on the RFI document were not submitted (i.e. are still outstanding): - Appointment letters (Contract amount reflected) - Payment certificates (Expenditure to date e.g. 30/06/2025 reflected) List of contracts with outstanding appointment letters: No CONTRACT NUMBER CONTRACT DESCRIPTION APPOINTMENT DATE SERVICE PROVIDER TYPE/COMMODITY TENDER AWARD VALUE (incl VAT) Variation order / Extension Payments as at 30 JUNE 2025 Commitments as at 30 JUNE	This is due to lack of adequate controls over document management process to ensure that information is readily available and accessible when required.	Internal control deficiency	Management should ensure that the information requested in the above mentioned RFI is submitted on or before the due date of this communication of audit finding. Management should further ensure that proper record management is implemented, and information requested for audit is submitted	1. A proper filing system must be maintained and record keeping improved.		30/06/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				2025 1 ALM/SCM/01/2023-24 Panel of six contractors for the construction of unpaved roads & associated storm-water structures for a period of one years (also forest way & Toise) 22/08/2023 Mikuwo Construction Roads R 3 863 290,47 R 0,00 R 3 863 290,47 R 0,00 7 ALM/SCM/25/2023-24 Panel of five contractors: Construction of Kubusie Road from area 5 to Mahanjan & Ohlson farm road in Stutterheim 18/03/2024 Civ-Con Projects Roads R2 956 067,38 R 0,00 R 2 956 067,38 R0,00 8 ALM/SCM/25/2023-24 Panel of five contractors: Construction of roads between peer to nxawe & Matsa to Nxawe in Tembeni 07/10/2024 Civ-Con Projects Roads R2 750 745,00 R 0,00 R 682 102,38 R2 068 642,62 13 ALM/SCM/25/2023-24 Panel of five Contractors: Construction of Bridge between			within the timeline agreed upon as contained on the engagement letter.						

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				Rhawini and Bongweni 18/03/2024 Naniswa Trading (Pty) Ltd Roads R949 974,06 R 0,00 R 907 212,04 R42 762,02									
				List of contracts with outstanding Payment Certificate: Tab A No CONTRACT NUMBER CONTRACT DESCRIPTION APPOINTMENT DATE SERVICE PROVIDER TYPE/COMMODITY TENDER AWARD VALUE (incl VAT) Variation order / Extension Payments as at 30 JUNE 2025 Commitments as at 30 JUNE 2025 1 ALM/SCM/01/2023-24 Panel of six contractors for the construction of unpaved roads & associated storm-water structures for a period of one years (also forest way & Toise) 22/08/2023 Mikuwo Construction Roads R 3 863 290,47 R 0,00 R 3 863 290,47 R 0,00 7 ALM/SCM/25/2023-24 Panel									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status	
				of five contractors: Construction of Kubusie Road from area 5 to Mahanjan & Ohlson farm road in Stutterheim 18/03/2024 Civ-Con Projects Roads R2 956 067,38 R 0,00 R 2 956 067,38 R0,00 8 ALM/SCM/25/2023-24 Panel of five contractors: Construction of roads between peer to Nxawe & Matsa to Nxawe in Tembeni 07/10/2024 Civ-Con Projects Roads R2 750 745,00 R 0,00 R 682 102,38 R2 068 642,62 12 ALM/SCM/25/2023-24 Panel of five contractors: Construction of roads For Phumlani village, Bumbane and Kom Internal Road in Keiskammahoek 07/10/2024 MVI Construction Roads R3 306 519,05 R 0,00 R 2 644 853,72 R661 665,33 14 ALM/SCM/25/2023-24 Panel of five Contractors: Construction of Amabhele road, Jersey vale roads & Gasela road in Stutterheim 18/03/2024 Naniswa Trading (Pty) Ltd Roads R2 519 000,00 R 0,00 R										

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				837 417,65 R1 681 582,35									
				Tab B No CONTRACT NUMBER CONTRACT DESCRIPTION APPOINTMENT DATE SERVICE PROVIDER TYPE/COMMODITY TENDER AWARD VALUE (incl VAT) Variation order / Extension Payments as at 30 JUNE 2025 Commitments as at 30 JUNE 2025 1 ALM/SCM/44/2023-24 Construction of Mlungisi Sports field Phase 3 31/07/2024 ZKS & Nam General Trading Roads R4 850 000,00 R 0,00 R 3 476 811,83 R1 373 188,17									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
16	COAF 012	AFS	Cashflow differences	The following differences were identified in the Cash Flow Statement	Lack of reviews on the calculations of cash flows included in the statement of cash flows and making sure that GRAP standard is complied with. Further, it was noted that VAT was not separated between revenue (VAT payable) and	Misstatements in financial statements	Management should make sure that calculations relating to receipts and payments is properly done taking into account all elements relating to cash flow items. Further to that, management should make the necessary adjustments to the annual financial statements to ensure that the annual	1. Adequate time for the review of Annual Financial Statements to Lead Schedules and supporting documents with sign-off. 2. Submission of AFS to Internal Audit for review. 3. Allow sufficient time to for Review AFS in the Audit Plan		22-Aug-26	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
					expenditure (VAT receivable) the same way it has been separated in the Annual Financial Statements		financial statements are fairly presented as required by the MFMA.						

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
17	COAF 013	SCM	1. Quotations not approved in line with SCM Regulations	<p>The following quotations were noted to not have been approved in line with SCM Regulations:</p> <p>No. Contract number Service Provider Description Amount 1 PO05259 VEZI MJA SECURITY AND CLEANING SERVICES Maintenance Street & Roads 29 998,00 2 ALM/SCM/04/2024-25 Eya bantu Professional Services (Pty) Ltd Supply and Installation of Check Meters for ALM R173 827,65 3 ALM/SCM/30/2024-25 Qamis Trading Enterprise cc Supply, Delivery and fitment of two (02) front end loader tyres R69 900,00 4 ALM/SCM/05/2024-25 Sizisa Ukhanyo Trading 784 cc Installation of Burglars, Tinting of Windows, and Installation of Air conditioners to Mzwandile Fanti Recreational Centre R298 430,00</p> <p>The bid reports submitted for</p>	<p>This is due to management lack of oversight in ensuring that all SCM Regulations and the MFMA have been appropriately applied</p>	Non-compliance	<p>Management should ensure that all Request for Quotations where less than 3 quotes were obtained, the reasons for not obtaining 3 quotes is documented and approved by the Chief Financial Officer.</p>	<p>1. Ensure that 3 quotes are received. 2. Where less than 3 quotes were obtained, the reasons for not obtaining 3 quotes must be documented and approved by the Chief Financial Officer.</p>		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
					audit purposes included an approval of the appointment of the service providers by the Chief Financial Officer, however, reasons for not obtaining 3 quotations thereof were not included.								

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Process	Time Frame	Department	Responsible Director	Status
18	COAF 013	SCM	2. Contract payments in excess of the Contract Amount	<p>The following contract was noted to have had payments in excess of the initial contract value:</p> <p>No. Contract number Service Provider Amount Payments made Difference 1 ALM/SCM/27/2022-23 Lateral Union Insurance Brokers 935 164,00 1 184 656,00 - 249 492,00</p>	<p>This is due to management lack of oversight in ensuring that all SCM Regulations and the MFMA has been appropriately applied.</p>	Non-compliance	Management should ensure that payments made in relation to contracts, do not exceed their contract amounts without appropriate approvals as per the SCM Regulations so as to avoid irregular expenditure being incurred.	1. Contract Management must include monthly contract monitoring. g. Cost to date must form part of this monitoring		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
19	COAF 013	SCM	3. Deviations	<p>The following deviation was noted to not have included an acceptable reason for deviation as required by SCM Regulation 36:</p> <p>NO. ORDER NUMBER NAME OF SERVICE PROVIDER AMOUNT</p> <p>1. PO04860 Fort Hare Trading Solutions R140 660,00</p> <p>The reason provided by management was that Fort Hare Trading Solutions was most suitable based on obtained quotations. Therefore, this reason did not fall under any of 5 acceptable instances to deviate from normal procurement processes.</p>	<p>This is due to management lack of oversight in ensuring that all SCM Regulations and the MFMA has been appropriately applied.</p>	Non-compliance	<p>Management should ensure that deviations are approved only under the stipulated instances on SCM Regulation 36. Normal procurement processes should be followed for all instances where SCM Regulation 36 does not apply.</p>	<p>1. Prepare checklist for deviations in line with Regulation 36.</p> <p>2. Completed checklist must accompany all deviation requests</p>		31/03/2026	Budget and Treasury	B Ngwendu	

SCM	1. Completion of Contracts Register	<p>It was noted that the Municipality's Contracts Register, Quotations Register and Deviations Register did not include various supplier contracts as indicated in the Municipality's payments listing for the 2024-25 financial year.</p> <p>Please see below suppliers not included in the Contracts Register, Quotations Register and Deviations Register:</p> <p>No. Supplier Name Payment Amount</p> <p>1 HITECH COMMUNICATION SOLUTIONS - 8 459,40</p> <p>2 ZIINZAME CONSULTING ENGINEERS - 3 369 834,72</p> <p>3 RED ALERT - 48 415,58</p> <p>4 SNR Electrical CC - 443 992,63</p> <p>5 EAST LONDON INDUSTRIAL DEVELOPMENT ZONE - 80 730,00</p> <p>6 PHIKO LAMA WUSHE PTY LTD - 29 900,00</p> <p>7 SKILLFULL 190 T/A EVERGREEN LAWS -</p>	<p>This is due to management's inadequate review of the contracts, quotations and deviation registers to ensure accuracy and completeness thereof.</p>	<p>Non-compliance</p>	<p>Management should ensure that internal controls such as the review process of the contract register are implemented to ensure that all awarded contracts are included in the registers.</p>	<p>1. Review contracts register on a quarterly basis.</p>	31/03/2026	Budget and Treasury	B Ngwendu
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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
21	COAF 014	SCM	2. Difference in irregular expenditure written off	For other expenditure as included under general expenditure, it was identified that the population included cash discounts, which were found to be incorrectly classified. Further inspection of the flyer and the debt reduction payment incentive scheme, as published on the ALM website, confirmed that these discounts are essentially debt write-offs and should be classified as debt impairment rather than other expenditures, as their nature corresponds to debt impairment expenditure. Below is the description on the general ledger vote that recorded the items that were misclassified	This is due to management lack of oversight in ensuring that the Council Debt Write Off is recorded at an accurate amount.	Non-compliance	Management should ensure that all the Council Debt Write Off is recorded at an accurate amount as indicated on the MPAC minutes.	1. Review MPAC reports and compare to Irregular Expenditure Register		31/03/2026	Budget and Treasury	B Ngwendu	
22	COAF 015	AFS	Incomplete Identification of Reportable Segments in terms of GRAP 18	Management included a paragraph in the 2024/25 Annual Financial Statements (Note 55 – Segment Reporting) describing the basis used to identify reportable segments in line with GRAP 18. However, the segment identification disclosed did not include certain	This occurred due to management oversight in the segment identification	Non-compliance	Review and update the GRAP 18 segment assessment to ensure all activities meeting the criteria in	1. Review GRAP 18 and ensure that all segments are accurately		31/01/2026	Budget and Treasury	B Ngwendu	

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No	COAF No	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				activities such as Roads and Property Rates. Audit procedures performed in accordance with GRAP 18.5(a)-(b) identified that both Roads and Property Rates meet the criteria for separate reporting segments, as outlined below: Activity Economic benefits / Service potential Regularly reviewed by management Separate financial information available Roads Yes -Provide essential infrastructure supporting economic and social development (evidenced by MIG and IDP reports). Roads provide essential infrastructure enabling mobility and access, which supports economic and social development. Evidence: MIG Report prioritizes roads in the IDP and allocates significant funding for internal road projects Yes. Section 71 Report shows Road Transport Vote with operating expenditure	on process and insufficient review of the GRAP 18 assessment to ensure all qualifying activities were included in the final financial statement disclosure.		GRAP 18.5(a)-(b), including Roads and Property Rates, are properly identified and disclosed. Ensure that the basis for identifying reportable segments is supported by documented evidence (such as Section 71 reports, IDP, and MIG data) and approved by the Accounting Officer. Implement a review	reported per the Mid-year AFS					

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				(R33.3m YTD) and capital expenditure (R103k YTD vs R59.3m budget). These figures are monitored monthly and reported to Council and Treasury. MIG Report confirms PMU oversight and monthly/quarterly reporting. Yes. Section 71 Report provides separate line items for Road Transport under revenue and expenditure by vote, and capital expenditure by function. MIG Report also provides project-level financial details... Property Rates Yes - Generate economic benefits and form a major source of municipal revenue for service delivery. Property rates are a major source of municipal revenue, funding service delivery. Section 71 Report shows YTD property rates revenue of R14.77m against a budget of R20.06m Yes. Section 71 Report includes property rates in revenue analysis and variance explanations (unfavourable variance of 26%).			process before year-end to verify that all qualifying segments are included in the financial statements and that the disclosure aligns with the internal management reporting structure.						

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				Management monitors collection rates monthly (e.g., 55% average collection for property rates in Q3). These are discussed in financial recovery plans and adjustments budgets. Yes. Section 71 Report provides property rates as a distinct revenue source and includes collection performance tables									
23	COAF 016	Revenue	Revenue from construction projects was recorded twice on the statement of financial performance	It was established that the revenue recorded under exchange revenue transactions as management fees received was a duplicate as it was already accounted for under revenue from non-exchange transactions as recorded under Government grants and subsidies vote D0001//R012106/F09680/X099/R0839/001/ENG – Disaster grant as part of the conditions met of R33 564 699 that was removed on the liability under unspent conditional grants.	This is due to management oversight in applying the relevant GRAP standard, for the recognition of revenue.	Internal control deficiency	Management should ensure that all amounts recorded on the Annual Financial Statements should be supported by relevant, reliable and accurate documentation and the correct standard is applied for	1. Prepare SOP for in-house projects based on the auditor's conclusion. 2. File the auditor's conclusion for future audits. 3. Communicate SOP		31/01/2026	Engineering / Budget and Treasury	N Dlova / B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				grant letter confirmed that the Disaster grant was to be utilised for the in-house projects. This met the recognition criteria of GRAP 23 standard as the stipulated conditions and the accounting treatment thereof was met.			revenue recognised.						
				Inspection of the contract register the following value of the awarded work was noted:									
				CONTRACT NUMBER CONTRACT DESCRIPTION AWARD DATE SERVICE PROVIDER ESTIMATED END DATE TOTAL TENDER AWARD VALUE (incl VAT) IN-HOUSE/3/24-25 Construction of unpaved roads and storm-water structures at Goshen road (R351) in Cathcart 19/09/2024 Amahlathi Municipality 31/05/2025 R2 556 008,98 IN-HOUSE Construction of roads and storm-water in Stutterheim Landfill site 19/09/2024 Amahlathi									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				Municipality 31/05/2025 R1 011 149,00 R3 567 157,98 However, management also recognized a revenue related to these projects as exchange revenue as indicated above and therefore confirmed that the revenue was duplicated as recorded on the GL as follows: DATE VOTE TYPE CREDIT AMOUNT REFERENCE 2025/06/30 D0001/IR01411/F0045/X049/R 0839/001/BTO 1300 - Operational Revenue [Revenue - Exchange Rev 1 059 758,21 - 1 059 758,21 GL-JNLBR01782 2025/06/30 D0001/IR01411/F0045/X049/R 0839/001/BTO 1300 - Operational Revenue [Revenue - Exchange Rev - 138 229,33 Correction of VAT on Goshen Project 2025/06/30 D0001/IR01411/F0045/X049/R 0839/001/BTO 1300 - Operational Revenue [Revenue									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				- Exchange Rev 454 559,86 - 454 559,86 Correct allocation of revenue from rendering service 2025/06/30 D0001/IR01411/F0045/X049/R 0839/001/BTO 1300 - Operational Revenue [Revenue - Exchange Rev 251 062,43 - 251 062,43 Correct allocation of revenue from rendering service 2025/06/30 D0001/IR01411/F0045/X049/R 0839/001/BTO 1300 - Operational Revenue [Revenue - Exchange Rev 234 863,32 - 234 863,32 Correct allocation of revenue from rendering service 2025/06/30 D0001/IR01411/F0045/X049/R 0839/001/BTO 1300 - Operational Revenue [Revenue - Exchange Rev 415 984,34 - 415 984,34 Correct allocation of revenue from rendering service 2025/06/30 D0001/IR01411/F0045/X049/R 0839/001/BTO 1300 - Operational Revenue [Revenue - Exchange Rev 583 432,52 - 583 432,52 Correct allocation of									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				revenue from rendering service - 2 861 431,35 It was also indicated that management also recognized the VAT portion in relation to this revenue, however based on the evidence stated per the grant allocation letter from National disaster management centre this revenue should not have attracted VAT as per GRAP 23 as it had stipulated conditions to be met and management did meet the conditions and recognized the non-exchange revenue. Therefore, this overstated the exchange revenue recorded on the face of the statement of financial performance.									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
24	COAF 017	Receivables	Inconsistencies on the Impairment of Debtors	<p>It was noted that the municipality impaired the municipal debtors; however, the evidence to confirm how the impairment was done was not submitted to support the impairment of all debtors. Consequently, auditors were unable to confirm the assumptions used in determining the impairment as the credit collection policy is silent on how the municipality applies the GRAP standard on impairment of debtors.</p> <p>It was also noted that not all debtors were impaired as doubtful as government debtors that are past due were not impaired thus could not confirm that the municipality fully applied the requirements of GRAP 104.</p> <p>Inspection of the impairment calculation submitted with financial statements, the following issues were noted:</p> <ul style="list-style-type: none"> current debt owed by customers for 30 days was included in the calculation, 	<p>This is due to:</p> <ul style="list-style-type: none"> lack of a formal impairment policy or methodology to guide consistent application of impairment principles Over-reliance on management assumptions without supporting objective evidence 	Misstatements in financial statements	<p>Management should:</p> <ul style="list-style-type: none"> develop and implement a formal impairment policy approved by council and methodology aligned with GRAP 104, defining assessment criteria, data sources, and calculation methods used by the municipality and perform the assessment and confirm that the assumptions used are still in line with the 	1. Draft Provision for doubtful debt policy		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				<ul style="list-style-type: none"> absence of a methodology or standard operating procedure outlining the processes, percentages and criteria used for determining impairment results in the auditor not being able to confirm the reasonability of the impairment of the exchange and non-exchange debtors. 	<ul style="list-style-type: none"> or methodology for the processes followed in calculation of the impairment. 		<ul style="list-style-type: none"> standards on an annual basis. conduct a comprehensive review of all debtor balances, including government debtors, to assess whether objective evidence of impairment exists. ensure impairment calculations to ensure formulas and assumptions are accurate and consistently applied. 						

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
25	COAF 018	Revenue	1. Other revenue: Insurance refund income was recognized; however no supporting documentation was provided.	Inspected the accounting records and noted an insurance refund recognized of R225 000, however no supporting documentation for the recognition was supplied and thus a limitation of scope therefore the revenue recognized cannot be verified after enquiries with management.	The difference is caused by inadequate oversight by management in providing relevant, reliable and up to date supporting documentation supporting the amounts record on the financial statements.	Misstatements in financial statements	Management should ensure that all amounts disclosed on the Annual Financial Statements are supported by relevant, reliable and accurate documentation provided timely to eliminate delays that might impact audit fees.	1. Bank Reconciliations must be performed on a monthly basis. 2. Accruals to be reviewed by Bank Reconciliations		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
26	COAF 018	Revenue	2. Service charges- refuse: Inconsistent application of the tariff on domestic customers	During the audit of refuse removal, it was identified that the municipality charged or billed to an incorrect tariff to a domestic account. it was noted that the tariff rate applied was the residential rate however, the charge was applied per bin, whereas the approved tariff structure does not provide for per-bin charge for residential properties or accounts. Upon inquiry with management, it was clarified that the property has flats, and for properties with flats, the municipality charges per bin since multiple bins will require higher quantities for refuse collection. However, this explanation is not documented in the municipality's tariff policy, and as a result, the following residential customer account was overcharged: -Account No. 90015975 • Per Bin (BR201) - Units 2 x R146.75 = R293.48. Therefore,	Management applied a practice based on operational considerations for big plot with residential structures that is not formally documented in the approved tariff policy. The municipality's tariff policy does not clearly define or document the billing	Misstatements in financial statements	Management should update the tariff policy to include clear guidelines for charging refuse removal fees for properties with multiple units or bins. Additionally, management should review accounts billed under this approach to determine if adjustments or refunds are required.	Management must document how refuse removal are charged for residents with more than one occupant		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				the customer was overcharged by R146.75.	methodology for residential properties with flats, specifically regarding the application of per-bin charges.								
27	COAF 019	SCM	Commitments - Inaccurate amount recorded	Commitments were identified to have been inaccurately calculated in the commitments register as follows	The cause was due to management incorrectly allocating payments made to suppliers for services rendered, therefore	Internal control deficiency	Management should ensure that adequate reviews are performed on the Commitments Register and the inputs in the calculation relating to the contract value, payments	Compare commitments Register to WIP and Retention Registers		15/08/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
					resulting in an inaccurate balance		made to suppliers and variation orders have been accurately recorded						
28	COAF 020	Contingent liabilities	Non-submission of information requested	During the contingent liabilities testing, the auditors were unable to obtain third party confirmation	Lack of management oversight when reviewing financial statements.	Internal control deficiency	Management should ensure that legal case information disclosed in the financial statements is regularly updated with the latest information from the legal department/ lawyers of the municipality.	1. Review Contingent register with Lawyer reports on a monthly basis		15/08/2026	Executive Services	N Mbende	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
29	COAF 021	Contingent liabilities	Accuracy and completeness - Contingent liabilities	<p>During the contingent liabilities testing, it was noted that a different amount was confirmed by the lawyers.</p> <p>The details of the affected litigation cases are as follows: Details as per the Contingent Liability Register as at 30 June 2025</p> <p>No Description of the matter Nature of claim Amount claimed Status Amounts as per AFS note Audited amount (From Lawyer confirmation) Misstatement 1 Konstruct SGN (Pty) Ltd</p> <p>Case no: 3400/2019 Civil claim for outstanding payment. R603 670,30 plus legal costs Pending R603 670,30 R10 832,00 R592 838,30</p> <p>During the contingent liabilities testing, it was noted that there are legal cases confirmed by the lawyers but are not included in the contingent liability register and are not disclosed in the financial statements.</p>	Lack of management oversight when reviewing financial statements.	Internal control deficiency	Management should ensure that legal case information disclosed in the financial statements is regularly updated with the latest information from the legal department/lawyers of the municipality.	1. Review Contingent register with Lawyer reports on a monthly basis		15/08/2026	Executive Services	N Mbende	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				<p>The details of the affected legal cases are as follows:</p> <p>Information per the confirmation letters</p> <p>No Attorney name Matter and file Name Date Case Number Case states Amount</p> <p>1 Mabece Tilana Incorporated Amahlathi Local Municipality vs LM Developments (Pty) Ltd Not stated Not stated The matter is on discovery stage. R868 885,29</p> <p>2 MSZ Attorneys Incorporated Amahlathi Municipality vs Cockered Electrical 30/04/2025 Not stated Recently received judgement from court in favour of client and awaiting further instructions. R107 186,25</p> <p>3 MSZ Attorneys Incorporated Naniswa Trading vs Amahlathi Municipality 29/11/2024 Not stated Matter is in prelitigation: letter of demand has been served but no summons received as yet. Awaiting action from opponents R41 793,75</p> <p>R1 017 865,29</p>									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
30	COAF 022	Cash and cash equivalents	Reconciliation	It was identified that on note 6 of the financial statements that there is a difference between the bank statement balance and cash book balance for the FNB primary bank account 53813535227 and cashbook. Traced the amounts to the bank reconciliation and noted that the reason for the difference identified was not included, thus an understatement misstatement is noted: FNB primary bank balance TB/ cashbook balance Variance 53813535227 867 393 557349 310 044	This is due to lack of management due care in preparation of the annual financial statement s, such that the note of cash and cash equivalents is not accurately disclosed.	Internal control deficiency	Management should exercise due care and ensure that the annual financial statements balances notes are fairly presented and all the information that should be disclosed is included in the note.	1. Bank Reconciliations must be performed on a monthly basis. 2. Accurate Bank Reconciliations		31/03/2026	Budget and Treasury	B Ngwendu	
31	COAF 023	Purchases and Payables	1. Expenditure – Payments not made within the prescribed 30 days after the receipt of	Supplier invoices were not paid within 30 days from date of receipt of the invoices, refer to the tables below for details	This is due to management lack of oversight in ensuring that	Non-compliance	Before undertaking any procurement processes the municipality must first confirm that	In instances where supplier invoices will not be paid within 30 days,		30/06/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Process	Time Frame	Department	Responsible Director	Status
			the invoice from suppliers.		invoices are paid within the legislated 30 days		sufficient funds have been allocated and cash is available for the procurement of the required goods, works or services. This must be confirmed in writing by the Chief Financial Officer. If this is not confirmed, then no orders must be placed, or no such procurement must be allowed to proceed. Accordingly,	contact suppliers and make relevant payment arrangements					

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
							it is incumbent on the accounting officer, chief financial officer and head of procurement to ensure municipal officials are aware of the control measures and service providers informed before any orders are placed or approved						
32	COAF 023	SCM	2. Fruitless and wasteful expenditure - Reasonable steps were not taken to	During the audit of fruitless and wasteful expenditure as disclosed under note 52 of the financial statements, it was identified that the municipality incurred interest on overdue accounts in 2024/25 and 2023/24 amounting to R4 182	The cause of the finding is due to management oversight	Material Non-compliance	Management should put controls in place to ensure fruitless and wasteful	Management must put controls in place to ensure fruitless and		30/06/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
			prevent fruitless and wasteful expenditure	398 and R10 680 148 respectively.	in preventing the recurrence of fruitless and wasteful expenditure in the current year.		expenditure is prevented	wasteful expenditure is prevented					
33	COAF 023	Budget	2. Budget Management	<p>The municipality did not appropriately budget for the 2024/25 financial year as evidenced by the second letter from National Treasury indicating that its budget is unfunded dated 08 November 2024 from the Acting Deputy Director General Intergovernmental relations.</p> <p>Furthermore, an unfunded budget is indicative that the municipality will experience cash flow challenges during the year contributing to a transgression of the legal prescripts for payments to</p>	<p>The cause of the finding is due to management oversight in ensuring that the budget approved by the council and submitted to</p>	Non-compliance	<p>Management should ensure adequate controls are in place to prepare a budget that has realistic revenue projections based on realistic anticipated revenues collected and implement</p>	<p>Management must ensure adequate controls are in place to prepare a budget that has realistic revenue projections based on realistic anticipated</p>		31/03/2026	Budget and Treasury	B. Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				creditors within 30 days as per MFMA section 65 (2)(e). The municipality, by not paying its bulk suppliers, is placing the financial viability of large state-owned enterprises at risk.	treasury shows realistic or realisable revenue collection strategy.		strategies on the funding strategy, including other forms of revenue generation strategies to address current or future unfunded budgets.	revenues collected and implement strategies on the funding strategy, including other forms of revenue generation strategies to address current or future unfunded budgets.					

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
34	COAF 024	Purchases and Payables	Trade payables differences	For the 2024/25 financial period, a discrepancy was identified between the trade payables balance per the age analysis and the creditors statements. The identified difference is demonstrated below: Supplier Amount per age analysis Amount per creditors statement Difference Special Investigation Unit 10 537 432.33 12 241 389 (1 703 957) Department of labour 8 026 968 75 8 610 800 (583 831) Salga 3 280 394.20 4 904 506 (1 624 111)	This is caused by incorrect recording of the creditors balance as at year end.	Misstatements in financial statements	Management should record the creditor's balance at year end based on the invoices raised to reflect the balance as per supplier statements.	1. Creditors Reconciliations must be performed on a monthly basis. 2. Accruals review Creditors' Reconciliations		31/03/2026	Budget and Treasury	B Ngwendu	
35	COAF 026	Contingent liabilities	Accuracy and completeness - Contingent liabilities	During the contingent liabilities testing, it was noted that a different amount was confirmed by the lawyers and legal supporting documents. The details of the affected litigation cases are as follows: Details as per the Contingent Liability Register as at 30 June	Lack of management oversight when reviewing financial statements.	Misstatements in financial statements	Management should ensure that legal case information disclosed in the financial statements is regularly	1. Review Contingent register with Lawyer reports on a monthly basis		15/08/2026	Executive Services	N Mbende	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Process	Time Frame	Department	Responsible Director	Status
				2025 Audited amount (From lawyers and Supporting documents) Misstatement No Description of the matter Nature of claim Amount claimed Status Amounts as per AFS note 1 Vocketodt electrical Case no: 02/2023 Claim for outstanding payment. R17 085,90 plus legal cost Pending - awaiting judgement R17 085,90 R0,00 No other document submitted. R17 085,90 2 Konstruct SGN (Pty) Ltd Case no: 3400/2019 Civil claim for outstanding payment. R603 670,30 plus legal costs Pending R603 670,30 R10 832,00 R592 838,30			updated with the latest information from the legal department/lawyers of the municipality.						
36	COAF 027	AFS	Unauthorised Expenditure Schedule	1. During the audit, it was noted that the unauthorized expenditure schedule submitted for an audit has been added incorrectly. The incorrect calculation of the difference arises from the BTO (Budget	• The cause was due to incorrect calculation of the	Internal control deficiency	Management should ensure that adequate reviews are performed on the	1. Adequate time for the review of Annual Financial		18-Jul-26	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding and Treasury Office) vote.	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				<p>The details of the calculations are as follows:</p> <p>Unauthorized Expenditure schedule as at 30 June 2025</p> <p>Row Labels Sum of 2025 Sum of Budget Sum of Difference</p> <p>AGSA Recalculation Difference (F-D)</p> <p>0 -</p> <p>-</p> <p>Budget and Treasury Office</p> <p>50 619 862,00 37 887 627,00 12 113 235,15</p> <p>12 732 235,00 618 999,85</p> <p>Community Services 33</p> <p>102 470,00 30 183</p> <p>931,00 2 918 539,59</p> <p>2 918 539,00 - 0,59</p> <p>Corporate Services 29</p> <p>081 830,00 29 084</p> <p>689,00 - 2 858,51 -</p> <p>2 859,00 - 0,49</p> <p>Engineering Services 127</p> <p>009 889,00 123 630</p> <p>742,00 3 379 147,24</p> <p>3 379 147,00 - 0,24</p> <p>Executive Services 68</p> <p>935 743,00 68 937</p>	<p>difference in the BTO (Budget and Treasury Office) vote.</p> <ul style="list-style-type: none"> The lack of proper review of the unauthorized expenditure schedule. 		<p>schedules and AFS Notes disclosure(s) affected.</p>	<p>Statements to Lead Schedule s and supportin g document s with sign-off.</p> <p>2. Submissi on of AFS to Internal Audit for review.</p> <p>3. Allow sufficient time to for Reviewal AFS in the Audit Plan</p>					

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				027,00 - 1 283,76 - 1 284,00 - 0,24 Planning and Development 8 579 544,00 8 579 776,00 - 231,65 - 232,00 - 0,35 317 329 338,00 298 303 792,00 18 406 548,06 19 025 546,00									
				2. During the audit, it was noted that the unauthorized expenditure disclosed in the AFS Note 51 does not agree with the unauthorized expenditure recorded in the schedule. The breakdown of the difference is as follows: Schedule AFS Misstatement Difference between the Schedule and AFS note R180 309 440,06 R180 313 814,00 - R4 373,94 - Opening balance R161 902 892,00 R161 902 892,00 - Expenditure incurred during the year R18 406 548,06 R18 410 922,00									

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
37	COAF 027	AFS	Incorrect Narration disclosed on the Note 51	During the audit, it was noted that in the unauthorized expenditure note (AFS Note 51) the following narration has been disclosed: "Unauthorised expenditure comprises over expenditure on non-cash items depreciation, impairment loss and debt impairment." Through inspection of the Statement of Budget and Actual we noted that the narration disclosed in the note is incorrect as expenditure items with actual above budget expenditure included both cash and non-cash items. Below is the list of expenditure items that have actual expenditure above budget: • Depreciation and amortisation • Impairment loss/ Reversal of impairments • Debt Impairment • Loss on disposal of assets	<ul style="list-style-type: none"> The lack of proper review of the unauthorized expenditure schedule in conjunction with the statement of budget and actual. 	Internal control deficiency	management should ensure that every narrative disclosed in the AFS is accurate, complete and valid.	<ol style="list-style-type: none"> Adequate time for the review of Annual Financial Statements Note disclosures. Submission of AFS to Internal Audit for review. Allow sufficient time to for Reviewal AFS in the Audit Plan 		18-Jul-26	Budget and Treasury	B Ngwendu	

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No	COAF No	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
				<ul style="list-style-type: none"> • Finance costs • Bulk purchases • Operational costs 									
38	COAF 029	Consequence Management	1. Investigation of prior year unauthorised expenditure	<p>Through the audit of the Unauthorised expenditure disclosure note 51 in the 2024/25 financial statements it was noted that "All cases of unauthorised expenditure are currently under investigation".</p> <p>However, through the inspection of the submitted MPAC Reports, confirmed that no investigations or disciplinary action that took place with regards to the prior years unauthorised expenditure of R161 902 892.</p>	The cause of the issue is lack of implementation of consequence management policy and adherence to requirements of section 32(2)(a) of MFMA.	Non-compliance	Management should take appropriate steps to promptly investigate any identified unauthorised expenditure, enabling its recovery or, if deemed irrecoverable, obtaining council approval for a write-off.	1. Budget Division must prepare an item for Council. Item should include supporting documents for the total unauthorised expenditure incurred to date.		31/03/2026	Budget and Treasury	B Ngwendu	

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No.	COAF No.	CAT	Audit Finding	Nature of the Finding	Cause	Classification	Recommendation	Action Plan	Progress	Time Frame	Department	Responsible Director	Status
39	COAF 029	Consequence Management	2. Investigation of prior year irregular expenditure	<p>The MPAC reports relating 2023/24 Irregular Expenditure does not include an investigation on the irregular expenditure incurred for the following supplier:</p> <p>Supplier name Amount Peugair CC R94 544</p>	<p>The cause of the issue is lack of implementation of consequence management policy and adherence to requirements of section 32(2)(b) of MFMA.</p>	Non-compliance	Management should take appropriate steps to promptly investigate any identified unauthorized expenditure, enabling its recovery or, if deemed irrecoverable, obtaining council approval for a write-off.	1. SCM Division must prepare an item for Council. Item should include supporting documents of all irregular expenditure incurred to date.		31/03/2026	Budget and Treasury	B Ngwendu	

REPORT OF THE AUDIT COMMITTEE

1. PURPOSE

The function of the Audit Committee and performance (herein referred to as the Committee) is primarily to assist the Amahlathi Municipality (hereinafter referred to as the Council) in discharging its duties relating to the safeguarding of assets, the operation of adequate systems, control processes, performance information and the preparation of financial reports and statements.

2. LEGAL / STATUTORY REQUIREMENTS

The Committee operates in terms of Section 166 of the Municipal Finance Management Act (MFMA), Act No. 56 of 2003 and has endeavoured to comply with its responsibilities arising from those requirements. Other pieces of legislation that regulates the functions of the Committee are:-

- Municipal Structures Act
- Municipal Systems Act 32 of 2000

3. BACKGROUND

An audit committee is an independent advisory body which must sit at least four times a year in order to perform the following duties:

1. Advise the municipal council, the political office-bearers, the accounting officer and the management staff of the municipality, or the board of directors, the accounting officer and the management staff of the municipal entity, on matters relating to—
 - a) internal financial control and internal audits.
 - b) risk management.
 - c) accounting policies.
 - d) the adequacy, reliability and accuracy of financial reporting and information.
 - e) performance management.
 - f) effective governance.
 - g) compliance with this Act, the annual Division of Revenue Act and any other applicable legislation.
 - h) performance evaluation; and
 - i) any other issues referred to it by the municipality or municipal entity.
2. Review the annual financial statements to provide the council of the municipality or, in the case of a municipal entity, the council of the parent municipality and the board of directors of the entity, with an authoritative and credible view of the financial position of the municipality or municipal entity, its efficiency and effectiveness and its overall level of compliance with this Act, the annual Division of Revenue Act and any other applicable legislation;
3. Respond to the council on any issues raised by the Auditor-General in the audit report.
4. Carry out such investigations into the financial affairs of the municipality or municipal entity as the council of the municipality, or in the case of a municipal entity, the council of the parent municipality or the board of directors of the entity, may request; and
5. Perform such other functions as may be prescribed.

4. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The audit committee consists of the members listed hereunder and should meet 4 times per annum as per its approved terms of reference.

In terms of the Audit Committee Charter, the committee should consist of a minimum of 3 members.

During 2024/25 financial year, the AC held 6 meetings, 4 Ordinary AC and 2 Special AC Meetings.

Name of Member	Number of Ordinary Meetings Attended	Number of Special AC meetings attended
Ms L. Smith - AC Chairperson	4	4
Ms N. Mabuza – Hermanus	4	4

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Mr M. Mdani	3	4
Mr M. Manxiwa	4	4

The Audit Committee meetings are attended by the Municipal Manager, Section 56 Managers, General Manager, Legal Manager, Internal Auditors, External auditors and other relevant stakeholders.

Auditor-General SA, COGTA, ADM and Provincial Treasury have standing invitation to attend AC Meetings.

5. EFFECTIVENESS OF INTERNAL CONTROLS

Audit Committee has assessed the internal controls for the municipality through a review of Internal Audit reports and close monitoring on implementation of 2024/25 Approved Risk- Based Internal Audit Plan.

6. RISK MANAGEMENT REPORTS

Risk Management Reports were discussed during Risk Committee meetings and were standing item in Audit Committee Meetings.

Chairperson of the Risk Committee / Municipal Manager / his delegate presented the reports to the Audit Committee.

Implementation of risk action plans was monitored and assessed by Internal Audit.

7. REVIEW OF ANNUAL FINANCIAL STATEMENTS

- 2023/24 Annual Financial Statements were reviewed by both Audit Committee and Internal Audit and submitted to Council in August 2024.
- 2023/24 Interim Annual Financial Statements as at 31 December 2023 were also reviewed by both AC and Internal Audit.

8. PERFORMANCE MANAGEMENT

- 2023/24 Annual Performance was reviewed by both Audit Committee and Internal Audit and submitted to Council in August 2024.

- 2023/24 Mid-Term Performance as at 31 December 2024 was also reviewed by both AC and Internal Audit and tabled to Council.
- All Quarterly Performance reports are reviewed by AC and Internal Audit and submitted to Council.
- It was noted that the Municipality has not fully implemented the Performance Management System.

9. FOLLOW-UP ON AG ACTION PLANS

Management reports quarterly on the implementation of AG Action Plans.

Action plans as at 30 June 2024 were submitted to Internal Audit for review.

10. FOLLOW-UP ON IA ACTION PLANS

The internal audit function conducted follow up audits to review the status of the implementation of the internal audit recommendation in audits carried out in 2023/24 financial year. The implementation status is summarized below:

Name of the audit	Number of Internal audit Recommendations	Percentage recommendations implemented	Percentage recommendations the implementation is in progress	Percentage of recommendations not yet implemented

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Revenue Management Review	15	0%	53.33%	46.67%
Human resources Management Review	30	56.67%	23.33	20%
Property Plant and Equipment	3	33.33%	33.33%	33.33%

The implementation status of the majority of the recommendations made by the internal audit function were in progress during the 2024/25 financial year. Further, based on the implementation status, there is a room for improvement in the implementation of the internal audit recommendations.

11. REVIEW OF MANAGEMENT REPORTS

Audit Committee has reviewed the following Management Reports which are standing items on the Audit Committee Agenda.

7.1 ICT Performance Report

7.2 Legal Matters

7.3 Finance Reports

7.4 Performance Reports

7.5 Report on the filing of critical vacant and funded posts

No emerging risks or new areas of concern or challenges that the AC would like to highlight for the Council in relation to the listed management reports.

12. OVERALL CHALLENGES RELATING TO INTERNAL AUDIT UNIT

The following challenges have been noted impacting on performance of Internal Audit as well as Audit Committee.

- Lack of office spaces for officials since the offices burnt during the October 2018 community protests.
- The Municipality does not have Risk Management Unit or Risk Management Personnel, risk management activities are performed by Internal Auditors.
- Lack of adequate tools of trade for internal audit function.
- Lack of funding for internal auditors to attend continuous professional development trainings.
- Lack of financial resources to develop business continuity plans.
- Lack of timely responses to internal audit requests for information

There is a sound and professional relationship between the Audit Committee and the Office of the Auditor General to ensure compliance.

CHAPTER 7 APPENDICES

APPENDIX A: COUNCILLORS' COMMITTEES ALLOCATED AND COUNCIL ATTENDANCE

Council Members	25-Jul 2024	15-Aug 2024	29-Aug 2024	30-Oct 2024	12-Dec 2024	23-Jan 2025	26-Feb 2025	27-Mar 2025	24-Apr 2025	29-May 2025	26-June 2025	no of meetings	percentage of council meetings	percentage of council meetings for non	percentage of council meetings for non
1. Cllr. Nomakhosazana Nongqayi	P	P	P	P	P	P	P	P	P	P	P	11	100	0	0
2. Cllr. Nokuzola Mhaleki	P	P	P	P	P	P	P	P	P	P	P	11	100	0	0
3. Cllr. Onke Mgunculu	P	P	P	APOLO GY	P	APOLO GY	P	P	APOL OGY	P	APOLO GY	11	64	36	0
4. Cllr. Pateka Qaba	P	P	p	P	P	P	P	P	P	P	P	11	100	0	0
5. Cllr. Nobathembu Manyika	P	P	P	P	APOLO GY	P	LEAVE	ABSENT	APOL OGY	APOLO GY	ABSENT	11	46	36	18
6. Cllr. Xola Moses Tokwe	P	P	P	P	P	P	P	P	P	P	P	11	100	0	0
7. Cllr. Busisa Xongwana	P	P	p	P	P	P	P	P	P	P	P	11	100	0	0
8. Cllr. Thamsanqa Balindlela	P	P	P	P	P	APOLO GY	P					7	85	15	0
9. Cllr. Phakama Bedaze	P	P	P	P	P	P	P	P	P	P	P	11	100	0	0

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10. Cllr. Patience Nomonde Onceya-Sauti	P	P	P	P	P	P	P	P	P	P	P	P	ABSEN T	11	73	0	27
11. Cllr. Ntombizonke Vivian Mjandana	P	ABSEN T	P	P	ABSEN T	P	P	P	P	ABSEN T	P	P	P	11	64	18	18
12. Cllr. Mosina Ngini	P	P	P	P	P	P	P	P	P	P	P	P	P	11	100	0	0
13. Cllr. Nicholas Ncevu	P	P	P	P	P	P	P	P	P	P	P	P	P	11	82	18	0
14. Cllr. Nosipho Mkiva	P	P	P	P	P	P	P	P	P	P	P	P	P	11	91	9	0
15. Cllr. Zukisa Anda Qonto	P	P	P	P	P	P	P	P	P	P	P	P	P	11	91	9	0
16. Cllr. Nontembiso Nyangwa	ABS ENT	ABSEN T	P	P	ABSEN T	P	P	P	P	P	P	P	P	11	55	27	18
17. Cllr. Nonkanyiso Charlie	P	P	P	P	P	P	P	P	P	P	P	P	P	11	82	18	0
18. Cllr. Mandlenkosi Busakwe	P	P	P	P	ABSEN T	P	P	P	P	P	P	P	P	11	82	9	9
19. Cllr. Xoliswa Neki	P	P	P	P	P	P	P	P	P	P	P	P	P	11	82	18	0
20. Cllr. Mbeko Neki	P	P	P	P	P	P	P	P	P	P	P	P	P	11	82	9	9
21. Cllr. Sizeka Mqwebedu – Matini	P	P	P	P	ABSEN T	P	P	P	P	P	P	P	P	11	73	0	27
22. Cllr. Phathuxolo Able Simandla	ABS ENT	ABSEN T	P	P	ABSEN T	P	P	P	P	P	P	P	P	11	55	18	27

APPENDIX B: COUNCIL COMMITTEES (Other than Mayoral/ Executive Committee) and Purposes of the Committees

Municipal Committees	Purpose of Committee
Budget and Treasury	The purpose of the Budget and Treasury Standing Committee as a Section 79 Committee of Council is to:-
	Provide Political Leadership by being responsible for Policy outcomes, oversight and holds the Chief Financial Officer accountable for
	Performance by regular and consistent reporting to Council through the Committee.
Service Delivery	Report on Progress and Challenges on Capital Projects.
	Report on work done as per the Maintenance programme of Roads, also alerting the committee of the repairs done on Machinery
	That might have caused delays in the Programme.
	Challenges in the Department in General.
	Amount of Jobs created.
	The response time in repairing any complaints from the Community.
	Report on Budget Expenditure.
Development and Planning	To create a conducive environment for business to invest at Amahlathi area.
	To encourage business to create jobs in order to reduce unemployment.
	To promote SMME's and co-operatives within Amahlathi.
	To promote tourism as a vehicle for Job creation within Amahlathi.
	To support emerging farmers that are within Amahlathi and link them with business in order to sell their products.
Community Services	To provide accessible, affordable, equitable and sustainable service as well as a healthy environment to residents and business operating in the Amahlathi Local Municipality.
	To contribute towards a safe and secure environment.

Municipal Committees	Purpose of Committee
	To promote a clean and healthy environment.
	To promote a culture of reading and learning.
	To ensure that Public Amenities are improved and well managed.
Corporate Services	To oversee the proper, efficient and effective operations of Human Resources and Administration Department.
	To ensure that Policy Formulation and recommendation from both Sections are in line with vision and mission of the municipality as well as
	Compliant with National and Provincial Legislation.
	To represent employer component in Provincial Institution Cluster of SALGA, Amathole District Municipality
	To champion good working relations between the employer and employee component of the municipality.
	To ensure that Departmental goals and Departmental Budget are aligned.
	To devise programs for imparting of skills to Stakeholders within the municipal area.
	To oversee that proper employment procedures are undertaken without disadvantaging anyone.

APPENDIX C: THIRD TIER STRUCTURE

Third Tier Structure	
Directorate	Director/Manager (State title and name)
EXECUTIVE SERVICES	DR. Z. SHASHA
BUDGET AND TREASURY OFFICE	MS. B. NGWENDU
CORPORATE SERVICES DEPARTMENT	MS. N. NQULO
ENGINEERING SERVICES DEPARTMENT	MS. N. DLOVA
COMMUNITY SERVICES DEPARTMENT	MS. A. NOHOLOZA
PLANNING AND DEVELOPMENT DEPARTMENT	MR. S. MNWEBE
Use as a spill-over schedule if top 3 tiers cannot be accommodated in chapter 2 (T2.2.2).	
T C	

APPENDIX D: FUNCTIONS AND POWERS

MUNICIPAL FUNCTIONS	Function Applicable to Municipality (Yes / No)*	Function Applicable to Entity (Yes / No)
Constitution Schedule 4, Part B functions:		
Air pollution	Yes	No
Building regulations	Yes	Yes
Childcare facilities	Yes	No
Electricity and gas reticulation	Yes	Yes
Firefighting services	Yes	Yes
Local tourism	Yes	Yes
Municipal airports	No	No
Municipal planning	Yes	Yes
Municipal health services	No	No
Municipal public transport	No	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	Yes
Pontoons, ferries, jetties, piers and harbours, excluding the regulation of international and national shipping and matters related thereto	No	No
Storm water management systems in built-up areas	Yes	Yes
Trading regulations	Yes	Yes
Water and sanitation services limited to potable water supply systems and domestic wastewater and sewage disposal systems	No	No
Beaches and amusement facilities	Yes	No
Billboards and the display of advertisements in public places	Yes	Yes
Cemeteries, funeral parlours and crematoria	Yes	Yes
Cleansing	Yes	No
Control of public nuisances	Yes	Yes
Control of undertakings that sell liquor to the public	Yes	Yes
Facilities for the accommodation, care and burial of animals	Yes	No
Fencing and fences	Yes	No
Licensing of dogs	Yes	No
Licensing and control of undertakings that sell food to the public	Yes	Yes
Local amenities	Yes	No
Local sport facilities	Yes	Yes
Markets	Yes	Yes
Municipal abattoirs	Yes	No
Municipal parks and recreation	Yes	Yes
Municipal roads	Yes	Yes

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Noise pollution	Yes	No
Pounds	Yes	No
Public places	Yes	Yes
Refuse removal, refuse dumps and solid waste disposal	Yes	Yes
Street trading	Yes	Yes
Street lighting	Yes	Yes
Traffic and parking	Yes	Yes
<i>* If municipality: indicate (yes or No); * If entity: Provide name of entity</i>		

APPENDIX E: WARD REPORTING

Ward Name (Number)	Name of Ward Councillor and elected Ward Committees 2023-2024	Name of Ward Councillor and elected Ward Committees June 2024-2025	Committee established (Yes /NO)	Number of Committee meetings held during the year	Number of quarterly reports submitted to the Speaker on time	Number of quarterly public meeting held during year
WARD 1	Cllr N.Mkiva 1.Phila Zini 2.Sandla Soka 3.David Nkosinathi Mzili 4.Loyiso Bazi 5.Yoliswa Fikelepi 6.Noluthando Gwane 7.Nosibusiso Vumindaba 8.Ovayo Ndlangalavu 9.Sandisiwe Nzwana 10.Thembakazi Gege	Cllr N.Mkiva 1.Phila Zini 2.Sandla Soka 3.David Nkosinathi Mzili 4.Loyiso Bazi 5.Fikiswa Lugwali 6.Noluthando Gwane 7.Nosibusiso Vumindaba 8.Ovayo Ndlangalavu 9.Sandisiwe Nzwana 10.Thulani Magingxa	YES	10	4	4
WARD 2	Cllr Z.Qonto 1.Khanyisa Khumbaca 2.Nobesuthu Zolidayi 3.Nomalulama Manyika 4.Sophumelela Mfecane 5.Gcobani Matutu 6.Simphiwe Kulati 7.Aviwe Rolisisu 8.Kwakhanya Mpange 9.Mongameli Rode 10.Athenkosi Ganjana	Cllr Z.Qonto 1.Khanyisa Khumbaca 2.Nobesuthu Zolidayi 3.Nomalulama Manyika 4.Sophumelela Mfecane 5.Gcobani Matutu 6.Simphiwe Kulati 7.Aviwe Rolisisu 8.Kwakhanya Mpange 9.Mongameli Rode 10.Athenkosi Ganjana	YES	10	4	4
WARD 3	Cllr N.Nyangwa 1.Ayanda Faniso 2.Thozama Sweetness Mhluzi 3.Nompumezo Socishe 4.Nomakhholwa Petronela Zotshe 5.Kwandiwe Gida 6.Zimasa Mti 7.Mfuyo Jumba 8.Nkosabantu Busika 9.Nandipha Sweetness Nyovane 10.Luleka Nonzame Matsoyiyane	Cllr N.Nyangwa 1.Ayanda Faniso 2.Thozama Sweetness Mhluzi 3.Nompumezo Socishe 4.Nomakhholwa Petronela Zotshe 5.Thembisa Gida 6.Zimasa Mti 7.Mfuyo Jumba 8.Nkosabantu Busika 9.Nandipha Sweetness Nyovane 10.Luleka Nonzame Matsoyiyane	YES	10	4	4
WARD 4	Cllr N.Charlie 1.Nocwaka Nonyongo 2.Bongeka Phendu 3.Wandile Lalo	Cllr N.Charlie 1.Nocwaka Nonyongo 2.Bongeka Phendu 3.Wandile Lalo	YES	10	4	4

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	4.Thobela Qoto 5.Yongama Feni 6.Sibusiso Nojoko 7.Melikhaya Nqaba 8.Kholiwe Mabunzane 9.Thabiso Mohautse 10.Wanga Lihleli Dlai	4.Thobela Qoto 5.Yongama Feni 6.Sibusiso Nojoko 7.Melikhaya Nqaba 8.Kholiwe Mabunzane 9.Thabiso Mohautse 10.Wanga Lihleli Dlai				
WARD 5	Cllr N.Klaas 1.Thobeka Mevi 2.Dumisa Khepu 3.Mninawa Richard Mbolekwa 4.Yoliswa Mancam 5.Zukile Tadeus Madolwana 6.Mlindeli Thandiwe 7.Ntombekhanyo Rululu 8.Sihle mpahla 9.Zinzi Ngalo 10.Nomakhosazana Sili	Cllr N.Klaas 1.Thobeka Mevi 2.Dumisa Khepu 3.Mninawa Richard Mbolekwa 4.Yoliswa Mancam 5.Zukile Tadeus Madolwana 6.Makuthulwe Gerrard Vellem 7.Ntombekhanyo Rululu 8.Sihle mpahla 9.Zinzi Ngalo	YES	10	4	4
WARD 6	Cllr M.Busakwe 1.Zimasa Patricia Sokuyeka 2.Lukhanyo Jaji 3.Ntombekhaya Manoni 4.Marlon Curtis Jacobs 5.Gavin Ignatius Jacobs 6.Nontেকেলো Josephine Xiniwe 7.Ntomboxolo Gqwaka 8.Gudiswa Matomela 9.Zoliswa Mpangise 10.Zukiswa Jongilanga	Cllr M.Busakwe 1.Lukhanyo Jaji 2.Ntombekhaya Manoni 3.Marlon Curtis Jacobs 4.Gavin Ignatius Jacobs 5.Nontেকেলো Josephine Xiniwe 6.Ntomboxolo Gqwaka 7.Gudiswa Matomela 8.Zoliswa Mpangise 9.Zukiswa Jongilanga	YES	10	4	4
WARD 7	Cllr Z.Mfulana 1.Akhona Geza 2.Babalwa Bhuqekile 3.Fundile Gebe 4.Nozipho Manyonga 5.Phumza Jaji 6.Zuziwe Lwana 7.Neliswa Nyhwagi 8.Mandilakhe Ngcukana 9.Sondezwa Mxayiya 10.Zoleka Mabetha	Cllr Z.Ngozi 1.Akhona Geza 2.Babalwa Bhuqekile 3.Fundile Gebe 4.Nozipho Manyonga 5.Phumza Jaji 6.Zuziwe Lwana 7.Neliswa Nyhwagi 8.Mandilakhe Ngcukana 9.Sondezwa Mxayiya 10.Zoleka Mabetha	YES	10	4	4
WARD 8	Cllr X.Neti 1.Bulelwa Tela 2.Sydney Mbekeni 3.Londoza Lillian Cengani 4.Nelson Kondile 5.Thobeka Veronica Songololo 6.Nomasixole Ngangelizwe 7.Nosiphiwo Mvolontshi 8.Bayanda Mketshana	Cllr X.Neti 1.Bulelwa Tela 2.Sydney Mbekeni 3.Londoza Lillian Cengani 4.Nelson Kondile 5.Thobeka Veronica Songololo	YES	8	4	4

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		6.Nomasixole Ngangelizwe 7.Nosiphiwo Mvolontshi 8.Bayanda Mketshana				
WARD 9	Cllr M.Nqini 1.Nonkosi Sibawu 2.Thozama Dyosi 3.Zukisani Tshudu 4.Veliswa Lwana 5.Xolani Mpingelo 6.Ziyanda Butsha Sinyamba 7.Nandipha Maneli 8.Busisiwe Miranda Mzondi 9.Zoleka Mbekeni 10.Zameka Sotyantsi	Cllr M.Nqini 1.Nonkosi Sibawu 2.Thozama Dyosi 3.Zukisani Tshudu 4.Veliswa Lwana 5.Xolani Mpingelo 6.Ziyanda Butsha Sinyamba 7.Nandipha Maneli 8.Busisiwe Miranda Mzondi 9.Zoleka Mbekeni 10.Zameka Sotyantsi	YES	10	4	4
WARD 10	Cllr M Neku 1.Simphiwe Majiki 2.Sinxolo Wilberforce Dya ntyi 3.Bukelwa Sooi 4.Buntu Masonwabe Mpondo 5.Thabisa Mhlahlo 6.Nomalizo Mkhefe 7.Phumzile Mbaza 8.Mamela Makhongolo 9.Nomfusi Sthetho 10.Siphamandla Qaba	Cllr M Neku 1.Simphiwe Majiki 2.Sinxolo Wilberforce Dyantyi 3.Bukelwa Sooi 4.Buntu Masonwabe Mpondo 5.Thabisa Mhlahlo 6.Nomalizo Mkhefe 7.Phumzile Mbaza 8.Mamela Makhong 9.Siphamandla Qaba	YES	10	4	4
WARD 11	Cllr N.Sidinana 1.Cordelia Nosipho 2.Makuzeni 3.Mhleli Hejane 4.Mazande Ndesi 5.Cornia Nontando Kasba 6.Nomsebenzi Gloria Lantu 7.Zamekile Blom Simon Feni 8.Yandiswa Ngemntu 9.Nozuko Ngamlana 10.Thandiwe Virginia Mag Waca	Cllr S.Mqwebedu-Matini 1.Cordelia Nosipho.Makuzeni 2. Luyanda Mbuqwa 3.Cornia Nontando Kasba 4.Nomsebenzi Gloria Lantu 5.Yandiswa Ngemntu 6.Nozuko Ngamlana 7.Thandiwe Virginia Magwaca. 8. Loraine Nomzamo Mtyi 9. Ntsikane Mesele 10.. Pelisa Xamtwana	YES	10	4	4
WARD 12	Cllr P.Simandla 1.Khanyiswa Mazosiwe 2.Anele Tole 3.Mandla Victor Mditshwa 4.Norah Ntshanta 5.Thembelani Makisi 6.Velisani Dumezwani	Cllr P.Simandla 1.Aviwe Mbekeni 2. Sibulele Gede 3. Thando Loliwe 4.Norah Ntshanta 5.Velisani Dumezwani	YES	10	4	4

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	7.Charles Sibuyile Maqaqa 8.Nopinki Gloria Skeyi 9.Yandiswa Mhanya 10.Thozamile Ascension K Humbaca	6.Charles Sibuyile Maqaqa 7.Nopinki Gloria Skeyi 8.Yandiswa Mhanya 9. Loyiso PHEME 10. Simphiwe Mangxola				
WARD 13	Cllr N.Ncevu 1.Sivuyile Cetwayo 2.Monde Mzimba 3.Lindelwa Mbandezi 4.Sipho Patric Ntuthu 5.Bonelwa Nikani 6.Yandiswa Thembani-Siswana 7.Vuyelwa Veronica Nyamakazi 8.Vuyo Jakuja 9.Akhona Sontaba 10.Melikhaya Gladman Goniwe	Cllr N.Ncevu 1.Sivuyile Cetwayo 2.Lindelwa Mbandezi 3.Sipho Patric Ntuthu 4.Bonelwa Nikani 5.Yandiswa Thembani-Siswana 6.Vuyelwa Veronica Nyamakazi 7.Vuyo Jakuja 8.Akhona Sontaba 9.Melikhaya Gladman Goniwe	YES	10	4	4
WARD 14	Cllr M.Maweni 1.Caciswa Portia Mjali 2.Zandile Mavela 3.Mangaliso Bhatayi 4.Thembile David Tyelentombi 5.Siphokazi Sinxolo Hlanganise 6.Desmond Dyosi 7.Luxolo Magalela 8.Nomthandazo Mbolani 9.Fundiswa Patricia Sofatsha 10.Zukiswa Silere	Cllr M.Maweni 1.Caciswa Portia Mjali 2.Zandile Mavela 3.Mangaliso Bhatayi 4.Thembile David Tyelentombi 5.Siphokazi Sinxolo Hlanganise 6.Desmond Dyosi 7.Luxolo Magalela 8.Nomthandazo Mbolani 9.Fundiswa Patricia Sofatsha	YES	9	4	4
WARD 15	Cllr N.Salaze 1.Luxolo Ncumani 2.Zola Gavini 3.Gcobani Gwebushe 4.Nobuntu Mbende 5.Thembisile Mavela 6.Babalwa Kwanini 7.Makhwenkwe Gwebani 8.Prince Qinga 9.Thembisa Nkangala 10.Nombulelo Mbekeni	Cllr N.Salaze 1.Luxolo Ncumani 2.Zola Gavini 3.Gcobani Gwebushe 4.Nobuntu Mbende 5.Thembisile Mavela 6.Babalwa Kwanini 7.Makhwenkwe Gwebani 8.Prince Qinga 9. Zolile Ntshoko 10.Nombulelo Mbekeni	YES	10	4	4

APPENDIX F- MUNICIPAL AUDIT COMMITTEE RECOMMENDATIONS

2023/24 AUDIT COMMITTEE RESOLUTIONS					
Item #	MATTERS RAISED	DATE OF AC MEETING	RESPONSIBILITY	Progress by Management as at 22 July 2025	IMPLEMENTATION DATE
1	<p>Section 52D Reports - Employee Costs</p> <p>AC recommended that the Municipality needs to cut costs in terms of employee costs.</p> <p>AC clarified the resolution relating to employee costs.</p> <p>AC suggested that the municipality should have a strategic plan in place regarding this matter which will indicate how much the municipality can afford and what actions the municipality will take to achieve that.</p>	<p>24 October 2023</p> <p>25 July 2023</p>	Director : Corporate Services / BTO	<p>In progress</p> <p>Standardisation Reversal was implemented.</p> <p>Full assessment regarding the 40% will be conducted when the matter is finalised.</p> <p>There are still engagements between the Municipal Attorneys and the Legal Representatives of the employees in Court.</p>	Not provided by Management

2	Financial Recovery Plan (FRP) and Revenue Enhancement Strategy (RES) Upon review of Internal Audit Reports relating to implementation of Financial Recovery Plan and Revenue Enhancement Strategy, Audit Committee recommended that Management must develop a plan to address POE challenges.	24 April 2024	Municipal Manager / CFO	Implemented	n/a
3	Financial recovery plan and Revenue Enhancement Strategy AC recommended that Management should look at consolidating the FRP and RES because they serve one purpose (Revenue Enhancement) and some activities are duplicated.	24 April 2024	Municipal Manager/ CFO	Implemented	n/a

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4	Staff seconded to IDP/PMS Office to be capacitated AC recommended that the seconded staff members that are assisting at IDP/PMS Unit should be capacitated on the following areas: *Requirements of a good indicator *SMART Principles *4Es	25 July 2023	GM Director Corporate Services	Implemented	n/a
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2024/25 AUDIT COMMITTEE RECOMMENDATIONS					
Item #	MATTERS RAISED	DATE OF AC MEETING	RESPONSIBILITY	Progress by management as at 22 July 2025	IMPLEMENTATION DATE
1	2025/26 IDP AC recommended that there should be an executive summary on the IDP which will cover co-components of the IDP to give stakeholders an overview of the IDP.	25 June 2025	General Manger	In progress The inclusion of the executive summary on the IDP will be considered in the process of the 2025/26 financial year. The council has already adopted the IDP in line with components outlined in the legislation.	30 March 2026
2	2024/25 Annual Performance Report Preparational Plan AC recommended that the Annual Performance Report Preparational Plan should include a column for an official responsible for each Action/Progress made.	25 June 2025	General Manger	Implemented. The plan now indicates officials or unit that is responsible for each action.	21 July 2025

3	<p>2025/26 SDBIP</p> <ul style="list-style-type: none"> • AC Recommended that there should be additional KPI's to accommodate media and public participation. • AC recommended that there should be a budget per quarter to address the issue of efficiency. • AC noted that the target in row 62 of the SDBIP is not adequate it does not improve audit outcome or improve internal controls it should rather address the implementation of AC recommendation. 	25 June 2025	General Manger	<p>There are already two KPIs talking media and public participation.</p> <p>The matter was discussed in the meeting and clarified. The SDBIP is meant to be read together with the budget. The budget provides for monthly projections on expenditure. The section 71 report which is used to measure financial performance against the performance. In addition the section 52d reports reflect both financial and non-financial performance.</p>	n/a
4	<p>Implementation of AGSA Audit Action Plan</p> <p>AC recommended that all the actions needs to be implemented.</p>	25 June 2025	CFO	The Audit Action is implemented and reported to Council committees on a quarterly basis.	18 August 2025
5	<p>MMs update - Vehicle Accidents</p> <p>AC recommended that the municipality should conduct investigation for both accidents to determine whether there was any negligence, for example over speeding, drunken driving etc, then if so, the responsible people be liable to pay excess fee and be recorded as Fruitless and Wasteful expenditure.</p>	22 April 2025	MM Director Corporate Services	<p>In progress</p> <p>Accident Investigations are always conducted inclusive of the Police Report and Vehicle Management system report which checks speeding, etc. These are mandatory for insurance purposes as well, hence they are compulsory reports. With the new fleet management system that will be installed with cameras, further investigations shall be accessible to the municipality</p>	In progress

6	Finance Reports - Section 52 D Report AC recommended that the CFO should contact the Audit Committee Chairperson so that they can discuss way forward on how to make the Section 52D Reports user friendly for the Council and other non-financial users.	22 April 2025	CFO	In progress Not contacted the Chairperson yet, S52d is the compliance report written by National Treasury which it will be difficult to change the format.	Not provided
7	Finance Reports - Implementation of SCM Policy AC further recommended that the Deviation Register should include more detailed information on the column for reasons provided	22 April 2025	CFO	In progress BTO is busy analysis the deviation registers for completeness for 2024/25.	31 August 2025
8	Performance Report AC recommended that the quarterly performance report should be revised to indicate progress on implementation of targets that were previously reported as not achieved.	22 April 2025	General Manager	In progress The update on targets not achieved will be reported on in the first section of the report. The report of the 1st quarter 2025/26 will reflect on this.	31 October 2025
9	Performance Information AC recommended that for 2025/26 planning, the municipality should have column for quarterly budget and quarterly expenditure for each target.	22 April 2025	General Manager	The matter was discussed in the meeting and clarified. The SDBIP is meant to be read together with the budget. The budget provides for monthly projections on expenditure. The section 71 report which is used to measure financial performance against the performance. In addition the section 52d reports reflect both financial and non-financial performance.	n/a

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10	Follow up Audits It was recommended that Register of Internal Audit findings should be a standing item on monthly Management Committee Meetings.	22 April 2025	MM	Implemented The internal audit manager sits on the management committee. The agenda of the meetings will accommodate the report.	n/a
11	Finance Reports It was resolved that CFO will prepare a proposal for a six-year arrangement with Eskom to pay off the R35 million debt.	18 February 2025	CFO	This was not a resolution for the committee, this matter was an update on my report that we have already have an agreement with Eskom and payment arrangement are done, so I'm not sure why is recorded as resolution.	31 January 2025
12	Finance Reports The municipality needs to engage with the Provincial Treasurer to include the Office of the Premier in discussions regarding departments that owe money to the municipality.	18 February 2025	CFO	During the budget Assessment with PT , this matter was discussed and subsequent to that PT requested Age Analysis for Government Department as they had a session with CFO's. We have noticed a commitment of payments from other department except for Rural Department.	Not provided
13	Finance Reports Municipality need to also develop a payment plan for Auditor- General South Africa, Medical Aid and Pensions.	18 February 2025	CFO	The municipality is paying all its 3rd parties on monthly basis , we do not need a payment plan and also, we AGSA we have paid all the invoices.	Not provided

14	<p>Finance Reports AC recommended that management should include more details on Property Rates and Service Charges to elaborate the differences.</p>	18 February 2025	CFO	<p>The recommendation is not clear. Information provided per the C4 scheduled should be increased. The information provided for property rates and services charges are as prescribed in terms of the C4 Schedule, no additional information can be provided</p> <p>Information relating to the reason for differences should be increased. More detail is required from the Audit Committee. The information provided per the narrative report are a summary of the reason for the variances (net effect). More detail could require differences per consumer category per service charge or per geographical area (town). Your assistance will be appreciated.</p>	Not provided
15	<p>New traffic testing centres AC recommended that there should be a development of targets relating to the two traffic testing centres that are opened.</p>	22 January 2025	Director: Community Services	<p>Implemented Traffic Services targets have been set under the KPA on MFV in the Financial improvement plan for 2025/26 financial year</p>	n/a

16	<p>Quarter 1 Performance Management Report AC recommended that management must schedule a date for the discussion of the report with the a specialised Audit Committee member.</p> <p>AC further recommended that the meeting should also discuss and resolve the disagreements in findings raised by the internal audit Unit</p>	28 October 2024	General Manager/ Internal Audit Manager	Implemented	n/a
17	<p>Training of ICT Steering Committee AC recommended for the date scheduling of training for the ICT Steering Committee</p>	28 October 2024	Director : Corporate Services	Implemented	n/a

APPENDIX G: DISCLOSURES OF FINANCIAL INTERESTS

Disclosures of Financial Interests		
Period 1 July 2024 to 30 June of Year 2025		
Position	Name	Description of Financial interests* (Nil / Or details)
(Executive) Mayor	Cllr N Nongqayi	Nil
Member of EXCO	Cllr. P Qaba	Nil
	Cllr. NP Mlahleki	Nil
	Cllr. B Xongwana	Nil
	Cllr. XM Tokwe	Nil
	Cllr. NA Kato-Manyika	Nil
	Cllr. RB. Pickering	Nil
Councillor	Cllr. ZA Qonto (MPAC Chair)	Nil
	Cllr. PM Onceya-Sauti	Nil
	Cllr. P Budaza	Nil
	Cllr. N Ngxakangxaka	Nil
	Cllr. RB Pickering	Nil
	Cllr. N Mbulana	Nil
	Cllr. M Gantsho	Nil
	Cllr. NV Mjandana	Nil
	Cllr. NC Mkiva	Nil
	Cllr. N Nyangwa	Nil
	Cllr. N Charlie	Nil
	Cllr. NZ Klaas	Nil
	Cllr. M Busakwe	Nil
	Cllr. Z Gavini	Nil
	Cllr. X Neti	Nil
	Cllr. M Ngini	Nil
	Cllr. M Neku	Nil
	Cllr. Z. Ngozi	Nil
	Cllr. PA Simandla	Nil
	Cllr. N Ncevu	Nil
	Cllr. ME Maweni	Nil
	Cllr. N Salaze	Nil
	Cllr. O Mgunculu	Nil
	Traditional Leader P. Gaika	Nil
	Traditional Leader NJ. Ulana	Nil
Municipal Manager	Dr. Z Shasha	Nil
Chief Financial Officer	Mrs. B. Ngwendu	Nil
Directors	Mr. S Mnweba	Nil

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	A Noholoza	Nil
	N Ngulo	Nil
	N Dlova	Nil
Other S57 Officials		
* Financial interests to be disclosed even if they incurred for only part of the year. See MBRR SA34A		
T J		

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APPENDIX H: REVENUE COLLECTION PERFORMANCE BY VOTE

Revenue Collection Performance by Vote						
R' 000						
Vote Description	Year 2023/24	Current: Year 2024/25			Year 2024/25 Variance	
	Actual	Original Budget	Adj Budget	Actual	Original Budget	Adj Budget
Vote 1 - Executive & Council	127 287	139 976	142 657	145 234	4%	2%
Vote 2 - Budget & Treasury Office	39 758	27 631	28 423	43 298	36%	34%
Vote 3 - Corporate Services	–	–	–	–	0%	0%
Vote 4 - Planning & Development	33 129	32 991	61 041	48 975	33%	-25%
Vote 5 - Community & Social Services	–	1 380	1 428	6 120	77%	77%
Vote 6 - Housing	4 728	53	53	505	90%	90%
Vote 7 - Public Safety	117	5 001	5 001	4 959	-1%	-1%
Vote 8 - Sport & Recreation	–	–	–	–	0%	0%
Vote 9 - Waste Management	5 047	17 346	21 627	12 613	-38%	-71%
Vote 10 - Road Transport	35 562	5 512	6 182	5 232	-5%	-18%
Vote 11 - Electricity	11 661	41 674	45 307	46 291	10%	2%
Vote 12 - Environmental Protection	–	212	328	144	-47%	-128%
Total Revenue by Vote	257 289	271 776	312 047	257 647		
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A3						
T K.1						

APPENDIX I: LONG TERM CONTRACTS

Long Term Contracts (20 Largest Contracts Entered into during Year 2024/25)					
					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
None					
					<i>T H.1</i>

Public Private Partnerships Entered into during Year 2024/25					
					R' 000
Name and Description of Project	Name of Partner(s)	Initiation Date	Expiry date	Project manager	Value 2024/25
None					
					<i>T H.2</i>

APPENDIX J: MUNICIPAL ENTITY

Municipal Entity/Service Provider Performance Schedule									
Name of Entity & Purpose	(a) Service Indicators	Year 0		Year 1		Year 2	Year 3		
	(b) Service Targets	Target	Actual	Target	Actual		Target		
(i)	(ii)	*Previous Year (iii)	(iv)	*Previous Year (v)	*Current Year (vi)	(vii)	*Current Year (viii)	*Current Year (ix)	*Following Year (x)
N/A									

Note: This statement should include no more than the top four priority indicators. * 'Previous Year' refers to the targets that were set in the Year -1 Budget/IDP round; *'Current Year' refers to the targets set in the Year 0 Budget/IDP round. *'Following Year' refers to the targets set in the Year 1 Budget/IDP round. Note that all targets must be fundable within approved budget provision. In column (ii) set out the Service Indicator (*In bold italics*) then the Service Target underneath (not in bold - standard type face) to denote the difference.

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APPENDIX K: REVENUE COLLECTION PERFORMANCE BY SOURCE

Revenue Collection Performance by Source						
Description	R '000					
	Year 2023/24	Year 2024/25			Year 2024/25	
	Actual	Original Budget	Adjustments Budget	Actual	Original Budget	Adj Budget
Property rates	22 178	24 424	24 424	24 168	-1%	-1%
Property rates - penalties & collection charges	38 857	41 674	45 307	45 966	9%	1%
Service Charges - electricity revenue	-	-	-	-	0%	0%
Service Charges - water revenue	-	-	-	-	0%	0%
Service Charges - sanitation revenue	-	-	-	-	0%	0%
Service Charges - refuse revenue	10 856	12 320	12 707	11 558	-7%	-10%
Service Charges - other	-	5 634	5 841	5 238	-8%	-12%
Rentals of facilities and equipment	171	100	291	500	80%	42%
Interest earned - external investments	366	1 158	3 710	3 445	66%	-8%
Interest earned - outstanding debtors	8 182	11 849	14 527	15 177	22%	4%
Dividends received	-	-	-	-	0%	0%
Fines	12	27	27	12	-125%	-125%
Licences and permits	1 780	2 252	2 922	2 481	9%	-18%
Agency services	1 059	1 829	1 829	1 343	-36%	-36%
Transfers recognised - operational	121 995	138 420	138 309	138 142	0%	0%
Other revenue	5 037	862	474	19 154	95%	98%
Gains on disposal of PPE	1 005	-	-	-	0%	0%
Total Revenue (excluding capital transfers and contributions)	211 499	240 449	250 078	267 184	10%	6%
Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. This table is aligned to MBRR table A4.						
						T K.2

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APPENDIX L: CONDITIONAL GRANTS EXCLUDING MIG

Conditional Grants: excluding MIG						
Details	Budget	Adjustments Budget	Actual	Variance		Major conditions applied by donor (continue below if necessary)
				Budget	Adj Budget	
Neighbourhood Development Partnership Grant						
Public Transport Infrastructure and Systems Grant						
Other Specify:						
FMG Grant	2 200 000	2 200 000	2 200 000	0%	0%	Yes
MSIG Grant	–	–	–	0%	0%	Yes
EPWP Grant	1 211 000	1 511 000	1 511 000	25%	0%	Yes
Equitable Share	138 370 000	138 370 000	138 370 000	0%	0%	Yes
PMU 5%	1 870 150	1 870 150	1 870 150	0%	0%	Yes
Disaster Relief Grant	19 145 000	33 377 199	33 564 699	75%	1%	
Provincial						
Library Grant	1 792 000	1 792 000		0%	0%	Yes
Total	164 588 150	179 120 349	177 515 849	8%	-1%	
<p>* This includes Neighbourhood Development Partnership Grant, Public Transport Infrastructure and Systems Grant and any other grant excluding Municipal Infrastructure Grant (MIG) which is dealt with in the main report, see T 5.8.3. Variances are calculated by dividing the difference between actual and original/adjustments budget by the actual. Obtain a list of grants from national and provincial government.</p>						

T L

APPENDIX M: CAPITAL EXPENDITURE - NEW ASSETS PROGRAMME

Capital Expenditure - New Assets Programme*						R '000
Description	Year 2024/25			Planned Capital expenditure		
	Original Budget	Adjustment Budget	Actual Expenditure	FY + 2024/25	FY + 2025/26	FY + 2026/27
Capital expenditure by Asset Class						
Infrastructure - Total	33 877	65 477	50 310	-	-	-
Infrastructure: Road transport - Total	5 426	36 228	19 147	-	-	-
Roads	5 426	36 228	19 147			
Capital Spares	-	-	-	-	-	-
Infrastructure: Electricity - Total						
Power Plants						
LV Networks	-	-	-			
Capital Spares	-	-	-			
Infrastructure: Water - Total	-	-	-	-	-	-
Dams & Reservoirs						
Water purification						
Reticulation	-		-	-	-	-
Infrastructure: Sanitation - Total						
Reticulation						
Sewerage purification						
Infrastructure: Other - Total	-	2 526	7 867	-	-	-
Waste Management	-	2 526	7 867			
Transportation						
Gas						
Other						

Community - Total	25 901	24 156	20 789	-	-	-
Halls			2 487			
Centres	25 901	24 156	17 976			
Crèches						
Clinics/Care Centres						
Fire/Ambulance Stations						
Testing Stations						
Museums						
Galleries						
Theatres						
Libraries						
Cemeteries/Crematoria						
Police						
Purts						
Public Open Space			326			

Table continued next page

Capital Expenditure - New Assets Programme*						R '000
Description	Year 2024/25		Planned Capital expenditure			
	Original Budget	Adjustment Budget	Actual Expenditure	FY + 2024/25	FY + 2025/26	FY + 2026/27
<u>Capital expenditure by Asset Class</u>						
<u>Heritage assets - Total</u>	-	-	-	-	-	-
Buildings						
Other						
<u>Investment properties - Total</u>		600		-	-	-

Housing development									
Other		600							
	2 550	1 967	2 332	-	-	-	-	-	-
Other assets									
General vehicles	2 200	557	557						
Specialised vehicles									
Plant & equipment									
Computers - hardware/equipment	350	910	1 368						
Furniture and other office equipment		500	403						
Abattoirs			4						
Markets									
Civic Land and Buildings									
Other Buildings									
Other Land									
Surplus Assets - (Investment or Inventory)									
Other		-							
Agricultural assets	-	-	-	-	-	-	-	-	-
<i>List sub-class</i>									
Biological assets									
<i>List sub-class</i>									
Intangibles									
Computers - software & programming									
Other (list sub-class)	-	-	-	-	-	-	-	-	-

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Total Capital Expenditure on new assets	33 877	65 477	50 135	-	-	-
<u>Specialised vehicles</u>	-	-	-	-	-	-
Refuse						
Fire						
Conservancy						
Ambulances						

* Note: Information for this table may be sourced from MBRR (2009: Table SA34a)

T M.1

Capital Expenditure - Upgrade/Renewal Programme*							R '000
Description	Year 2024/25			Planned Capital expenditure			
	Original Budget	Adjustment Budget	Actual Expenditure	FY + 2024/25	FY + 2025/26	FY + 2026/27	
<u>Capital expenditure by Asset Class</u>							
<u>Infrastructure - Total</u>	175	175	175	-	-	-	
Infrastructure: Road transport - Total	-	-	-	-	-	-	
Roads, Pavements & Bridges							
Storm water							
Infrastructure: Electricity - Total	175	175	175	-	-	-	
Power Plants							
LV Networks	175	175	175	-	-	-	
Capital Spares							
Infrastructure: Water - Total	-	-	-	-	-	-	
Dams & Reservoirs							
Water purification							

<i>Reticulation</i>	-	-	-	-	-	-
Infrastructure: Sanitation - Total						
<i>Reticulation</i>						
<i>Sewerage purification</i>						
Infrastructure: Other - Total	-	-	-	-	-	-
<i>Waste Management</i>	-					
<i>Transportation</i>						
<i>Gas</i>						
<i>Other</i>						
Community	-	-	-	-	-	-
Parks & gardens						
Sportsfields & stadia	-	-	-	-	-	-
Swimming pools	-	-	-	-	-	-
Community halls	-	-	-	-	-	-
Libraries	-	-	-	-	-	-
Recreational facilities	-	-	-	-	-	-
Fire, safety & emergency	-	-	-	-	-	-
Security and policing	-	-	-	-	-	-
Buses	-	-	-	-	-	-
Clinics	-	-	-	-	-	-
Museums & Art Galleries	-	-	-	-	-	-
Cemeteries	-	-	-	-	-	-
Social rental housing	-	-	-	-	-	-
Other	-	-	-	-	-	-
Heritage assets	-	-	-	-	-	-
Buildings						
Other						

Table continued next page						
Table continued from previous page						
Capital Expenditure - Upgrade/Renewal Programme*						R '000
Description	Year 2024/25		Actual Expenditure	Planned Capital expenditure		FY + 2026/27
	Original Budget	Adjustment Budget		FY + 2024/25	FY + 2025/26	
<u>Capital expenditure by Asset Class</u>						
<u>Investment properties</u>						
Housing development			-	-	-	-
Other						
<u>Other assets</u>						
General vehicles			-	-	-	-
Specialised vehicles						
Plant & equipment						
Computers - hardware/equipment						
Furniture and other office equipment						
Abattoirs						
Markets						
Civic Land and Buildings						
Other Buildings						
Other Land						
Surplus Assets - (Investment or Inventory)						
Other						
<u>Agricultural assets</u>						
List sub-class						

Biological assets <i>List sub-class</i>	-	-	-	-	-	-	-
Intangibles Computers - software & programming Other (list sub-class)	-	-	-	-	-	-	-
Total Capital Expenditure on renewal of existing assets	-	-	-	-	-	-	-
Specialised vehicles Refuse Fire Conservancy Ambulances	-	-	-	-	-	-	-
* Note: Information for this table may be sourced from MBRR (2009: Table SA34b)							T M.2

APPENDIX N: CAPITAL PROGRAMME

Capital Programme by Project: Year 2024/25							R' 000
Capital Project	Original Budget	Adjustment Budget	Actual	Variance (Act - Adj) %	Variance (Act - OB) %		
Executive & Council							
Vehicles	750	752	558	-35%	-34%		
Budget & Treasury							
Furniture and Office Equipment	-	150	4	-3650%	0%		
Corporate Services							
Computer Equipment	150	727	404	-80%	63%		
Waste Management							
Landfill Site	1 550	2 578	7 867	67%	80%		
Road Transport							
Machinery and Equipment	50	254	1 367	81%	96%		
Electricity							
Electricity Projects	-	173	-	0%	0%		
Project Management Unit							
MIG Projects	30 377	29 231	25 419	-15%	-20%		
Other Projects	-	30 285	14 692	-106%	0%		
Town Halls and Municipal Buildings							
Buildings	1 000	1 500	-				
	33 877	65 650	50 311				

APPENDIX O: Capital Programme by Project by Ward

Capital Programme by Project by Ward: Year 24/25

Capital Project	Ward(s) affected	Works completed (Yes/No)
Paving Xholorha internal Streets	13	No
Revamp and Renovation of Municipal Offices	13	No
Keiskammahoek Recreation centre	1	Yes
Mbaxa Community Hall	7	Yes
Mlungisi Sports field Phase 3	15	Yes
Phumlani community Hall (planning)	2	No
Mandlakapheli, Langdraai Roads and Stormwater	4	Yes
Rhawini to Bhongweni Roads and Stormwater	5	Yes
Stutterheim Landfill Road and Storm water	13	Yes
Mlungisi Township (Mbulelo Ndondo, Old Location and Mzamomhle) Roads and Stormwater	14	Yes
Amabele, Gasela, Stanhorpe and Jerseyvale Roads and Stormwater	9	Yes
Kubusie and Ohlsen Roads and Stormwater	6	Yes
Upper and Lower Ngqumeya and Tshoxa Roads and Stormwater	10	Yes
Stutterhein Landfill site road	13	Yes
Phumlani,Bumbane & Kom internal roads	2	Yes
Goshen roads	4	Yes
Cenyulands road	15	Yes
Peer to Nxawe,Nxawe to Matsa roads in Ethembeni	7	Yes
Sophumelela Ngxondorheni internal roads	1	Yes
Construction of Keiskammahoek Roads (STR) - Tender Document	1	Yes
Construction of Stutterheim Roads (STR) - Tender Document	13	Yes

Electricity		
Pre-engineering-Upgrade of Cathcart Substation 24/25	Whole Cathcart	yes
Pre Engineering-Upgrade of Stutterheim Main intake substation 24/25	Whole Stutterheim	yes
EEDSM 24/25	13,9,8,4,6&5	yes
STR Stutterheim electrical project	Stutterheim town, Amatoleville, Mlungisi	no
STR Keiskammhoek electrical	Keiskammhoek town, Sophumelela	no
Housing		
Refuse removal		
Storm water		
N/A		
Economic development		
Sports, Arts & Culture		
Mlungisi Sports field Phase 3	15	Yes
Environment		
Health		
Safety and Security		
ICT and Other		
TO		

APPENDIX P: Declaration of Loans and Grants made by the municipality

Declaration of Loans and Grants made by the municipality: Year 2024/25				
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 and future years
None				

* Loans/Grants - whether in cash or in kind

APPENDIX Q: Service Delivery Backlog experienced by the community where another sphere of government is responsible for service provision

Services by Sector Departments	Services Implemented/Provided	Service Backlogs
Access to Sanitation	93%	5,9%
Access to Water	89,7%	10,3%
Electricity	85,9%	10,3% (New extensions)
Housing	459	3 172
Refuse Removal	30,8%	69,2%
Roads	18%	82%

ANNEXURE R: OOGTA KEY PERFORMANCE INDICATORS

**RE: REQUEST FOR THE CONSIDERATION OF KEY PERFORMANCE INDICATORS
IN THE ANNUAL REPORT FOR 2023/24 FINANCIAL YEAR**

The following is the list of indicators that were agreed upon and on how the performance information should be populated:-

CHAPTER: ORGANISATIONAL TRANSFORMATION AND INSTITUTIONAL DEVELOPMENT –KPA 1

Annual performance as per key performance indicators in municipal transformation and organizational development.

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	Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
1	Vacancy rate for all approved and budgeted posts;	18	11	61%	Positions that appeared on 2024/2025 financial year were eighteen (18) and Eleven (11) have been filled, the remaining seven (7) positions are in the recruitment process.
2	Percentage of appointment in strategic positions (Municipal Manager and Section 57 Managers)	6	6	100%	All positions that were vacant due to Expired contract have been filled and only one (1) resignation is in the recruitment process
3	Percentage of Section 57 Managers including Municipal Managers who attended at least 1 skill development training course within the FY	6	4	67%	Due to municipal financial constraints the municipality relied on the LGSETA DG Funding for training of the managers.
4	Percentage of Managers in Technical Services with a professional qualification	3	3	100%	There are no gaps identified
5	Level of effectiveness of PMS in the LM – (LM to report)	PMS has been cascaded to employees from TG12 and above.			
6	Percentage of staff that have undergone a skills audit (including competency profiles) within the current 5-year term	258	57	22%	Submission was done by 57 Employees
7	Percentage of councillors who attended a skill development training within the current 5-year term	30	26	87%	No training has been conducted internally in the current financial year. COGTA and SALGA assisted the municipality with other workshops conducted for councillors in their respective sections as department Portfolio heads
9	Percentage of staff complement with disability	4	5	125%	
10	Percentage of female employees	120	93	77.5%	Out of the 93 females, 12 females are employed as interns in various municipal departments.
11	Percentage of employees that are aged 35 or younger	258	44	17%	
12	Adoption and implementation of a District Wide/ Local Performance Management System	1	1	100%	The municipality has developed Performance Management System Policy Framework which was adopted in 2011 and is reviewed annually in line with IDP processes. The

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Indicator name	Total number of people (planned for) during the year under review	Achievement level during the year under review	Achievement percentage during the year	Comments on the gap
				municipality has thus far cascaded performance management system from task grade 12 upwards and is planning to cascade to lower levels in 2025/26 financial year.

CHAPTER: BASIC SERVICE DELIVERY PERFORMANCE HIGHLIGHTS (KPA 2)

Annual performance as per key performance indicators in Electricity services

	Indicator name	Total number of household/customers expected to benefit Total House Holds=34159	Estimated backlogs (actual numbers)	Target set for the f. year under review (actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households with access to electricity services	24 269	3 429	20 840	20 840	100
2	Percentage of indigent households with access to basic electricity services	24 269	3 429	24 269	20 840	86
3	Percentage of indigent households with access to free alternative energy sources	24 269	886	886	886	100

Electricity – 2016 Community Survey as per the table above indicates that 92.7% of households at Amahlathi uses electricity for lighting compared to 87.4% calculated in the Census 2011 meaning there is a great improvement of about 5.3%.

Annual performance as per key performance indicators in road maintenance services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review (Actual numbers)	Number of HH/customer reached during the FY	Percentage of achievement during the year
1	Percentage of households without access to gravel or graded roads	24 269	14 561	3 000	3 000	100
2	Percentage of road infrastructure requiring upgrade	980 km	487 km	4 km	2 km	50
3	Percentage of planned new road infrastructure actually constructed	980 km	493 km	12 km	12 km	100
4	Percentage of capital budget reserved for road upgrading and maintenance effectively used.	R 522 m	R 522m	R 26.2 m	R 26.2 m	100

Annual performance as per key performance indicators in waste management services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1.	No. of households and businesses with basic waste collection	29 994 House Holds	23 536 households and businesses with access to basic waste. (29 994- 6458 =23 536)	6458 household s and businesse s with access to basic waste	21,53% in the Amahlathi Municipality (6458 / 29 994 X 100= 21.53%)	Percentage of households with access to refuse removal services 21.53%

2	Existence of waste management plan	<ul style="list-style-type: none"> Integrated Waste Management Plan (2022 – 2027) was approved by Council on the 25th of January 2023 and submitted to DEDEAT for endorsement by the MEC.
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Annual performance as per key performance indicators in housing and town planning services

	Indicator name	Total number of household/customers expected to benefit	Estimated backlogs (Actual numbers)	Target set for the f. year under review	Number of HH/customer reached	Percentage of achievement during the year
1	Percentage of households living in informal settlements	4,4%	1527	N/A	N/A	0%
2	Percentage of informal settlements that have been provided with basic services	N/A	N/A	N/A	N/A	N/A
3	Percentage of households in formal housing that conforms to the minimum building standards for residential houses	57%	19950	N/A	N/A	N/A
4	Existence of an effective indigent policy	There is Indigent policy that has been adopted, and it is reviewed annually.				
5	Existence of an approved SDF	Amahlathi Local Municipality Draft SDF has been gazetted in November 2022.				
6	Existence of Land Use Management System (LUMS)	The development of a SPLUMA compliant Wall to Wall Land Use Scheme has been conducted during the 2022/23 financial year.				

CHAPTER: MUNICIPAL LOCAL ECONOMIC DEVELOPMENT FRAMEWORK- (KPA 3)
Annual performance as per key performance indicators in LED

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	Existence of LED unit	None	- No new recruitments	0%
2	Percentage of LED Budget spent on LED related activities.	None	None	None
3	Existence of LED strategy	Reviewed LED Strategy		
4	Number of LED stakeholder forum meetings held	8	<ul style="list-style-type: none"> - 2 LED Forum meetings - 3 Contractors meeting held - 4 Agricultural Forum Meeting held - 2 CTO's and LTO's meetings - 2 Hawkers meeting held - 3 Cooperative meeting held (Amahlathiwethu Secondary Co-op) - 3 meetings Amahlathi Farmers Association 	100%
5	Plans to stimulate second economy	<ul style="list-style-type: none"> - 3 business plans developed for 3 cluster towns - Target 2 twinning agreements with Strategic-Institutions in the EC 	<ul style="list-style-type: none"> - Cathcart small town revitalisation by ADM - Developer for the Keiskammahoek shopping complex has been appointed. - MOU has been concluded with Lamsprange Municipality. - The municipality has entered into twinning agreements with African Sun Holdings. - MOU has been concluded with Fort Cox College - Stutterheim Master and Precinct Plan Developed and adopted by Council. - Action plan for Implementation of Stutterheim Master and Precinct Plan developed. 	50%
6	Percentage of SMME that have benefited from a SMME support program	-Sub-contracting resolution has been taken by	<ul style="list-style-type: none"> - Quarter 1 – 98 - Quarter 2 – 103 - Quarter 3 – 141 - Quarter 4 – 92 	

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
		<p>Council and is being implemented</p> <p>- 30% of Amahlathi budget allocated to local SMME's</p> <p>3 trainings conducted for Community Tourism Organisation (CTO) and Local Tourism Organisations (LTO'S)</p> <p>3 contractors subcontracted and benefited.</p> <p>40 farmers to be supported with capacity building.</p> <p>4 tourism events attended to provide access to market for Crafters</p>	<p>- 434 SMME's benefited on SMME Support Programs from all clusters.</p> <p>- 55% of Amahlathi budget allocated to local SMME's</p> <p>- 4 training session conducted for CTOs & LTOs from the following</p> <p>- Quarter 1 – East London DSRAC CTOs</p> <p>- Quarter 2 – Kwazidenge CTOs</p> <p>- Quarter 3 – CATA CTOs</p> <p>- Quarter 4 – ZINGCUKA CTOs</p> <p>- Quarter 1 – Formal Request submitted.</p> <p>- Quarter 2 – Variance</p> <p>- Quarter 3 – Mlungisi Hall 48 on animal health</p> <p>- Quarter 4 – Mtiza Pty Ltd 23 on Animal Nutrition</p> <p>Annual Total number of Farmers 71</p> <p>- Quarter 1 – State of Amahlathi Local Municipality Address dated 11 September 2024.</p> <p>- Quarter 1 – Andrea Dondolo Resilience Walk event dated 30 September 2024 at Stutterm Grey Square</p>	

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
			<ul style="list-style-type: none"> - Quarter 2 - Cata Heritage event dated 23 November 2024. - Quarter 3 – The visiting of the Germans crafters was invited to exhibit their craft work. - Quarter 4 - Craft and visual selection dated 20 May 2025. - Grahamstown National Art Festival 2025 - Quarter 1 - Heritage Celebration event 2023 (7km Hiking Trail) crafters were invited for the exhibition of the craft work - Quarter 2 – Revival of Mgwali Cultural Village includes the craft work from the crafters. - Quarter 3 – The visiting of the Germans crafters was invited to exhibit their craft work assurance. - Quarter 4 – Amahlathi crafters have an opportunity to take part in the Grahamstown Arts Festival - Quarter 1 – need analysis of forestry activities. - Quarter 2 – DFFE were 11 primary cooperative. - Quarter 3 – 2 interventions support 1st by NTE 21 primary Cooperatives 2nd by working on fire 11 primary cooperatives. - Quarter 4 – 2 Interventions support 1st DFFE 18 primary cooperatives 	

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
			2 nd NDFFE 71 primary cooperatives Annual total number for timber forestry = 132	
7	Number of job opportunities created through EPWP	357 CYDP participants (Graduates, Interns, Learners, and Apprentices)	453 CYDP participants (Graduates, Interns, Learners, and Apprentices)	127%
8	Number of job opportunities created through PPP	n/a	n/a	n/a

CHAPTER: MUNICIPAL FINANCIAL VIABILITY AND MANAGEMENT (KPA 4)**Annual performance as per key performance indicators in financial viability**

	Indicator name	Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
1	Percentage expenditure of capital budget	R 65 649 950	R 50 310 960	76.6%
2		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the operational budget
3	Salary budget as a percentage of the total operational budget (Including Councillor Allowances)	R149 313 610 / R309 640 890	R149 801 312 / R305 243 484	49%
4		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year vs the actual revenue
5	Total municipal own revenue as a percentage of the total actual budget	R111 768	R122 575	109.7%
6		Target set for the year R(000)	Achievement level during the year R(000)	Achievement percentage during the year
7	Rate of municipal consumer debt reduction	10 000	-R15 134	-151%
8	Percentage of MIG budget appropriately spent	R30 770	R30 770	100%
9	Percentage of MSIG budget appropriately spent	R 0	R 0	0%
10	AG Audit opinion	Unqualified	Unqualified	
11	Functionality of the Audit Committee	4 meetings	4 meetings	100%
12	Submission of AFS after the end of financial year	30 August 2024	30 August 2024	100%

CHAPTER: GOOD GOVERNANCE AND PUBLIC PARTICIPATION- (KPA 5)

No	Indicator name	Target set for the year	Achievement level during the year (absolute figure)	Achievement percentage during the year
1	% war room	12 meetings	12	100%
3	Existence of an effective system to monitor CDWs	The CDWs are part of the key stakeholders of Public Participation. They are invited to participate during mechanisms such as mayoral imbizos (or roadshows) and representative forums that feed directly into IDP and Budget. These events are convened on quarterly basis. CDWs also participate in the annual report roadshows. Their key role is to assist the municipality capture well the public perceptions on development versus the service delivery outputs reported on. The municipality coordinate this work of CDWs through the Public Participation function. The municipality is part of the quarterly roundtable sessions organised by CDWs to make reflections on the work of the CDWs. The municipality provides venues and ensures communication of information to relevant stakeholders when required to do so.		
5	Effective of IGR structural meetings	Amahlathi Political IGR forum meetings sit on a quarterly basis and are led by the Honourable Mayor. All the Executive Committee members of the Council also form part of the forum as required by the terms of reference of the committee. The IGR is currently coordinated in the Office of the MM and is attached to the Office Administrator.		
6	Existence of an effective communication strategy	The Communication Strategy of Amahlathi Local Municipality is in place. It was first adopted by council in February 2015. The strategy is being implemented through tools such as communications policy and communications operational plan. These tools are reviewed annually to ensure their relevance.		
6	Existence of an effective communication strategy	Communication Strategy adopted by council February 2015, and it is reviewed on an annually basis by reviewing the Communication Action Plan		
7	Number of mayoral imbizos conducted	2	2	100% The mayoral imbizo's were conducted during the second and third quarter.
8	Existence of a fraud prevention mechanism	The Internal Audit Unit is conducting Fraud Awareness Campaigns within the municipality on quarterly basis and those awareness programs are included on the Approved Risk Based Internal Audit Plan for 2015/16 financial year. Employees are workshopped on what constitutes Fraud and what they should do when they suspect that fraud is happening within the municipality. The Internal Audit Unit has also developed Fraud Prevention Plan and Whistle-blowing policy for protection of the Whistle blowers. Policy was submitted to the Council and was adopted in April 2015.		



**Amahlathi Local Municipality
(Registration number EC 124)
Annual Financial Statements
for the year ended 30 June 2025**

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

General Information

Legal form of entity

Amahlathi Local Municipality is a South African Category B (Local Municipality) Municipality as defined by the Municipal Structures Act (117 of 1998)

Nature of business and principal activities

The provision of services to communities in a sustainable manner, to promote social and economic development; and to promote a safe and healthy environment.

Mayoral committee

Executive Mayor

NC Nongqayi

Speaker

NP Mlahleki

Chief WIP

P Qaba

Exco Councillors

XM Tokwe

T Balindlela (removed December 2024)

B Pickering (elected to EXCO January 2025)

B Xongwana

NA Kato-Manyika

Councillors

ZA Qonto (MPAC Chair)

PM Onceya-Sauti

N Ngxakangxaka

Z Ngozi

NM Mbulawa

M Gantsho

NV Mjandana

NC Mkiva

N Nyangwa

N Charlie

NZ Klaas

MA Busakwe

X Neti

M Nqini

M Neku

PA Simandla

N Ncevu

SC Matini

Z Gavini (elected March 2025)

ME Maweni

N Salaze

O Mgunculu

P Budaza

Traditional leaders

NJ Ulana

PZ Gaika

Grading of local authority

Grade 3

Accounting Officer

Dr Z Shasha

Chief Finance Officer (CFO)

B Ngwendu (appointed 1 September 2024)

Registered office

12 Maclean Street

Stutterheim

4930

Business address

12 Maclean Street

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

General Information

	Stutterheim 4930
Postal address	Private Bag X4002 Stutterheim 4930
Bankers	First National Bank
Auditors	Auditor General of South Africa
Attorneys	Wesly Pretorius & Associates Incorporated MSZ Attorneys Incorporated Mabece Tilana Incorporated Talení Godi Kupiso Incorporated
Telephone	043 683 5000
Jurisdiction	Amahlathi Local Municipality is located in the south-eastern part of the Eastern Cape province. This Category B Municipality falls under the jurisdiction of the Amathole District Municipality and comprises four towns Stutterheim, Cathcart, Keiskamahoe and Kei Road.
Audit Committee	Miss L. Smith (Chairperson) Mr M. Manxiwa Dr M. Mdani Mrs N. Hermanus-Mabuza

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

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Abbreviations used:

COID	Compensation for Occupational Injuries and Diseases
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
HDF	Housing Development Fund
IAS	International Accounting Standards
IPSAS	International Public Sector Accounting Standards
MFMA	Municipal Finance Management Act
mSCOA	Municipal Standard Chart of Accounts

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (No. 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and were given unrestricted access to all financial records and related data.

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

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

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

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

The accounting officer has reviewed the municipality's cash flow forecast for the year to 30 June 2026 and, in the light of this review and the current financial position, he is satisfied that the municipality has or has access to adequate resources to continue in operational existence for the foreseeable future.

The municipality is dependent on government grant funding for continued funding of operations. The annual financial statements are prepared on the basis that the municipality is a going concern and that the municipality has neither the intention nor the need to liquidate or curtail materially the scale of the municipality.

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

The external auditors are responsible for independently reviewing and reporting on the municipality's annual financial statements. The annual financial statements have been examined by the municipality's external auditors and their report will be presented at the conclusion of the audit.

The annual financial statements set out on pages 6 to 98, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2025 and were signed by him.

Accounting Officer
Dr Z Shasha

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Accounting Officer's Report

The accounting officer submits his report for the year ended 30 June 2025.

1. Review of activities

Main business and operations

Net surplus of the municipality was R 67 290 389 (2024: surplus R 7 691 186).

2. Going concern

We draw attention to the fact that at 30 June 2025, the municipality had an accumulated surplus of R 331 394 491 and that the municipality's total assets exceed its liabilities by R 331 394 491.

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continue to procure funding for the ongoing operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business. All impairments were measured and judged in line with past performances.

3. Subsequent events

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

4. Accounting Officers' interest in contracts

The accounting officer has no interest in contracts awarded, either direct or indirect.

5. Accounting policies

The 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. Accounting Officer

The accounting officer of the municipality during the year and to the date of this report is as follows:

Name	Nationality
Dr Z Shasha	South African

7. Corporate governance

General

The accounting officer is committed to business integrity, transparency and professionalism in all its activities. As part of this commitment, the accounting officer supports the highest standards of corporate governance and the ongoing development of best practice.

8. Non-compliance with applicable legislation

In terms of section 65 (2)(e) of the Municipal Finance Act (No. 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.

The annual financial statements set out on pages 6 to 98, which have been prepared on the going concern basis, were approved by the accounting officer on 30 August 2025 and were signed on its behalf by:

Accounting Officer
Dr Z Shasha

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Position as at 30 June 2025

Figures in Rand	Notes	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	5 806	3 044
Receivables from exchange transactions	4	44 594 414	27 195 799
Receivables from non-exchange transactions	5	31 883 184	30 077 803
Cash and cash equivalents	6	12 554 267	22 980 213
Input VAT accrual	7	10 604 543	10 903 292
VAT receivable	8	1 066 503	845 349
Other receivables	9	2 883 130	2 097 552
		103 591 847	94 103 052
Non-Current Assets			
Biological assets that form part of an agricultural activity	10	4 568 491	4 470 314
Investment property	11	11 677 982	11 679 234
Property, plant and equipment	12	451 572 263	421 549 211
Intangible assets	13	9 061	20 155
Heritage assets	14	610 183	610 183
		468 437 980	438 329 097
Total Assets		572 029 827	532 432 149
Liabilities			
Current Liabilities			
Finance lease obligation	15	-	222 266
Payables from exchange transactions	16	136 003 497	184 843 890
Consumer deposits	17	1 849 803	1 736 950
Employee benefit obligation	18	14 845 671	16 156 782
Output VAT accrual	19	3 153 157	2 989 989
Unspent conditional grants and receipts	20	976 856	15 891 501
Provisions	21	1 609 941	878 983
Financial liability	22	4 610 553	-
		163 049 478	222 720 361
Non-Current Liabilities			
Financial liability	22	28 907 019	-
Employee benefit obligation	18	31 078 371	29 539 914
Provisions	21	17 600 468	16 067 772
		77 585 858	45 607 686
Total Liabilities		240 635 336	268 328 047
Net Assets		331 394 491	264 104 102
Accumulated surplus		331 394 491	264 104 102
Total Net Assets		331 394 491	264 104 102

* See Note 47

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Statement of Financial Performance

Figures in Rand	Notes	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Service charges	23	80 667 375	63 979 395
Rental of facilities and equipment		286 013	246 300
Interest received - receivables from exchange transactions		9 496 922	7 704 052
Licences and permits		1 530 052	2 481 738
Miscellaneous and other revenue		1 237 539	942 408
Administration and management fees received		-	10 733
Insurance refunds		742 017	4 750
Interest received - investment	24	3 420 580	3 455 509
Gain on foreign exchange		33 269	-
Fair value adjustments		98 177	-
Actuarial gains	25	3 147 880	6 466 387
Inventory adjustments		9 992	184
Total revenue from exchange transactions		100 669 816	85 291 456
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	26	22 003 286	24 168 893
Transfer revenue			
Government grants & subsidies	28	223 848 520	184 220 541
Public contributions and donations	29	133 563	-
Fines, Penalties and Forfeits		25 852	12 478
Interest - receivables from non-exchange transactions		7 762 634	7 473 562
Motor vehicle registration		818 930	1 381 973
Other revenue	27	29 318 887	11 884 356
Total revenue from non-exchange transactions		283 911 672	229 141 803
Total revenue		384 581 488	314 433 259
Expenditure			
Employee related costs	30	(124 980 464)	(136 206 071)
Remuneration of councillors	31	(14 005 898)	(13 595 241)
Vending management fee	32	(281 694)	(261 373)
Depreciation and amortisation	33	(30 528 899)	(24 778 746)
Impairment loss on assets	34	(10 533 016)	(1 161 270)
Finance costs	35	(7 068 822)	(15 523 956)
Lease rentals on operating lease		(8 309)	(33 084)
Debt Impairment	36	(28 601 670)	(24 703 463)
Bulk purchases	37	(59 229 954)	(51 809 374)
Contracted services	38	(15 659 969)	(12 125 745)
Loss on disposal of assets		(1 581 219)	(453 804)
Loss on fair value adjustment		-	(1 743 607)
General Expenses	40	(24 811 185)	(24 346 339)
Total expenditure		(317 291 099)	(306 742 073)
Surplus for the year		67 290 389	7 691 186

* See Note 47

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Statement of Changes in Net Assets

Figures in Rand	Accumulated surplus / deficit	Total net assets
Opening balance as previously reported	249 393 169	249 393 169
Adjustments		
Prior year adjustments 47	7 019 747	7 019 747
Balance at 01 July 2023 as restated*	256 412 916	256 412 916
Changes in net assets		
Surplus for the year	7 691 186	7 691 186
Total changes	7 691 186	7 691 186
Balance at 01 July 2024 as restated	264 104 102	264 104 102
Changes in net assets		
Surplus for the year	67 290 389	67 290 389
Total changes	67 290 389	67 290 389
Balance at 30 June 2025	331 394 491	331 394 491

* See Note 47

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Sale of goods and services		74 103 518	62 931 180
Grants		208 385 496	192 885 934
Interest income		5 577 659	6 148 298
		<u>288 066 673</u>	<u>261 965 412</u>
Payments			
Employee costs		(138 911 201)	(145 021 308)
Suppliers		(91 315 738)	(64 781 431)
Finance costs		(28 924)	(46 872)
		<u>(230 255 863)</u>	<u>(209 849 611)</u>
Net cash flows from operating activities	42	<u>57 810 810</u>	<u>52 115 801</u>
Cash flows from investing activities			
Purchase of property, plant and equipment	12	(69 411 059)	(44 484 678)
Proceeds from sale of property, plant and equipment	12	1 404 878	-
Net cash flows from investing activities		<u>(68 006 181)</u>	<u>(44 484 678)</u>
Cash flows from financing activities			
Finance lease payments		(230 575)	(288 495)
Net increase/(decrease) in cash and cash equivalents		<u>(10 425 946)</u>	<u>7 342 628</u>
Cash and cash equivalents at the beginning of the year		22 980 213	15 637 585
Cash and cash equivalents at the end of the year	6	<u>12 554 267</u>	<u>22 980 213</u>

The accounting policies on pages 15 to 46 and the notes on pages 47 to 98 form an integral part of the annual financial statements.

* See Note 47

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Service charges	62 934 831	18 702 931	81 637 762	80 667 375	(970 387)	
Rendering of services	6 184 943	867 563	7 052 506	-	(7 052 506)	A
Rental of facilities and equipment	365 640	(165 438)	200 202	286 013	85 811	B
Interest received - receivables from exchange transactions	7 778 570	426 311	8 204 881	9 496 922	1 292 041	C
Agency services	1 918 395	(767 358)	1 151 037	818 930	(332 107)	D
Licences and permits	3 065 550	(1 224 284)	1 841 266	1 530 052	(311 214)	D
Operating Revenue	133 211	720 073	853 284	1 979 556	1 126 272	E
Interest received from current and non-current investment	3 892 102	-	3 892 102	3 420 580	(471 522)	F
Total revenue from exchange transactions	86 273 242	18 559 798	104 833 040	98 199 428	(6 633 612)	

Revenue from non-exchange transactions

Taxation revenue

Property rates	26 745 685	-	26 745 685	22 003 286	(4 742 399)	G
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Transfer revenue

Government grants & subsidies	205 042 750	20 334 000	225 376 750	223 848 520	(1 528 230)	
Public contributions and donations	-	-	-	133 563	133 563	H
Fines, Penalties and Forfeits	28 720	(11 488)	17 232	25 852	8 620	
Interest - receivable from non-exchange transactions	7 619 840	-	7 619 840	7 762 634	142 794	
Other revenue	-	26 554 271	26 554 271	29 318 887	2 764 616	I

Total revenue from non-exchange transactions	239 436 995	46 876 783	286 313 778	283 092 742	(3 221 036)	
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Total revenue	325 710 237	65 436 581	391 146 818	381 292 170	(9 854 648)	
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Expenditure

Personnel	(141 493 420)	9 972 882	(131 520 538)	(124 980 464)	6 540 074	
Remuneration of councillors	(15 030 680)	-	(15 030 680)	(14 005 898)	1 024 782	
Depreciation and amortisation	(24 185 885)	-	(24 185 885)	(30 528 899)	(6 343 014)	J
Impairment loss/ Reversal of impairments	-	-	-	(10 533 016)	(10 533 016)	K
Finance costs	(3 000 000)	500 000	(2 500 000)	(7 068 822)	(4 568 822)	L
Debt Impairment	(26 000 000)	-	(26 000 000)	(28 601 670)	(2 601 670)	
Bulk purchases	(57 964 760)	-	(57 964 760)	(59 229 954)	(1 265 194)	
Contracted Services	(17 491 000)	18 890	(17 472 110)	(15 659 969)	1 812 141	M
Inventory consumed	(453 100)	172 250	(280 850)	-	280 850	N
Operational costs	(22 958 249)	(389 720)	(23 347 969)	(25 101 188)	(1 753 219)	M & N
Total expenditure	(308 577 094)	10 274 302	(298 302 792)	(315 709 880)	(17 407 088)	
Operating surplus	17 133 143	75 710 883	92 844 026	65 582 290	(27 261 736)	

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Loss on disposal of assets and liabilities	-	(1 000)	(1 000)	(1 581 219)	(1 580 219)	O
Gain on foreign exchange	-	-	-	33 269	33 269	P
Fair value adjustments	-	-	-	98 177	98 177	Q
Actuarial gains/losses	-	-	-	3 147 880	3 147 880	Q
Inventories losses/write-downs	-	-	-	9 992	9 992	R
	-	(1 000)	(1 000)	1 708 099	1 709 099	
Surplus before taxation	17 133 143	75 709 883	92 843 026	67 290 389	(25 552 637)	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	17 133 143	75 709 883	92 843 026	67 290 389	(25 552 637)	

Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Position

Assets

Current Assets

Inventories	74 018	(48 907)	25 111	5 806	(19 305)	R
Receivables from non-exchange transactions	17 192 363	-	17 192 363	31 883 184	14 690 821	G
VAT	24 882 412	(9 468 876)	15 413 536	11 671 046	(3 742 490)	N
Other receivables	-	-	-	2 883 130	2 883 130	S
Trade and other receivables from exchange transactions	20 492 351	(16 630 116)	3 862 235	44 594 414	40 732 179	C
Cash and cash equivalents	21 091 551	13 033 488	34 125 039	12 554 267	(21 570 772)	T
	83 732 695	(13 114 411)	70 618 284	103 591 847	32 973 563	

Non-Current Assets

Biological assets that form part of an agricultural activity	6 213 921	-	6 213 921	4 568 491	(1 645 430)	R
Investment property	11 686 873	-	11 686 873	11 677 982	(8 891)	
Property, plant and equipment	434 744 636	24 198 502	458 943 138	451 572 263	(7 370 875)	
Intangible assets	29 653	-	29 653	9 061	(20 592)	U
Heritage assets	610 183	-	610 183	610 183	-	
	453 285 266	24 198 502	477 483 768	468 437 980	(9 045 788)	

Total Assets

	537 017 961	11 084 091	548 102 052	572 029 827	23 927 775	
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Liabilities

Current Liabilities

Financial liability	227 671	-	227 671	4 610 553	4 382 882	V
Payables from exchange transactions	207 406 066	(36 075 833)	171 330 233	136 003 497	(35 326 736)	V & T
VAT payable	10 117 770	-	10 117 770	3 153 157	(6 964 613)	W
Consumer deposits	1 843 855	-	1 843 855	1 849 803	5 948	
Employee benefit obligation	-	-	-	14 845 671	14 845 671	N
Unspent conditional grants and receipts	15 500 000	-	15 500 000	976 856	(14 523 144)	X
Provisions	18 393 923	-	18 393 923	1 609 941	(16 783 982)	N
	253 489 285	(36 075 833)	217 413 452	163 049 478	(54 363 974)	

Non-Current Liabilities

Financial liability	-	-	-	28 907 019	28 907 019	V
Finance lease obligation	222 266	-	222 266	-	(222 266)	Y
Employee benefit obligation	31 728 153	-	31 728 153	31 078 371	(649 782)	
Provisions	7 862 150	-	7 862 150	17 600 468	9 738 318	Z
	39 812 569	-	39 812 569	77 585 858	37 773 289	

Total Liabilities

	293 301 854	(36 075 833)	257 226 021	240 635 336	(16 590 685)	
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Net Assets

	243 716 107	47 159 924	290 876 031	331 394 491	40 518 460	
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Amahlathi Local Municipality

(Registration number EC 124)

Annual Financial Statements for the year ended 30 June 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	243 716 107	47 159 924	290 876 031	331 394 491	40 518 460	

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Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Cash Flow Statement

Cash flows from operating activities

Receipts

Cash receipts from customers	93 067 757	28 212 792	121 280 549	74 103 518	(47 177 031)	C
Grants	205 787 852	19 588 899	225 376 751	208 385 496	(16 991 255)	
Interest income	13 947 000	5 713 138	19 660 138	5 577 659	(14 082 479)	F
	312 802 609	53 514 829	366 317 438	288 066 673	(78 250 765)	

Payments

Suppliers and employees	(233 173 496)	(25 875 017)	(259 048 513)	(230 226 939)	28 821 574	T
Finance costs	(3 000 000)	500 000	(2 500 000)	(28 924)	2 471 076	AA
	(236 173 496)	(25 375 017)	(261 548 513)	(230 255 863)	31 292 650	

Net cash flows from operating activities	76 629 113	28 139 812	104 768 925	57 810 810	(46 958 115)	
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Cash flows from investing activities

Purchase of property, plant and equipment	(71 240 028)	(15 106 324)	(86 346 352)	(69 411 059)	16 935 293	AB
Proceeds from sale of property, plant and equipment	-	-	-	1 404 878	1 404 878	O
Net cash flows from investing activities	(71 240 028)	(15 106 324)	(86 346 352)	(68 006 181)	18 340 171	

Cash flows from financing activities

Finance lease payments	-	-	-	(230 575)	(230 575)	T
Net increase/(decrease) in cash and cash equivalents	5 389 085	13 033 488	18 422 573	(10 425 946)	(28 848 519)	
Cash and cash equivalents at the beginning of the year	15 702 466	-	15 702 466	22 980 213	7 277 747	AC
Cash and cash equivalents at the end of the year	21 091 551	13 033 488	34 125 039	12 554 267	(21 570 772)	

Reconciliation

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Significant accounting policies

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

1.1 Presentation currency

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

1.2 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.

1.3 Materiality

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

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

1.4 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:

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 impairment for trade receivables is calculated on an individual debtor basis, based on historical loss ratios, debtor type and other indicators present at the reporting date that correlate with defaults on the portfolio.

Impairment testing

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

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

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions are included in note 21 - Provisions.

Amahlathi Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.4 Significant judgements and sources of estimation uncertainty (continued)

Post-retirement benefits

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

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

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 18.

Effective interest rate

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

1.5 Biological assets that form part of an agricultural activity

The entity recognises biological assets that form part of an agricultural activity or agricultural produce when, and only when:

- the entity controls the asset as a result of past events;
- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality;
- and
- the fair value or cost of the asset can be measured reliably.

Biological assets that form part of an agricultural activity are measured at their fair value less costs to sell.

The fair value of the vine / pine plantations is based on the combined fair value of the land and the vines / pine trees. The fair value of the raw land and land improvements is then deducted from the combined fair value to determine the fair value of the vines / pine trees.

A gain or loss arising on initial recognition of biological assets that form part of an agricultural activity or agricultural produce at fair value less costs to sell and from a change in fair value less costs to sell of biological assets that form part of an agricultural activity is included in surplus or deficit for the period in which it arises.

Where fair value cannot be measured reliably, biological assets are measured at cost less any accumulated depreciation and any accumulated impairment losses.

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.

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.

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.6 Investment property (continued)

Cost model

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

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

Item	Useful life
Property - land	indefinite
Property - buildings	20 - 30 years
Other components	05 - 50 years

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

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.

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 part 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.

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

Property, plant and equipment are depreciated on a straight-line basis over their expected useful lives to their estimated residual value.

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

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

Item	Depreciation method	Average useful life
Infrastructure	Straight-line	
Roads and paving	10-80 years	
Cemeteries	25-30 years	
Airports	25-30 years	
Community	Straight-line	
Work-in-progress	Not depreciated	
Land	Indefinite	
Electricity	10-60 years	
Landfill sites	15-40 years	
Other	Straight-line	
Buildings	15-30 years	
Machinery and equipment	04-15 years	
Computer equipment	03-05 years	
Furniture and office equipment	05-07 years	
Transport assets	04-15 years	
Office equipment - Leased assets	03-15 years	
Buildings airconditioning system	10-15 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.

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.

Incomplete construction work

Incomplete construction work is stated at historical cost, depreciation only commences when the asset is available for use.

Finance leases

Assets capitalised under finance lease are depreciated over the expected useful lives on the same basis as property, plant and equipment controlled by the municipality, or where the shorter the term of the relevant lease if there is no reasonable surety terms of the asset.

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.7 Property, plant and equipment (continued)

Infrastructure assets

Infrastructure assets are any assets that are part of a network or similar assets. Infrastructure assets are shown at cost less accumulated depreciation and impairment. Infrastructure assets are treated similar to all assets of the municipality in terms of the asset management policy.

1.8 Intangible assets

An asset is identifiable if it either:

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

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

An intangible asset is recognised when:

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

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

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

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

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight-line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Internally generated goodwill is not recognised as an intangible asset.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software, other	Straight-line	2-5 years

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

Amahlathi Local Municipality

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.8 Intangible assets (continued)

Intangible assets are derecognised:

on disposal; or

when no future economic benefits or service potential are expected from its use or disposal.

1.9 Heritage assets

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

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

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

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

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

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

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.

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).

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.10 Financial instruments

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

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

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

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

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

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

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 amounts 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 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.

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;

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.10 Financial instruments (continued)

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

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Financial instruments at 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

Trade and other receivables from exchange transactions
Investments
Bank and cash
Other receivables

Category

Financial asset measured at amortised cost
Financial asset measured at amortised cost
Financial asset measured at amortised cost
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

Trade and other payables from exchange transactions
Financial liability

Category

Financial liability measured at amortised cost
Financial liability measured at amortised cost

Initial recognition

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

The entity recognises financial assets using trade date accounting.

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.10 Financial instruments (continued)

Initial measurement of financial assets and financial liabilities

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

The entity measures a financial asset and financial liability initially at its fair value [if subsequently measured at fair value].

The entity first assesses whether the substance of a concessionary loan is in fact a loan. On initial recognition, the entity analyses a concessionary loan into its component parts and accounts for each component separately. The entity accounts for that part of a concessionary loan that is:

- a social benefit in accordance with the Framework for the Preparation and Presentation of Financial Statements, where it is the issuer of the loan; or
- non-exchange revenue, in accordance with the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), where it is the recipient of the loan.

Subsequent measurement of financial assets and financial liabilities

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

- Financial instruments at fair value.
- Financial instruments at amortised cost.
- Financial instruments at cost.

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

Fair value measurement considerations

The best evidence of fair value is quoted prices in an active market. If the market for a financial instrument is not active, the entity establishes fair value by using a valuation technique. The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal operating considerations. Valuation techniques include using recent arm's length market transactions between knowledgeable, willing parties, if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis and option pricing models. If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique. The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs. It incorporates all factors that market participants would consider in setting a price and is consistent with accepted economic methodologies for pricing financial instruments. Periodically, a municipality calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e. without modification or repackaging) or based on any available observable market data.

The fair value of a financial liability with a demand feature (e.g. a demand deposit) is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

Reclassification

The entity does not reclassify a financial instrument while it is issued or held unless it is:
combined instrument that is required to be measured at fair value; or
an investment in a residual interest that meets the requirements for reclassification.

Where the entity cannot reliably measure the fair value of an embedded derivative that has been separated from a host contract that is a financial instrument at a subsequent reporting date, it measures the combined instrument at fair value. This requires a reclassification of the instrument from amortised cost or cost to fair value.

If fair value can no longer be measured reliably for an investment in a residual interest measured at fair value, the entity reclassifies the investment from fair value to cost. The carrying amount at the date that fair value is no longer available becomes the cost.

If a reliable measure becomes available for an investment in a residual interest for which a measure was previously not available, and the instrument would have been required to be measured at fair value, the entity reclassifies the instrument from cost to fair value.

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Annual Financial Statements for the year ended 30 June 2025

Significant Accounting Policies

1.10 Financial instruments (continued)

Gains and losses

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

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

Impairment and uncollectibility of financial assets

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

Financial assets measured at amortised cost:

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

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

Financial assets measured at cost:

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

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Significant Accounting Policies

1.10 Financial instruments (continued)

Derecognition

Financial assets

The entity derecognises financial assets using trade date accounting.

The entity derecognises a financial asset only when:

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

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

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

Financial liabilities

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

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

Presentation

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

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

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

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1.11 Statutory receivables

Identification

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

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

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

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

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

Recognition

The municipality recognises statutory receivables as follows:

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

Initial measurement

The municipality initially measures statutory receivables at their transaction amount.

Subsequent measurement

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

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

Accrued interest

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

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

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:

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1.11 Statutory receivables (continued)

Significant financial difficulty of the debtor, which may be evidenced by an application for debt counselling, business rescue or an equivalent.

It is probable that the debtor will enter sequestration, liquidation or other financial re-organisation.

A breach of the terms of the transaction, such as default or delinquency in principal or interest payments (where levied).

Adverse changes in international, national or local economic conditions, such as a decline in growth, an increase in debt levels and unemployment, or changes in migration rates and patterns.

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

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

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

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

Derecognition

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

the rights to the cash flows from the receivable are settled, expire or are waived;

the municipality transfers to another party substantially all of the risks and rewards of ownership of the receivable; or

the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of the receivable to another party and the other party has the practical ability to sell the receivable in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the entity:

- derecognise the receivable; and
- recognise separately any rights and obligations created or retained in the transfer.

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

1.12 Leases

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

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

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1.12 Leases (continued)

Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of the remaining balance of the liability.

Any contingent rents are expensed in the period in which they are incurred.

Operating leases - lessor

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

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

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

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

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

Operating leases - lessee

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

1.13 Inventories

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

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

Inventories are measured at the lower of cost and current replacement cost where they are held for;
distribution at no charge or for a nominal charge; or
consumption in the production process of goods to be distributed at no charge or for a nominal charge.

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

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

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

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

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

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1.13 Inventories (continued)

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

1.14 Impairment of cash-generating assets

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

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

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

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

Value in use

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

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

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1.14 Impairment of cash-generating assets (continued)

Recognition and measurement of cash generating units

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

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

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

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

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

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

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

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

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

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

Reversal of impairment loss

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

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

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

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

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

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

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1.14 Impairment of cash-generating assets (continued)

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

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

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

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.

1.15 Impairment of non-cash-generating assets

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

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

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

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

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

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

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

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

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

Useful life is either:

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

Identification

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

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

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

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

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.

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.

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.

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1.16 Employee benefits

Identification

Employee benefits

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

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled wholly before twelve months after the end of the reporting period in which the employees render the related service.

Post-employment benefits are employee benefits (other than termination benefits and short-term employee benefits) that are payable after the completion of employment.

Other long-term employee benefits are all employee benefits other than short-term employee benefits, post-employment benefits and termination benefits.

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either: (a) an entity's decision to terminate an employee's employment before the normal retirement date; or (b) an employee's decision to accept an offer of benefits in exchange for the termination of employment.

Classification of plans

A binding arrangement is an arrangement that confers enforceable rights and obligations on the parties to the arrangement as if it were in the form of a contract. It includes rights from contracts or other legal rights.

Post-employment benefit plans are formal or informal arrangements under which an entity provides post-employment benefits for one or more employees.

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.

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

Multi-employer plans are defined contribution plans (other than state plans) or defined benefit plans (other than state plans) that: (a) pool the assets contributed by various entities that are not under common control; and (b) 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.

Defined benefit cost

Service cost comprises:

- (a) current service cost, which is the increase in the present value of the defined benefit obligation resulting from employee service in the current period;
- (b) past service cost, which is the change in the present value of the defined benefit obligation for employee service in prior periods, resulting from a plan amendment (the introduction or withdrawal of, or changes to, a defined benefit plan) or a curtailment (a significant reduction by the entity in the number of employees covered by a plan); and
- (c) any gain or loss on settlement.

Net interest on the net defined benefit liability (asset) is the change during the period in the net defined benefit liability (asset) that arises from the passage of time.

Remeasurements of the net defined benefit liability (asset) comprise: (a) actuarial gains and losses; (b) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (c) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

Actuarial gains and losses are changes in the present value of the defined benefit obligation resulting from: (a) experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and (b) the effects of changes in actuarial assumptions.

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1.16 Employee benefits (continued)

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

Short-term employee benefits

Short-term employee benefits include items such as the following, if expected to be settled wholly before twelve months after the end of the reporting period in which the employees render the related services:

- (a) wages, salaries and social security contributions;
- (b) paid annual leave and paid sick leave;
- (c) bonus, incentive and performance related payments; and
- (d) non-monetary benefits such as medical care, housing, cars and free or subsidised goods or services for current employees.

An entity need not reclassify a short-term employee benefit if the entity's expectations of the timing of settlement change temporarily. However, if the characteristics of the benefit change (such as a change from a non-accumulating benefit to an accumulating benefit) or if a change in expectations of the timing of settlement is not temporary, then the entity considers whether the benefit still meets the definition of short-term employee benefits

Recognition and measurement

All short-term employee benefits

When an employee has rendered service to the entity during a reporting period, the entity recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

(a) As a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the entity recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund.

(b) As an expense, unless another Standard of GRAP requires or permits the inclusion of the benefits in the cost of an asset.

Short-term paid absences

The entity recognises the expected cost of short-term employee benefits in the form of paid absences as follows:

(a) in the case of accumulating paid absences, when the employees render service that increases their entitlement to future paid absences; and

(b) in the case of non-accumulating paid absences, when the absences occur.

The entity measures the expected cost of accumulating paid absences as the additional amount that the entity expects to pay as a result of the unused entitlement that has accumulated at the end of the reporting period.

Bonus, incentive and performance related payments

The entity recognises the expected cost of bonus, incentive and performance related payments when, and only when:

(a) the entity has a present legal or constructive obligation to make such payments as a result of past events; and

(b) a reliable estimate of the obligation can be made. A present obligation exists when, and only when, the entity has no realistic alternative but to make the payments.

Post-employment benefits: Defined contribution plans

Recognition and measurement

When an employee has rendered service to the entity during a reporting period, the entity recognises the contribution payable to a defined contribution plan in exchange for that service:

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1.16 Employee benefits (continued)

Post-employment benefits: Defined benefit plans

Recognition and measurement

The entity determines the net defined benefit liability (asset) with sufficient regularity that the amounts recognised in the financial statements do not differ materially from the amounts that would be determined at the end of the reporting period.

Recognition and measurement: Present value of defined benefit obligations and current service cost

Actuarial valuation method

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.

Actuarial assumptions

Actuarial assumptions are unbiased and mutually compatible.

Financial assumptions are based on market expectations, at the end of the reporting period, for the period over which the obligations are to be settled.

Actuarial assumptions: Discount rate

The rate used to discount post-employment benefit obligations (both funded and unfunded) 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 post-employment benefit obligations.

Actuarial assumptions: Salaries, benefits and medical costs

The entity measures its defined benefit obligations on a basis that reflects:

- (a) the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period;
- (b) any estimated future salary increases that affect the benefits payable;
- (c) the effect of any limit on the employer's share of the cost of the future benefits;
- (d) contributions from employees or third parties that reduce the ultimate cost to the entity of those benefits; and
- (e) 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:
 - (i) those changes were enacted before the end of the reporting period; or
 - (ii) historical data, 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 takes account of estimated future changes in the cost of medical services, resulting from both inflation and specific changes in medical costs.

Past service cost and gains and losses on settlement

When determining past service cost, or a gain or loss on settlement, the entity remeasures the net defined benefit liability (asset) using the current fair value of plan assets and current actuarial assumptions (including current market interest rates and other current market prices), reflecting:

- (a) the benefits offered under the plan and the plan assets before the plan amendment, curtailment or settlement; and
- (b) the benefits offered under the plan and the plan assets after the plan amendment, curtailment or settlement.

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1.17 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45.

Where a fee is received by the municipality for issuing a financial guarantee and/or where a fee is charged on loan commitments, it is considered in determining the best estimate of the amount required to settle the obligation at reporting date. Where a fee is charged and the municipality considers that an outflow of economic resources is probable, a municipality recognises the obligation at the higher of:

- the amount determined using in the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets;
- and

- the amount of the fee initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the Standard of GRAP on Revenue from Exchange Transactions.

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1.17 Provisions and contingencies (continued)

Decommissioning, restoration and similar liability

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits or service potential required to settle the obligation, or a change in the discount rate, is accounted for as follows:

If the related asset is measured using the cost model:

- changes in the liability is added to, or deducted from, the cost of the related asset in the current period.
- the amount deducted from the cost of the asset does not exceed its carrying amount. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in surplus or deficit.
- if the adjustment results in an addition to the cost of an asset, the entity consider whether this is an indication that the new carrying amount of the asset may not be fully recoverable. If there is such an indication, the entity tests the asset for impairment by estimating its recoverable amount or recoverable service amount, and account for any impairment loss, in accordance with the accounting policy on impairment of assets as described in accounting policy 1.14 and 1.15.

If the related asset is measured using the revaluation model:

- changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:
 - a decrease in the liability is credited directly to revaluation surplus in net assets, except that it is recognised in surplus or deficit to the extent that it reverses a revaluation deficit on the asset that was previously recognised in surplus or deficit; and
 - an increase in the liability is recognised in surplus or deficit, except that it is debited directly to revaluation surplus in net assets to the extent of any credit balance existing in the revaluation surplus in respect of that asset;
- in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in surplus or deficit;
- a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. Any such revaluation is taken into account in determining the amounts to be taken to surplus or deficit and net assets. If a revaluation is necessary, all assets of that class is revalued; and
- the Standard of GRAP on Presentation of Financial Statements requires disclosure on the face of the statement of changes in net assets of each item of revenue or expense that is recognised directly in net assets. In complying with this requirement, the change in the revaluation surplus arising from a change in the liability is separately identified and disclosed as such.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability is recognised in surplus or deficit as they occur. This applies under both the cost model and the revaluation model.

The periodic unwinding of the discount is recognised in surplus or deficit as a finance cost as it occurs.

1.18 Commitments

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

Disclosures are required in respect of unrecognised contractual commitments.

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

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

1.19 Revenue from exchange transactions

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

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1.19 Revenue from exchange transactions (continued)

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.

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 services performed to date as a percentage of total services to be performed.

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1.19 Revenue from exchange transactions (continued)

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 in surplus or deficit using the effective interest rate method.

Service fees included in the price of the product are recognised as revenue over the period during which the service is performed.

Service Charges

Service charges relating to electricity are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption, based on consumption history, are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue without being invoiced.

Adjustments to provisional estimates of consumption are made in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. The tariffs are determined per property category, geographical location and volume where applicable. Tariffs are levied monthly based on the number of refuse containers allocated to each property or per property category and geographical location..

Finance income

Interest earned on investment is recognised in the statement of financial performance on the time apportionment basis taking into account the effective yield on the investment.

Tariff charges

Revenue arising from the application of the approved tariffs is recognised when the service is rendered by applying the relevant authorisation tariff. This includes the issue of licenses and permits.

Income from agency services

Income from agency services is recognised on a monthly basis once the income collected on behalf of the agents has been quantified. The income is recognised in terms of the agency agreement.

Rentals

Revenue from the rental of facilities and equipment classified as operating leases is recognised over the term of the lease agreement, where such terms spans over more than one financial year a straight-line basis is used.

1.20 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by a municipality, which represents an increase in net assets, other than increases relating to contributions from owners.

Conditions on transferred assets are stipulations that specify that the future economic benefits or service potential embodied in the asset is required to be consumed by the recipient as specified or future economic benefits or service potential must be returned to the transferor.

Control of an asset arise when the municipality can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

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1.20 Revenue from non-exchange transactions (continued)

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Fines are economic benefits or service potential received or receivable by entities, as determined by a court or other law enforcement body, as a consequence of the breach of laws or regulations.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, a municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.

Restrictions on transferred assets are stipulations that limit or direct the purposes for which a transferred asset may be used, but do not specify that future economic benefits or service potential is required to be returned to the transferor if not deployed as specified.

Stipulations on transferred assets are terms in laws or regulation, or a binding arrangement, imposed upon the use of a transferred asset by entities external to the reporting municipality.

Tax expenditures are preferential provisions of the tax law that provide certain taxpayers with concessions that are not available to others.

The taxable event is the event that the government, legislature or other authority has determined will be subject to taxation.

Taxes are economic benefits or service potential compulsorily paid or payable to entities, in accordance with laws and or regulations, established to provide revenue to government. Taxes do not include fines or other penalties imposed for breaches of the law.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

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.

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.

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1.20 Revenue from non-exchange transactions (continued)

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset

Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Public contributions

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.

Revenue from public contributions is recognised when all the conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such item of property, plant and equipment are brought into use.

Where contributions have been received, but the conditions have not been met, a liability is recognised.

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.

Government grants

Income received from conditional grants, donations and funding are recognised as revenue to the extent that the municipality has complied with any of the criteria or conditions attached, where conditions have not been met, a liability is raised.

Government grants that are received as compensation for expenses or losses incurred or for the purpose of giving immediate financial support with no future related costs are recognised in the statement of financial performance in the year in which they have been received.

Interest earned on investment is treated in accordance with the grant conditions. If it is payable to the funder it is recorded as part of the creditor, and if it is the municipality's interest it is recognised as interest earned in the statement of financial performance in the period in which it is received.

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

1.21 Investment income

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

1.22 Borrowing costs

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

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

1.23 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

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Significant Accounting Policies

1.23 Accounting by principals and agents (continued)

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

Identifying whether an entity is a principal or an agent

When the municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether a municipality is a principal or an agent requires the municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the municipality concludes that it is not the agent, then it is the principal in the transactions.

The municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.

- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.

- It is not exposed to variability in the results of the transaction.

Where the municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether the municipality is an agent.

Recognition

The municipality, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The municipality, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.24 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 means:

- overspending of a vote or a main division within a vote; and

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

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

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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 accounted for as an expense in the statement of financial performance. If the expenditure is not certified as irrecoverable by the council, it is treated as an asset until it is recovered or written off as irrecoverable.

If the expenditure is not subsequently certified as irrecoverable by the council, it is treated as an asset until it is recovered or written off as irrecoverable.

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 is accounted for in line with all relating requirements, including, but not limited to, ruling Legislation, Regulations, Frameworks, Circulars, Instruction Notes, Practice Notes, Guidelines etc (as applicable).

1.28 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.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.29 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorisations (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a accrual basis and presented by economic classification linked to performance outcome objectives.

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Significant Accounting Policies

1.29 Budget information (continued)

The approved budget covers the fiscal period from 2024/07/01 to 2025/06/30.

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

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

1.30 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the venturers).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the municipality.

The municipality is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the municipality to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the municipality is exempt from the disclosures in accordance with the above, the municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.31 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date);
- and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The 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 Living and non-living resources

Living resources are those resources that undergo biological transformation.

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Significant Accounting Policies

1.32 Living and non-living resources (continued)

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted.

Agricultural activity is the management by a municipality of the biological transformation and harvest of biological assets for:

- (a) sale;
- (b) distribution at no charge or for a nominal charge; or
- (c) conversion into agriculture produce or into additional biological assets for sale or distribution at no charge or for a nominal charge.

A bearer plant is a living plant that:

- (a) is used in the production or supply of agricultural produce;
- (b) is expected to bear produce for more than one period; and
- (c) has a remote likelihood of being sold as agricultural produce, except for incidental scrap sales.

Biological transformation (for purposes of this Standard) comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

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

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

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

Depreciable amount is the cost of an asset, or other amount substituted for cost, less its residual value.

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.

Group of resources means a grouping of living or non-living resources of a similar nature or function in an entity's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

The residual value of an asset is the estimated amount that a municipality would currently obtain from disposal of the asset, after deducting the estimated costs of disposal, if the asset was already of the age and in the condition expected at the end of its useful life.

Useful life is the period over which an asset is expected to be available for use by a municipality, or the number of production or similar units expected to be obtained from the asset by a municipality.

1.33 Contingent assets and liabilities

The municipality does not recognise contingent liabilities or contingent assets, but discloses them. A contingent liability is a possible outflow of resources embodying economic benefits or service potential that is subject to a future event.

A contingent asset is where an inflow of economic benefit is probable. Contingent asset and contingent liabilities are disclosed in note 45.

1.34 Value added tax (VAT)

Output VAT is levied on taxable supplies in terms of the Value Added Tax Act.

Input VAT is claimed on those supplies allowed in terms of the Value Added Tax Act.

Where input VAT exceeds output VAT the Municipality recognises a receivable for VAT. Where output VAT exceeds input VAT the Municipality would recognise a payable for VAT.

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1.34 Value added tax (VAT) (continued)

The Municipality accounts for VAT on a payments basis.

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Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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2. New standards and interpretations

2.1 Standards and interpretations effective and adopted in the current year

No new standards or interpretations were adopted during the current financial year.

2.2 Standards and Interpretations early adopted

No new standards or interpretations were early adopted during the current financial year.

2.3 Standards and interpretations issued, but not yet effective

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 April 2025 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 104 - Financial Instruments	1 April 2025	Unlikely there will be a material impact
GRAP 1 (amendments) - Presentation of Financial Statements (Going Concern)	Effective date not yet determined by Minister of Finance	Unlikely there will be a material impact
GRAP 103 (amendments) - Heritage Assets	Effective date not yet determined by Minister of Finance	Unlikely there will be a material impact

3. Inventories

Rates and general	5 806	3 044
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3.1 Non - Financial information

Rates and general	377 926	178 165
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Rates and general

Cleaning materials, printing and stationery materials and other smaller items.

Inventory pledged as security

None of the inventory was pledged as security for period.

4. Receivables from exchange transactions

Gross balances

Electricity	37 399 160	20 020 392
Fire levy	24 043 427	17 848 350
Refuse	88 530 558	74 904 194
Sundry debtors	581 053	656 101
Other debtors	12 578 947	2 782 236
	163 133 145	116 211 273

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Figures in Rand	2025	2024
4. Receivables from exchange transactions (continued)		
Less: Allowance for impairment		
Electricity	(17 760 385)	(997 976)
Fire levy	(16 466 558)	(13 038 207)
Refuse	(81 208 678)	(71 895 844)
Sundry debtors	(233 710)	(418 606)
Other debtors	(2 869 400)	(2 664 841)
	(118 538 731)	(89 015 474)
Net balance		
Electricity	19 638 775	19 022 416
Fire levy	7 576 869	4 810 143
Refuse	7 321 880	3 008 350
Sundry debtors	347 343	237 495
Other debtors	9 709 547	117 395
	44 594 414	27 195 799
Electricity		
Current (0 -30 days)	5 319 360	7 106 270
31 - 60 days	2 359 025	110 137
61 - 90 days	2 087 033	1 597 900
91 - 120 days	1 955 974	3 544 146
121 - 150 days	1 945 424	626 031
> 150 days	23 732 344	7 035 908
	37 399 160	20 020 392
Fire levy		
Current (0 -30 days)	578 762	1 231 366
31 - 60 days	602 991	450
61 - 90 days	599 378	570 297
91 - 120 days	599 642	504 623
121 - 150 days	589 190	600 342
> 150 days	21 073 464	14 941 272
	24 043 427	17 848 350
Refuse		
Current (0 -30 days)	1 319 806	2 439 089
31 - 60 days	1 272 848	-
61 - 90 days	1 252 892	1 216 435
91 - 120 days	1 249 426	1 067 951
121 - 150 days	1 188 499	1 271 471
> 150 days	82 247 087	68 909 248
	88 530 558	74 904 194
Sundry debtors		
Current (0 -30 days)	-	14 594
61 - 90 days	-	8 199
91 - 120 days	8 330	6 934
121 - 150 days	200 365	8 315
> 150 days	372 358	618 059
	581 053	656 101

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Figures in Rand	2025	2024
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4. Receivables from exchange transactions (continued)

Other debtors

Current (0 -30 days)	18 456	49 598
31 - 60 days	8 979	-
61 - 90 days	8 440	21 546
91 - 120 days	15 266	15 805
121 - 150 days	7 839	18 952
> 150 days	12 519 967	2 676 335
	12 578 947	2 782 236

Reconciliation of allowance for impairment

Balance at beginning of the year	(89 015 474)	(73 686 395)
Contributions to allowance	(29 523 257)	(17 355 011)
Debt impairment written off against allowance	-	2 025 932
	(118 538 731)	(89 015 474)

Credit quality of receivables from exchange transactions

The credit quality of receivables from exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates.

Receivables from exchange transactions past due but not impaired

At 30 June 2025, R44 594 414 (2024: R27 195 754) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current 0 - 30 days (not due)	5 759 280	7 379 711
31 - 60 days (past due)	2 819 713	110 137
> 60 days (past due)	36 015 421	19 705 906

Receivables from exchange transactions impaired

The amount of the provision was R118 538 731 as of 30 June 2025 (2024: R89 015 474).

The ageing is as follows:

Current 0 - 30 days	1 460 564	3 399 152
31 - 60 days	1 430 982	450
> 60 days	115 647 185	85 615 872

Reconciliation of allowance for impairment of receivables from exchange transactions

Opening balance	89 015 474	73 686 395
Allowance for impairment	29 523 257	17 355 011
Amounts written off as uncollectible	-	(2 025 932)
	118 538 731	89 015 474

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5. Receivables from non-exchange transactions

Consumer debtors - Rates	87 361 815	83 793 330
Consumer debtors - Impairment non-exchange debtors	(55 478 631)	(53 715 527)
	31 883 184	30 077 803

Statutory receivables included in receivables from non-exchange transactions above are as follows:

Property rates	31 883 184	30 077 803
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Total receivables from non-exchange transactions	31 883 184	30 077 803
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Statutory receivables general information

Statutory receivables past due but not impaired

At 30 June 2025, R31 883 184 (2024: R30 077 803) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current 0 - 30 days (not due)	1 536 037	1 645 807
31 - 60 days (past due)	1 037 953	1 155 237
> 60 days (past due)	29 309 194	22 996 037

Statutory receivables impaired

As of 30 June 2025, Statutory receivables of R55 478 631 (2024: R53 715 527) were impaired and provided for.

The ageing is as follows:

Current 0 - 30 days	469 390	1 318 867
31 - 60 days	471 390	6 044
> 60 days	54 537 851	52 390 616

Reconciliation of provision for impairment for statutory receivables

Opening balance	53 715 527	47 193 165
Provision for impairment	1 763 104	8 517 201
Amounts written off as uncollectible	-	(1 994 839)
	55 478 631	53 715 527

Credit quality of receivables from non-exchange transactions

The credit quality of other receivables from non-exchange transactions that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

Receivables from non-exchange transactions past due but not impaired

At 30 June 2025, R31 883 184 (2024: R30 077 803) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

Current 0 - 30 days (not due)	1 536 037	1 645 807
31 - 60 days (past due)	1 037 953	1 155 237
> 60 days (past due)	29 309 194	22 996 037

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5. Receivables from non-exchange transactions (continued)

Receivables from non-exchange transactions impaired

The amount of the provision was R55 478 631 as of 30 June 2025 (2024: R53 715 527).

The ageing of these provisions is as follows:

Current 0 - 30 days	469 390	1 318 867
31 - 60 days	471 390	6 044
> 60 days	54 537 851	52 390 616

Reconciliation of provision for impairment of receivables from non-exchange transactions

Opening balance	53 715 527	47 193 165
Provision for impairment	1 763 104	8 517 201
Amounts written off as uncollectible	-	(1 994 839)
	55 478 631	53 715 527

6. Cash and cash equivalents

Cash and cash equivalents consist of:

Bank balances	557 349	656 467
Other cash and cash equivalents	11 996 918	22 323 746
	12 554 267	22 980 213

Cash and cash equivalents guarantees

Guarantee for the Department of Minerals and Energy	73 700	73 700
Guarantee for Eskom	4 848 000	4 848 000

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Figures in Rand	2025	2024
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6. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	30 June 2025	30 June 2024	30 June 2023	30 June 2025	30 June 2024	30 June 2023
First National Bank Cheque Account (Primary Bank Account): 53813535227	867 393	656 467	677 049	557 349	656 467	678 056
First National Bank Account: 62135193770	160 528	1 621	1 000	160 528	1 621	1 000
First National Bank Account: 62063171351	3 304 717	14 562 569	4 711 326	3 304 717	14 562 569	4 711 326
First National Bank Account: 61381739619	1 787 108	895 603	888 118	1 787 108	895 603	888 118
First National Bank Account: 74568809858	5 142 095	5 174 752	5 776 635	5 142 095	5 174 752	5 776 635
First National Bank Account: 62774381942	301 550	299 994	730 794	301 550	299 994	730 794
First National Bank Account: 62774381009	2 061	2 031	1 802	2 061	2 031	1 802
First National Bank Account: 62774381413	18 758	19 360	18 667	18 758	19 360	18 667
First National Bank Account: 62774382445	2 405	2 393	2 307	2 405	2 393	2 307
First National Bank Account: 62774382966	417 814	974 256	2 800 238	417 814	974 256	2 800 238
First National Bank Account: 62774383592	766 171	391 167	28 641	766 171	391 167	28 641
First National Bank Account: 63127292538	1 054	-	-	1 054	-	-
First National Bank Account: 63127290730	80 112	-	-	80 112	-	-
First National Bank Account: 63127288686	12 544	-	-	12 544	-	-
Total	12 864 310	22 980 213	15 636 577	12 554 266	22 980 213	15 637 584

7. Input VAT accrual

VAT Input Accrual	10 604 543	10 903 292
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VAT Receivable is a statutory arrangement.

VAT input accrual is the VAT charged on vatable expenditure incurred on the accrual basis, not yet receivable from SARS until trade creditors are paid.

8. VAT receivables

The entity had the following statutory receivables where the Framework for the Preparation and Presentation of Financial Statements have been applied, for the initial recognition:

VAT Control	1 066 503	845 349
VAT receivable represent the statutory receivable from SARS in the form of VAT refunds.		
Current assets	1 066 503	845 349

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9. Other receivables

Comprises

Prepaid expenditure	817 335	727 901
Accrued Revenue	1 517 416	1 369 652
Unpaid conditional grant	548 379	-
	2 883 130	2 097 553

Prepayments comprise insurance, website maintenance and software licence expenditure paid in advance

Accrued revenue comprise pre-paid electricity fees net of vending management outstanding at year end.

Unpaid conditional grant relates to grant received for the Small Town Revitalisation project.

10. Biological assets that form part of an agricultural activity

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Trees in plantation forest	4 568 491	-	4 568 491	4 470 314	-	4 470 314

Reconciliation of biological assets that form part of an agricultural activity - 2025

	Opening balance	Gains or losses arising from changes in fair value	Total
Trees in plantation forest	4 470 314	98 177	4 568 491

Reconciliation of biological assets that form part of an agricultural activity - 2024

	Opening balance	Gains or losses arising from changes in fair value	Total
Trees in plantation forest	6 213 921	(1 743 607)	4 470 314

Non-financial information

Immature biological assets

Trees in timber plantation forest	197 607	197 607
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Pledged as security

None of the biological assets are pledged as security.

Revaluation

The biological assets were revalued by Mr M Engelbrecht (B.Econ), an independent Forest Economist as at 30 June 2025. The Faustmann valuation technique was applied for the valuation of biological assets.

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11. Investment property

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Investment property	29 229 916	(17 551 934)	11 677 982	29 229 916	(17 550 682)	11 679 234

Reconciliation of investment property - 2025

	Opening balance	Depreciation	Total
Investment property	11 679 234	(1 252)	11 677 982

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	11 682 570	(3 336)	11 679 234

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. The municipality has developed a comprehensive asset register encompassing movable assets, land, buildings and infrastructure assets.

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12. Property, plant and equipment

	2025		2024	
	Cost / Valuation	Accumulated depreciation and impairment	Carrying value	Cost / Valuation
			Accumulated depreciation and impairment	Carrying value
Land	6 933 932	-	6 933 932	6 933 932
Buildings	91 723 610	(40 298 212)	51 425 398	88 603 766
Machinery and equipment	7 206 538	(5 123 219)	2 083 319	6 763 131
Furniture and office equipment	2 754 585	(1 802 295)	952 290	1 802 504
Transport assets	22 604 069	(14 716 884)	7 887 185	27 394 615
Computer equipment	3 803 563	(2 529 414)	1 274 149	3 154 478
Roads	470 920 284	(228 631 215)	242 289 069	431 454 328
Electricity	44 126 528	(22 192 279)	21 934 249	44 126 528
Work-in-progress	115 018 373	(11 595 836)	103 422 537	92 345 959
Office equipment - leased	670 233	(458 207)	212 026	670 233
Cemeteries	1 256 961	(980 020)	276 941	1 256 961
Airports	1 127 000	(918 897)	208 103	1 127 000
Landfill sites	22 573 455	(9 900 390)	12 673 065	21 919 744
Total	790 719 131	(339 146 868)	451 572 263	727 553 179
			(306 003 970)	421 549 211

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12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	6 933 932	-	-	-	-	-	6 933 932
Buildings	50 683 005	-	(132 216)	4 030 345	(3 155 736)	-	51 425 398
Machinery and equipment	2 134 582	443 407	-	-	(494 670)	-	2 083 319
Furniture and office Equipment	42 103	952 079	-	-	(41 892)	-	952 290
Transport Assets	6 352 971	4 082 950	(1 588 808)	-	(959 928)	-	7 887 185
Computer Equipment	906 234	708 767	(40 317)	-	(300 535)	-	1 274 149
Roads	223 431 397	-	-	39 465 956	(20 608 284)	-	242 289 069
Electricity	22 895 675	-	-	-	(961 427)	-	21 934 249
Work-in-progress	91 283 139	67 393 473	(1 224 758)	(43 496 301)	-	(10 533 016)	103 422 537
Office equipment - leased assets	346 073	-	-	-	(134 047)	-	212 026
Cemeteries	301 277	-	-	-	(24 336)	-	276 941
Airports	230 862	-	-	-	(22 759)	-	208 103
Landfill sites	16 007 961	653 711	-	-	(3 988 607)	-	12 673 065
	421 549 211	74 234 387	(2 986 099)	-	(30 692 221)	(10 533 016)	451 572 263

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Figures in Rand

12. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Transfers	Depreciation	Impairment loss	Total
Land	6 933 932	-	-	-	-	-	6 933 932
Buildings	38 524 405	-	-	14 860 797	(2 702 197)	-	50 683 005
Machinery and equipment	1 086 195	1 368 596	(18 690)	-	(301 519)	-	2 134 582
Furniture and office equipment	60 254	4 097	-	-	(22 248)	-	42 103
Transport assets	7 200 833	557 300	(427 643)	-	(977 519)	-	6 352 971
Computer equipment	800 266	403 805	(7 472)	-	(290 365)	-	906 234
Roads	218 677 537	-	-	23 595 393	(17 812 143)	(1 029 390)	223 431 397
Electricity	23 942 569	-	-	-	(967 279)	(79 615)	22 895 675
Work-in-progress	88 983 840	40 755 488	-	(38 456 190)	(134 414)	-	91 283 139
Office equipment - leased assets	480 487	-	-	-	(28 133)	-	346 073
Cemeteries	381 455	-	-	-	(52 045)	-	301 277
Airports	253 684	-	-	-	(22 822)	-	230 862
Landfill sites	9 631 717	7 867 080	-	-	(1 490 836)	-	16 007 961
	396 957 174	50 956 366	(453 805)	-	(24 749 475)	(1 161 050)	421 549 211

Pledged as security

No property, plant and equipment assets were pledged as security.

Assets subject to finance lease (Net carrying amount)

Office equipment - leased assets	212 026	346 073
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12. Property, plant and equipment (continued)

Property, plant and equipment in the process of being constructed or developed

Carrying value of property, plant and equipment that is taking a significantly longer period of time to complete than expected

Electricity	29 154 648	27 536 383
Projects requires funding.		
Landfill site	514 323	514 323
Projects requires funding.		
Community Facilities	48 891 560	38 404 059
Projects requires funding. Projects are multiphased.		
Roads	480 513	11 013 529
Projects requires funding. It includes projects in planning phase.		
	79 041 044	77 468 294

Impairment losses have been recognised in relation to one Roads project. No other impairment losses have been recognised in relation to the remaining assets disclosed.

Carrying value of property, plant and equipment where construction or development has been halted either during the current or previous reporting period(s)

Amahlathi High Mass Lights	6 862 128	6 862 128
Highmast lights were erected and completed but still needs to be commissioned by Eskom to meet the intended purpose of the project.		
Electricity WIP	4 260 139	4 260 139
Project requires funding.		
LV Network	14 430 793	14 430 793
Project requires funding. The municipality applied for funding (INEP) to complete the ring feed during the 2026/2027 financial year.		
Upgrade Electricity Infrastructure	463 575	463 575
Project requires funding.		
KKH Waste Site	514 323	514 323
Contractor defaulted on the project.		
	26 530 958	26 530 958

No impairment losses have been recognised in relation to these assets.

Reconciliation of Work-in-Progress 2025

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	50 322 539	39 735 842	1 224 758	91 283 139
Additions/capital expenditure	48 322 063	12 037 921	7 033 489	67 393 473
Transferred to completed items	(39 465 956)	(4 030 345)	-	(43 496 301)
Disposed or impaired	(10 533 016)	-	(1 224 758)	(11 757 774)
	48 645 630	47 743 418	7 033 489	103 422 537

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Included within Other PPE	Total
Opening balance	53 952 314	30 781 470	4 250 058	88 983 842
Additions/capital expenditure	19 965 618	8 954 372	11 835 497	40 755 487
Transferred to completed items	(23 595 393)	-	(14 860 797)	(38 456 190)
	50 322 539	39 735 842	1 224 758	91 283 139

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12. Property, plant and equipment (continued)

Maintenance of property, plant and equipment

Maintenance of property, plant and equipment by condition - 2025

	Preventative Maintenance		Corrective Maintenance	
	Condition Based	Total	Planned	Total
Buildings	312 200	312 200	32 836	32 836
Machinery and equipment	-	-	40 965	40 965
Transport assets	170 657	170 657	859 991	859 991
Roads	-	-	426 532	426 532
Electricity	-	-	806 316	806 316
	482 857	482 857	2 166 640	2 166 640
				2 649 497

Maintenance of property, plant and equipment by condition - 2024

	Preventative Maintenance		Corrective Maintenance	
	Condition Based	Total	Planned	Total
Buildings	-	-	307 485	307 485
Machinery and equipment	-	-	395	395
Transport assets	264 899	264 899	1 689 636	1 689 636
Roads	37 177	37 177	896 557	896 557
Electricity	696 185	696 185	46 069	46 069
	998 261	998 261	2 940 142	2 940 142
				3 938 403

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

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2024

13. Intangible assets

	2025			2024		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software, other	1 183 428	(1 174 367)	9 061	1 183 428	(1 163 273)	20 155

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software, other	20 155	(11 094)	9 061

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software, other	46 091	(25 936)	20 155

Pledged as security

No intangible assets were pledged as security.

14. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Historical monuments	610 183	-	610 183	610 183	-	610 183

Reconciliation of heritage assets 2025

	Opening balance	Total
Historical monuments	610 183	610 183

Reconciliation of heritage assets 2024

	Opening balance	Total
Historical monuments	610 183	610 183

Pledged as security

No heritage assets were pledged as security.

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15. Finance lease obligation		
Minimum lease payments due		
- within one year	-	240 413
	-	240 413
less: future finance charges	-	(18 146)
Present value of minimum lease payments	-	222 267
Present value of minimum lease payments due		
- within one year	-	222 266

It is municipality policy to lease certain office equipment under finance leases

Office equipment leases

The discount rate used in calculating the present value of the minimum lease payments is the implicit interest rate in the lease, if this is practicable to determine; if not, it is the prime interest rate. Due to the nature of the information provided the implicit rate for copiers could not be determined, as the cost of the copiers is not provided in the agreement. Any initial direct costs of leases are added to the amount recognised as an asset. Only the terms and payment amount are provided. The office equipment finance lease has an implicit interest rate ranging between 7.50% - 19% per annum, by taking into account the market values of the office equipment at initial recognition

The finance lease agreement concluded during the current financial year.

16. Payables from exchange transactions

Trade payables	121 326 556	175 475 804
Consumer debtors with credit balances	2 982 225	2 527 080
Accruals	188 758	72 219
Salary control	1 307 567	1 141 930
Other payables	1 742 672	491 937
Retention creditors	7 486 669	5 129 680
Surety creditors	962 694	-
Agency fees payable	6 356	5 240
	136 003 497	184 843 890

17. Consumer deposits

Electricity	1 849 803	1 736 950
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Consumer deposits are made of deposits from consumers for electricity connections, for those making use of conventional electricity.

18. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

Carrying value		
Present value of the post retirement medical aid plan	(25 280 372)	(23 198 247)
Present value of the long service awards	(7 320 354)	(8 537 457)
Bonus provision	(3 071 883)	(3 392 506)
Accrual for leave gratuity	(10 251 433)	(10 568 486)
	(45 924 042)	(45 696 696)
Non-current liabilities	(31 078 371)	(29 539 914)
Current liabilities	(14 845 671)	(16 156 782)
	(45 924 042)	(45 696 696)

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18. Employee benefit obligations (continued)

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	45 696 696	47 755 336
Service cost	1 971 814	1 925 612
Interest cost	3 582 240	4 141 146
Remeasurements	(3 147 880)	(6 466 387)
Payments from the plan	(1 541 152)	(1 743 775)
Settlements	(7 151 729)	(5 142 397)
Current year provisions	6 514 053	5 227 161
	45 924 042	45 696 696

Net expense recognised in the statement of financial performance are as follows:

Service cost	1 971 814	1 925 612
- Current service cost	1 971 814	1 925 612
Net interest on the net defined benefit liability (asset)	3 582 240	4 141 146
Remeasurements of the net defined benefit liability (asset)	(3 147 880)	(6 466 387)
- Actuarial gains and losses arising from:	(3 147 880)	(6 466 387)
- Changes in demographic and financial assumptions	(3 147 880)	(6 466 387)
Bonus provision	6 476 209	3 392 505
Leave provision	37 843	1 834 655
	8 920 226	4 827 531

Calculation of actuarial gains

Actuarial gain - Post retirement medical aid plan	(817 647)	(5 566 270)
Actuarial gains - Long service awards	(2 330 233)	(900 117)
	(3 147 880)	(6 466 387)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used - Post retirement medical aid plan	11,96 %	12,23 %
Discount rates used - Long service awards	8,97 %	10,15 %
Net discount rates used - Post retirement medical aid plan	4,26 %	4,16 %
Net discount rate used - Long service awards	4,36 %	4,23 %
Consumer price index - Post retirement medical aid plan	5,89 %	6,24 %
Consumer price index - Long service awards	3,42 %	4,68 %
Expected increase in salaries	4,42 %	5,68 %
Expected increase in healthcare costs	7,39 %	7,74 %
Pre-retirement age	SA 85-90 L	SA 85-90 L
Post-retirement age	PA (90) - 1	PA (90) - 1
Normal retirement age	65 years	65 years
Spouse age difference (male older than female)	3 years	3 years
Female members - Post retirement medical aid plan	67	80
Male members - Post retirement medical aid plan	75	72
Female members - Long service awards	91	100
Male members - Long service awards	162	158

Other assumptions	2025	2024	2023	2022	2021
Post Retirement Benefits	25 280 372	23 198 247	25 671 509	25 088 416	30 027 000
Long Service Awards	7 320 354	8 537 457	8 207 599	8 572 838	8 197 000

The amounts for the current and previous four years.

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18. Employee benefit obligations (continued)

Sensitivity analysis

Healthcare cost trends

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

2025	-1%	Valuation basis	+1%
Effect on the service cost	992 426	1 189 499	1 436 689
Effect on interest cost	2 593 666	2 674 173	3 415 418
Effect on post retirement benefit	22 170 229	25 280 372	29 045 624
2024	-1%	Valuation basis	+1%
Effect on the service cost	940 596	1 113 989	1 330 245
Effect on interest cost	2 453 236	2 781 968	3 177 865
Effect on post retirement benefit	20 507 388	23 198 247	26 438 469

The methods and assumptions used in preparing the sensitivity analyses and the limitations of those methods are a 1% increase in the healthcare cost inflation rate results in a 12,30% increase in the post retirement benefit, whilst a 1% decrease in the salary increase rate will result in a 14,89% decrease in the post retirement benefit. Increasing healthcare cost inflation leads to greater subsidies being paid by the entity in respect of continuation members. This, in turn, increase the size of the post retirement benefit.

Salary inflation rate

2025	-1%	Valuation basis	+1%
Effect on the service cost	689 265	729 381	773 281
Effect on interest cost	586 110	619 401	655 638
Effect on long service awards	6 949 224	7 320 354	7 724 333
2024	-1%	Valuation basis	+1%
Effect on the service cost	811 490	857 825	908 521
Effect on interest cost	756 830	800 272	908 521
Effect on long service awards	8 109 522	8 537 457	9 003 447

A 1% increase in the salary increase rate as at the valuation date results in a 5.52% increase in the long service awards, whilst a 1% decrease in the salary increase rate will result in a 5.07% decrease in the long service award. An increase in salary inflation increases the salaries upon which the long-service awards are based. This, in turn, leads to an increase in the accrued liability.

Discount rate

Assumed discount rate have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed discount rate would have the following effects:

2025	-1%	Valuation basis	+1%
Effect on the service cost	1 421 419	1 189 499	1 005 618
Effect on interest cost	3 119 734	2 674 173	2 825 699
Effect on post retirement benefit	28 951 097	25 280 372	22 289 557

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18. Employee benefit obligations (continued)

2024	-1%	Valuation basis	+1%
Effect on the service cost	1 316 803	1 113 989	952 372
Effect on interest cost	2 909 077	2 781 968	2 667 225
Effect on post retirement benefit	26 357 483	23 198 247	20 610 244

The methods and assumptions used in preparing the sensitivity analyses and the limitations of those methods are a 1% increase in the discount rate results in a 11,83% decrease in the post retirement benefit, whilst a 1% decrease in the discount rate will result in a 14,52% increase in the post retirement benefit. The discount rate is inversely related to the post retirement benefit. An increase in the discount rate increases the post retirement benefit and vice versa.

2025	-1%	Valuation basis	+1%
Effect on the service cost	771 773	729 381	691 205
Effect on interest cost	654 396	619 401	587 725
Effect on long service awards	7 710 490	7 320 354	6 967 222

2024	-1%	Valuation basis	+1%
Effect on the service cost	906 838	857 825	813 674
Effect on interest cost	846 011	800 272	758 882
Effect on long service awards	8 988 016	8 537 457	8 129 743

A 1% increase in the discount rate as at the valuation date results in a 4.82% decrease in the long service awards, whilst a 1% decrease in the discount rate will result in a 5.33% increase in the long service awards. The discount rate is inversely related to the long service award. An increase in the discount rate decreases the long service award and vice versa.

Post-retirement Mortality

The tables below show the impact of a change in the mortality assumption from PA(90)-1 to PA(90)-2 and PA(90) with a one year adjustment:

2025	PA(90)-2	Valuation basis	PA(90)
Effect on the service cost	1 220 699	1 189 499	1 158 372
Effect on interest cost	3 054 004	2 965 366	2 876 570
Effect on post retirement benefit	26 022 317	25 280 372	24 537 082

2024	PA(90)-2	Valuation basis	PA(90)
Effect on the service cost	1 082 691	1 057 195	1 087 003
Effect on interest cost	3 325 878	3 319 852	2 703 197
Effect on post retirement benefit	26 467 534	25 671 509	22 553 206

The PA(90)-2 mortality assumption (PA(90)-1 with a one year age adjustment) assigns to each beneficiary the mortality rate of an individual one year younger. This reflects the lighter mortality, implying that beneficiaries are expected to live longer than under the previous valuation basis. Consequently, subsidies are payable over a longer period, resulting in an increase in the post retirement benefit.

Average retirement age

Assumed assumption have a significant effect on the amounts recognised in surplus or deficit. In the tables below, the effect of adjusting the retirement age by 2 years from the fully accrued retirement age of 62.

2025	-2 years	Valuation basis	+2 years
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18. Employee benefit obligations (continued)		
Effect on the service cost	668 102	729 381
Effect on interest cost	549 448	619 401
Effect on long service awards	6 512 283	7 320 354
		8 299 753
2024	-2	Valuation basis
Effect on the service cost	751 786	857 825
Effect on interest cost	691 590	800 272
Effect on long service awards	7 488 504	8 537 457
		9 478 660

The above table indicates the effect of a 2 year adjustment in the average retirement age assumptions as at the valuation date. The adjustment would result in a 0.29% increase in accrued liability, respectively. Reducing the average retirement age disqualifies members and therefore reduces the long service awards accrued liability. The converse applies to increasing the average retirement age.

Maturity analysis of the defined benefit obligations

The following table presents information about the distribution of the timing of benefit payments:

	1 year	Payable in 1-5 years	>5 years	Total
Post retirement benefits	972 476	4 121 644	1 009 153	6 103 273
Long service awards	1 704 868	4 900 538	2 336 557	8 941 963
	2 677 344	9 022 182	3 345 710	15 045 236

19. Output VAT accrual

VAT Output Accrual	13 975 132	11 127 275
VAT on Provision for doubtful debt impairment	(10 821 975)	(8 137 286)
	3 153 157	2 989 989

VAT output accrual is VAT charged on vatable services earned on the accrual basis, but not due to SARS until payments are received from consumers.

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20. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts

Waste Grant	976 856	1 471 802
Disaster recovery grant	-	14 419 699
	976 856	15 891 501

Movement during the year

Balance at the beginning of the year	15 891 501	7 226 108
Additions during the year	70 015 495	192 885 933
Income recognition during the year	(85 478 519)	(184 220 540)
Unpaid conditional grant disclosed as part of other receivables	548 379	-
	976 856	15 891 501

The nature and extent of government grants recognised in the annual financial statements and an indication of other forms of government assistance from which the municipality has directly benefited; and

Unfulfilled conditions and other contingencies attaching to government assistance that has been recognised.

See note 28 for reconciliation of grants from National/Provincial Government.

These amounts are invested in a ring-fenced investment until utilised.

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21. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Reduction due to re- measurement or settlement without cost to entity	Total
Provision for landfill sites	16 946 756	1 609 941	653 712	19 210 409

Reconciliation of provisions - 2024

	Opening Balance	Additions	Reduction due to re- measurement or settlement without cost to entity	Total
Provisions for landfill sites	8 215 415	864 261	7 867 080	16 946 756
Non-current liabilities			17 600 468	16 067 773
Current liabilities			1 609 941	878 983
			19 210 409	16 946 756

Environmental rehabilitation provision

The municipality has an obligation to restore three landfill sites situated in Stutterheim, Erf 80, Cathcart, Erf 474 and Keiskammahoek, Erf 1. The Stutterheim and Keiskammahoek sites are currently licenced and used for general waste disposal (nonhazardous) purposes. The Cathcart site was previously licenced and the permit expired in 2013. The municipality has approached the Department of Environmental Affairs (DEA) with the view of obtaining assistance to renew the licence for the site.

An environmental specialist was appointed to assist the municipality with the management of the landfill sites. The environmental specialist has undertaken site visits and prepared preliminary designs and costing of works to be completed.

Where appropriate a discounting rate of 8.67% (2024: 10.25%) was used.

The remaining site life:

- Cathcart landfill site is approximately +/-4 years.
- Stutterheim landfill site is approximately +/- 2 years.
- Keiskammahoek landfill site is approximately +/-2 years.

22. Financial liability

At amortised cost

Eskom payment arrangement	23 094 170	-
The municipality entered into a payment arrangement with Eskom relating to debt for the period 01 March 2023 till 30 November 2023.		
Deferred revenue	10 423 402	-
Revenue to be recognised over the term of the Eskom payment arrangement as non-exchange revenue as conditions of payment are met.		
	33 517 572	-
Total other financial liabilities	33 517 572	-

The effective date of Eskom payment arrangement is 31 January 2025.

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22. Financial liability (continued)		
The discount rate used in calculating the present value of the minimum lease payments is based on the prime interest rate at inception of the arrangement (10.75%) plus 2.5%.		
The debt shall not bear interest, save for where the municipality fails to pay the debt by the agreed instalment dates. In this instance, the outstanding amount shall bear interest compounded monthly from the due date of payment, at a rate per annum equal to the prevailing prime rate plus 2.5%.		
The arrangement will conclude when the final payment is made during May 2031.		
The municipality retains the right to repay the debt in full at any given time during the period.		
Non-current liabilities		
At amortised cost	28 907 019	-
Current liabilities		
At amortised cost	4 610 553	-
23. Service charges		
Sale of electricity	63 421 803	47 137 912
Fire levy	5 198 167	4 958 794
Refuse removal	11 734 358	11 558 281
Other service charges	313 047	324 408
	80 667 375	63 979 395
24. Investment revenue		
Interest revenue		
Bank	3 420 580	3 455 509
Interest is earned on municipal investments and municipal primary account as disclosed in note 6.		
25. Actuarial gains		
Actuarial gain on employee benefits	3 147 880	6 466 387
Actual gains comprise of gain on employee benefits relating to Post Retirement Medical Aid Plans and Long Service Awards		
26. Property rates		
Rates received		
Property rates	22 003 286	24 168 893

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26. Property rates (continued)		
Valuations		
Residential	1 177 297 500	1 168 317 500
Commercial	234 919 019	232 813 755
State	254 277 739	749 894 877
Municipal	346 809 101	357 165 101
Small holdings and farms	3 027 048 286	2 530 143 423
Public service infrastructure/purpose	71 591 662	61 696 346
Public benefit origination and vacant land	103 015 903	101 478 403
Properties used for multi purpose	4 744 500	4 744 500
Industrial properties	45 197 500	45 197 500
	5 264 901 210	5 251 451 405

Valuations on land and buildings are performed every 5 years. 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.

Rates are levied on a monthly basis as per the approved tariffs with interest at prime plus 1% per annum is levied on rates outstanding monthly.

The new general valuation will be implemented effective 1 July 2025.

27. Other revenue from non-exchange transactions

Eskom Debt waived	29 318 887	11 884 356
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Other revenue from non-exchange transactions comprises of debt waived through the municipality's participation in the Eskom debt relief programme as well as entering into a payment arrangement with Eskom for debt not included in the debt relief programme.

28. Government grants & subsidies

Operating grants		
Equitable share	138 370 000	131 533 000
Library grant	1 792 000	1 200 000
Municipal infrastructure grant (MIG)	1 870 150	1 538 500
Expanded public works programme (EPWP)	1 511 000	1 310 000
Financial management grant (FMG)	2 200 000	2 200 000
LG Seta mandatory grant	398 751	249 785
Human settlements grant	49 400	111 149
Energy Efficiency Demand Side Management (EEDSM)	150 000	-
	146 341 301	138 142 434
Capital grants		
Municipal infrastructure grant (MIG)	35 532 850	29 231 500
Waste Grant	494 945	1 054 306
Energy Efficiency Demand Side Management (EEDSM)	2 850 000	-
Integrated National Electrification Programme (INEP)	1 860 000	-
Small Town Revitalisation Grant	3 204 725	-
Disaster Relief Grant	33 564 699	15 792 301
	77 507 219	46 078 107
	223 848 520	184 220 541

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28. Government grants & subsidies (continued)

Equitable Share

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

Operating and maintenance cost of municipalities.

Finance management grant (FMG)

Current-year receipts	2 200 000	2 200 000
Conditions met - transferred to revenue	(2 200 000)	(2 200 000)
	-	-

The grant is received to ensure sound and sustainable management of the fiscal and financial affairs of the municipality. To promote and support reforms in financial management by building capacity in municipalities to implement the Municipal Finance Management Act.

Library grant

Current-year receipts	1 792 000	1 200 000
Conditions met - transferred to revenue	(1 792 000)	(1 200 000)
	-	-

To transform urban and rural community infrastructure, facilities and services through a recapitalised programme.

Small Town Revitalisation Grant

Current-year receipts	2 656 346	-
Conditions met - transferred to revenue	(3 204 725)	-
	(548 379)	-

The grant is provided to improve the infrastructure of the towns within Amahlathi.

Expanded public works programme (EPWP)

Current-year receipts	1 511 000	1 310 000
Conditions met - transferred to revenue	(1 511 000)	(1 310 000)
	-	-

The grant is provided to expand the Public Works programme and job creation efforts.

Waste Grant

Balance unspent at beginning of year	1 471 802	2 526 108
Conditions met - transferred to revenue	(494 945)	(1 054 306)
	976 857	1 471 802

Conditions still to be met - remain liabilities (see note 20).

To support in respect of waste management activities.

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28. Government grants & subsidies (continued)		
Staff training (LG SETA)		
Current-year receipts	398 750	249 785
Conditions met - transferred to revenue	(398 750)	(249 785)
	-	-

The grant was obtained from the Sectoral Education Training Authority (SETA) for training of staff. In terms of the Skills Development Act regarding monies by SETA's published in Government Notice 990 in Government Gazette No. 34940, LGSETA is required to disburse in quarterly intervals.

Energy Efficiency Demand Side Management

Current-year receipts	3 000 000	-
Conditions met - transferred to revenue	(3 000 000)	-
	-	-

The EEDSM programme supports municipalities in their efforts to reduce electricity consumption by optimising their use of energy.

INEP

Current-year receipts	1 860 000	-
Conditions met - transferred to revenue	(1 860 000)	-
	-	-

The Integrated National Electrification Programme (INEP) is responsible for planning, project management and funding the bulk infrastructure (e.g. MV lines and substations), grid and non-grid new connections for households that cannot afford to pay on their own to receive access to electricity.

Disaster Relief Grant

Balance unspent at beginning of year	14 419 699	4 700 000
Current-year receipts	19 145 000	25 512 000
Conditions met - transferred to revenue	(33 564 699)	(15 792 301)
	-	14 419 699

For flood and natural disaster intervention.

Human settlements grant

Current-year receipts	49 400	111 149
Conditions met - transferred to revenue	(49 400)	(111 149)
	-	-

Municipal Infrastructure Grant

Current-year receipts	37 403 000	30 770 000
Conditions met - transferred to revenue	(37 403 000)	(30 770 000)
	-	-

The grant was received from the Department of Cooperative Governance and Traditional Affairs. The purpose of the grant is to provide specific finance for basic Municipal Infrastructure backlogs for poor households, micro enterprises and social institutions servicing poor communities.

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29. Public contributions and donations

Computer equipment	133 563	-
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Donations in kind relating to the receipt of computer equipment was received during the year. No conditions was attached to the donations received.

30. Employee related costs

Basic	87 681 708	93 124 702
Medical aid - company contributions	6 098 663	4 897 665
UIF	515 955	595 678
Defined contribution plans	430 662	1 925 612
Cellphone and other allowances	1 085 629	2 305 974
Overtime payments	1 387 068	1 621 769
Acting allowances	666 978	224 733
Travel allowance	4 532 504	5 494 679
Housing benefits and allowances	2 429 783	2 522 375
Industrial council levy	35 593	35 811
Pension fund contribution	13 601 869	15 466 466
Bonus provision	6 476 209	6 155 952
Leave provision	37 843	1 834 655
	124 980 464	136 206 071

Remuneration of Municipal Manager

Annual Remuneration	1 191 244	1 211 883
Travel allowance	240 000	240 000
Bonus	60 000	-
Contributions to UIF, Medical and Pension Funds	2 125	2 262
Cellphone allowance	16 800	16 800
Backpay	51 825	56 089
Leave	20 340	-
	1 582 334	1 527 034

Remuneration of Chief Finance Officer

Annual Remuneration	718 995	171 367
Travel allowance	200 000	20 000
Acting allowance	4 922	-
Contributions to UIF, Medical and Pension Funds	1 771	377
Cellphone allowance	14 000	2 800
Backpay	-	74 270
Leave	-	82 097
Other allowances	98 500	-
	1 038 188	350 911

Mr C Samuels was appointed as acting Chief Financial Officer for the period 1 July 2024 till 31 August 2024.

Mrs B Ngwendu was appointed as Chief Financial Officer from 1 September 2024.

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30. Employee related costs (continued)		
Remuneration of Director Corporate Services		
Annual Remuneration	1 218 556	1 210 197
Cellphone allowance	16 800	16 800
Contributions to UIF, Medical and Pension Funds	2 125	2 262
Backpay	42 363	78 606
Leave	20 340	-
	1 300 184	1 307 865
Remuneration of Director Planning and Development		
Annual Remuneration	988 556	988 106
Travel allowance	180 000	180 000
Bonus	50 000	-
Contributions to UIF, Medical and Pension Funds	2 125	2 262
Cellphone allowance	16 800	16 800
Backpay	42 363	45 849
Other	20 340	-
	1 300 184	1 233 017
Remuneration of Director Engineering Services		
Annual Remuneration	1 218 556	1 178 051
Contributions to UIF, Medical and Pension Funds	2 125	2 262
Cellphone allowance	16 800	16 800
Acting allowance	-	2 393
Backpay	42 363	28 677
Leave	20 340	-
	1 300 184	1 228 183
Remuneration of Director Community Services		
Annual Remuneration	988 556	979 690
Travel allowance	180 000	180 000
Bonus	50 000	-
Contributions to UIF, Medical and Pension Funds	2 125	2 262
Cellphone allowance	16 800	16 800
Backpay	42 363	24 384
Leave	20 340	-
	1 300 184	1 203 136
31. Remuneration of councillors		
Mayor	978 310	1 033 383
Speaker	814 188	819 300
Councillors' salaries	8 225 384	7 823 444
Councillors' allowances	3 988 016	3 919 114
	14 005 898	13 595 241

Additional information

The salaries, allowance and benefits of councillors are within the upper limits of the framework envisaged in section 219 of the Constitution of South Africa.

The Mayor and the Speaker each have the use of separate Council owned vehicles for official duties.

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32. Vending management fee		
Management fees - third party	281 694	261 373
33. Depreciation and amortisation		
Property, plant and equipment	30 516 553	24 749 474
Investment property	1 252	3 336
Intangible assets	11 094	25 936
	30 528 899	24 778 746
34. Impairment loss on assets		
Impairments		
Property, plant and equipment	10 533 016	1 161 270
35. Finance costs		
Interest expense	4 892 565	4 199 693
Interest on overdue accounts	2 176 257	11 324 263
	7 068 822	15 523 956
Finance costs relate to interest incurred during the year. R28 924 of the interest relate to interest payments made.		
36. Debt impairment		
Debt impairment	28 601 670	24 703 463
37. Bulk purchases		
Electricity - Eskom	59 229 954	51 809 374
38. Contracted services		
Outsourced Services		
Administrative and Support Staff	-	8 906
Animal Care	495 000	540 000
Burial Services	45 500	14 000
Catering Services	698 073	432 639
Cleaning Services	53 131	12 280
Professional Staff	54 379	58 916
Electrical	1 567 995	1 021 547
Consultants and Professional Services		
Business and Advisory	4 252 531	2 954 727
Legal Cost	4 785 131	2 079 901
Contractors		
Event Promoters	707 320	968 773
Graphic Designers	71 667	-
Maintenance of Buildings and Facilities	344 174	307 485
Maintenance of Equipment	7 619	395
Maintenance of Unspecified Assets	2 291 377	3 465 703
Safeguard and Security	286 072	260 473
	15 659 969	12 125 745

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39. Fair value adjustments		
Biological assets - (Fair value model)	98 177	-
The biological assets were revalued by Mr M Engelbrecht (B.Econ), an independent Forest Economist as at 30 June 2024. The Faustmann valuation technique was applied for the valuation of biological assets.		
40. General expenses		
Advertising	293 728	356 618
Audit fees	2 265 692	3 449 626
Bank charges	626 572	568 818
Consumables	261 208	178 165
Insurance	1 030 961	898 314
Fuel and oil	2 310 971	3 262 436
Postage and courier	9 330	10 100
Printing and stationery	705 451	646 138
Project maintenance costs	1 126 311	1 207 813
Royalties and license fees	282 669	329 384
Subscriptions and membership fees	1 616 473	1 233 074
Telephone	1 857 875	2 343 903
Training	634 967	428 838
Electricity, sanitation and water	6 343 390	3 769 282
Uniforms	156 468	136 565
Free basic electricity	213 794	282 433
Skills development levy	975 482	1 088 854
Other expenses	4 099 843	4 155 978
	24 811 185	24 346 339
41. Auditors fees		
Fees	2 265 692	3 449 626

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42. Cash generated from operations		
Surplus	67 290 389	7 691 186
Adjustments for:		
Depreciation and amortisation	30 528 899	24 778 746
Loss on sale of assets and liabilities	1 581 219	453 804
Gain on foreign exchange	(33 269)	-
Fair value adjustments	(98 177)	1 743 607
Finance costs	5 192 181	5 005 407
Impairment deficit	10 533 016	1 161 270
Debt impairment	28 601 670	24 703 463
Movements in retirement benefit assets and liabilities	227 346	(2 058 642)
Movements in provisions	(2 263 654)	(8 731 342)
Inventory losses or write-downs	(9 992)	(184)
Non-cash donations and other in-kind benefits	(133 563)	-
Other revenue	(29 317 993)	(11 884 357)
Actuarial Gains	(3 147 880)	(6 466 387)
Changes in working capital:		
Inventories	(2 762)	3 193
Receivables from exchange transactions	(17 398 615)	(10 852 787)
Receivables from non-exchange transactions	(1 805 381)	(4 280 722)
VAT receivable	(221 154)	210 468
Other receivables	(785 578)	(284 425)
Payables from exchange transactions	(48 840 393)	21 901 623
VAT accruals	(579 012)	406 874
Unspent conditional grants and receipts	(14 914 645)	8 665 393
Consumer deposits	112 853	(44 982)
Financial Liability	33 517 571	-
Finance lease obligation	(222 266)	(5 405)
	57 810 810	52 115 801

43. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Receivables from exchange transactions	44 594 414	44 594 414
Cash and cash equivalents	12 554 267	12 554 267
Other receivables	2 883 130	2 883 130
	60 031 811	60 031 811

Financial liabilities

	At amortised cost	Total
Payables from exchange transactions	134 695 930	134 695 930
Financial liabilities - current	4 610 553	4 610 553
Financial liabilities - non-current	28 907 019	28 907 019
	168 213 502	168 213 502

2024

Financial assets

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43. Financial instruments disclosure (continued)

	At amortised cost	Total
Receivables from exchange transactions	27 195 799	27 195 799
Cash and cash equivalents	22 980 213	22 980 213
Other receivables	2 097 552	2 097 552
	52 273 564	52 273 564

Financial liabilities

	At amortised cost	Total
Finance lease obligations	222 266	222 266
Payables from exchange transactions	183 701 960	183 701 960
	183 924 226	183 924 226

44. Commitments

Authorised capital expenditure

Already contracted for but not provided for

Property, plant and equipment	21 836 114	24 963 521
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Total capital commitments

Already contracted for but not provided for	21 836 114	24 963 521
---	------------	------------

Total commitments

Total commitments

Authorised capital expenditure	21 836 114	24 963 521
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This committed expenditure relates to property, plant and equipment and will be financed by a combination of Municipal Infrastructure Grant, Disaster Recovery Grant, other conditional grants and internally generated funds.

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45. Contingencies

2025

Contingent liabilities:

The total contingent liabilities status at the end of June 2025 amount to R5 870 662.21. The municipality has four pending legal cases relating to claims for outstanding payments and four claims relating to damages or loss suffered. The summary of the matters as at 30 June 2025 are as follows

Case Number 1797/2021

The applicant instituted a claim against the municipality relating to an outstanding payment which amounts to R2 304,760.77. The municipality is awaiting the plaintiff's discovery. The likelihood of the municipality to losing the case is medium to low.

Case Number 3400/2019

The applicant instituted a claim against the municipality relating to an outstanding payment which amounts to R603 670.30. The case is still pending and the likelihood of the municipality losing the case is low.

Case Number 2389/2020

The applicant instituted a claim against the municipality relating to damages/loss suffered which amount to R1 035 719.32. The case is still pending. The likelihood of the municipality losing this case is low.

Case Number 1570/2022

The applicant instituted a claim relating to damages into a motor vehicle which amount to R62 235.92. The case is still pending. The likelihood of the municipality losing the case is medium to low.

Case Number 1378/2023

The applicant instituted an action against the municipality claiming an amount of R400 000.00. The case is still pending. The likelihood of the municipality losing this case is low.

Case Number 02/2023

The applicant instituted action against the municipality claiming an amount of R17 085.90. The case is still pending and the likelihood of the municipality losing the case is low.

Case Number 130/2023

Applicant instituted an action against the municipality claiming outstanding payment of R69 000.00. The case is still pending. The likelihood of the municipality losing this case is low.

Case Number 576/2024

The applicant instituted an action against the municipality for loss of rental income amounting to R878 190.00. The case is still pending and the likelihood of the municipality losing this case is low.

Case Number: 2025-056535:

The applicant instituted an action against the municipality. A notice of review application has been received. No amount has been claimed, however the legal practioner estimate the financial implications of the case to be R500 000.00. The case is still pending. The likelihood of the municipality losing the case is medium to low.

2024

Contingent liabilities:

The total contingent liabilities status at the end of June 2024 amount to R7 613 641.91. The municipality has six pending legal cases relating to claims for outstanding payments and 5 claims relating to damages or loss suffered. The summary of the matters as at 30 June 2024 are as follows

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45. Contingencies (continued)

Case Number 1797/2021

The applicant instituted a claim against the municipality relating to an outstanding payment which amounts to R2 304,760.77. The municipality is awaiting the plaintiff's discovery. The likelihood of the municipality to losing the case is medium to low.

Case Number 3400/2019

The applicant instituted a claim against the municipality relating to an outstanding payment which amounts to R603 670.30. The case is still pending and the likelihood of the municipality losing the case is low.

Case Number 454/2021

The applicant instituted a claim against the municipality relating to an outstanding payment which amount to R1 227 668.85. The case is still pending and the likelihood of the municipality losing the case is medium to low.

Case Number 2389/2020

The applicant instituted a claim against the municipality relating to damages/loss suffered which amount to R1 035 719.32. The case is still pending. The likelihood of the municipality losing this case is low.

Case Number 1570/2022

The applicant instituted a claim relating to damages into a motor vehicle which amount to R62 235.92. The case is still pending. The likelihood of the municipality to lose the case is medium to low.

Case Number 456/2023

The applicant instituted a claim relating to loss of rental income amounting to R878 190.00. The likelihood of the municipality losing this case is low.

Case Number 64/2024

The applicant instituted an action against the municipality claiming an outstanding payment of R137 120.85. The case is still pending. The likelihood of the municipality losing the case is medium to low.

Case Number 1378/2023

The applicant instituted an action against the municipality claiming an amount of R400 000.00. The case is still pending. The likelihood of the municipality losing this case is low.

Case Number 02/2023

The applicant instituted action against the municipality claiming an amount of R17 085.90. The case is still pending and the likelihood of the municipality losing the case is low.

Case Number 130/2023

Applicant instituted an action against the municipality claiming outstanding payment of R69 000.00. The case is still pending. The likelihood of the municipality losing this case is low.

Case Number 576/2024

The applicant instituted an action against the municipality for loss of rental income amounting to R878 190.00. The case is still pending and the likelihood of the municipality losing this case is low.

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46. Related parties

Relationships	Refer to accounting officers' report note 6
Accounting Officer	Refer to general information page
Councillors	Dr Z Shasha - Municipal Manager
Members of key management	Mrs B Ngwendu - Chief Financial Officer
	Mr S Mnweba - Director Planning and Development
	Mrs N Nqulo - Director Corporate Services
	Mrs A Noholoza - Director Community Services
	Mrs N Dlova - Director Engineering Services

Refer to note 30 for Management remuneration disclosure.

Related party balances

No expenditure was incurred during the year under review

Remuneration of Councillors

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46. Related parties (continued)

Management class: Councillors

2025

Name	Councillors' salaries	Telephone allowance	Travel allowance	3G Card	Subsistence	Backpay	Total
Nongqayi (Mayor)	712 977	43 200	244 562	3 804	20 772	32 558	1 057 873
N Mlahleki (Speaker)	570 383	43 200	195 650	3 804	1 151	24 861	839 049
P Qaba (EXCO)	534 735	43 200	183 422	3 804	-	24 419	789 580
XM Tokwe (EXCO)	534 735	43 200	183 422	3 804	-	24 419	789 580
B Xongwana (EXCO)	534 735	43 200	183 422	3 804	11 728	24 419	801 308
NA Kato-Manyika (EXCO)	534 735	43 200	183 422	3 804	-	24 419	789 580
RB Pickering (EXCO)	264 453	43 200	88 099	3 804	-	15 219	414 775
PM Onceya-Sauti	295 491	43 200	104 210	3 804	805	22 101	469 611
A Hobo	4 909	-	1 636	-	-	-	6 545
N Ngxakangxaka	225 626	43 200	77 391	3 804	-	10 296	360 317
T Balindlela	218 754	36 000	73 051	3 170	-	13 420	344 395
N Mbulawa	225 626	43 200	77 391	3 804	-	10 296	360 317
M Gantsho	225 626	43 200	77 391	3 804	-	10 296	360 317
NV Mjandana	225 626	43 200	77 391	3 804	-	10 296	360 317
N Nyangwa	225 626	43 200	77 391	3 804	-	10 296	360 317
NC Mkiva	225 626	43 200	77 391	3 804	-	10 296	360 317
N Charlie	225 626	43 200	77 391	3 804	-	10 296	360 317
ZA Qonto	289 575	43 200	99 348	3 804	1 234	13 223	450 384
NZ Klaas	225 626	43 200	77 391	3 804	-	10 296	360 317
M Busakwe	225 626	43 200	77 391	3 804	-	10 296	360 317
ZE Mfulana	5 455	-	1 818	-	-	-	7 273
X Neti	225 626	43 200	77 391	3 804	-	10 296	360 317
M Nqini	225 626	43 200	77 391	3 804	-	10 296	360 317
M Neku	225 626	43 200	77 391	3 804	-	10 296	360 317
NO Sidinana	5 455	-	1 818	-	-	-	7 273
PA Simandla	225 626	43 200	77 391	3 804	-	10 296	360 317
N Ncevu	225 626	43 200	77 391	3 804	-	10 296	360 317
ME Maweni	225 626	43 200	77 391	3 804	-	10 296	360 317
N Salaze	225 626	43 200	77 391	3 804	-	10 296	360 317

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46. Related parties (continued)

O Mgunculu	225 626	43 200	77 391	3 804	-	10 296	360 317
P Budaza	225 626	43 200	75 753	3 804	-	5 386	353 769
Z Ngozi	207 422	39 600	69 141	3 487	-	3 125	322 775
SC Mqwebedu Matini	207 422	39 600	69 141	3 487	-	3 750	323 400
Z Gavini	38 437	9 120	12 812	803	-	13 479	74 651
NJ Ullana	-	6 000	3 600	-	8 112	-	17 712
P Zwelakhe-Gayika	-	6 000	3 600	-	11 376	-	20 976
	9 020 941	1 302 720	3 093 574	113 655	55 178	419 830	14 005 898

2024

Name	Councillors' salaries	Telephone allowance	Travel allowance	3G Card	Subsistence	Backpay	Total
NC Nonggayi (Mayor)	686 073	45 600	228 691	4 008	24 679	44 332	1 033 383
NP Mlahleki (Speaker)	548 859	45 600	182 953	4 008	1 127	36 754	819 301
P Qaba (EXCO)	514 556	45 600	171 519	4 008	2 636	32 384	770 703
XM Tokwe (EXCO)	514 556	45 600	171 519	4 008	-	29 483	765 166
T Balindlela (EXCO)	287 061	45 600	95 687	4 008	-	16 448	448 804
B Xongwana (EXCO)	514 556	45 600	171 519	4 008	24 341	29 483	789 507
NA Kato-Manyika (EXCO)	514 556	45 600	171 519	4 008	-	39 218	774 901
PM Onceya-Sauti	278 633	45 600	92 878	4 008	-	15 965	437 084
A Hobo	144 300	31 200	48 100	2 740	-	12 440	238 780
N Ngxakangxaka	217 117	45 600	72 372	4 008	-	12 440	351 537
RB Pickering	217 117	45 600	72 372	4 008	-	12 440	351 537
N Mbulawa	217 117	45 600	72 372	4 008	-	12 440	351 537
M Gantsho	217 117	45 600	72 372	4 008	-	12 440	351 537
NV Mlandana	217 117	45 600	72 372	4 008	-	12 440	351 537
N Nyangwa	217 117	45 600	72 372	4 008	-	12 440	351 537
NC Mkiva	217 117	45 600	72 372	4 008	-	12 440	351 537
N Charlie	217 117	45 600	72 372	4 008	-	12 440	351 537
ZA Qonto	278 633	45 600	92 878	4 008	6 618	17 905	445 642
NZ Klaas	217 117	45 600	72 372	4 008	-	12 440	351 537
M Busakwe	217 117	45 600	72 372	4 008	-	12 440	351 537
ZE Mfulana	180 708	38 400	60 236	3 374	-	12 440	295 158
X Netti	217 117	45 600	72 372	4 008	-	12 440	351 537

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46. Related parties (continued)

M Nqini	217 117	45 600	72 372	4 008	-	12 440	351 537
M Neku	217 117	45 600	72 372	4 008	-	12 440	351 537
NO Sidinana	180 708	38 400	60 236	3 374	-	12 440	295 158
PA Simandla	217 117	45 600	72 372	4 008	-	12 440	351 537
N Ncevu	217 117	45 600	72 372	4 008	-	12 440	351 537
ME Maweni	217 117	45 600	72 372	4 008	-	12 440	351 537
N Salaze	217 117	45 600	72 372	4 008	-	12 440	351 537
O Mgunculu	217 117	45 600	72 372	4 008	-	22 777	361 874
P Budaza	54 612	10 800	18 204	951	-	-	84 567
NJ Uliana	-	6 000	3 600	-	15 456	-	25 056
P Zwelakhe - Gayika	-	6 000	3 600	-	24 428	-	34 028
	8 605 917	1 362 000	2 875 835	118 655	99 285	533 549	13 595 241

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47. Prior period errors

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

2023

	Note	As previously reported	Correction of error	Restated
Other receivables - previously Prepayments		1 765 021	48 106	1 813 127
Input VAT Accrual		8 950 584	186	8 950 769
Property, plant and equipment		397 166 168	9 380	397 175 548
Output VAT Accrual		(7 592 853)	6 962 075	(630 778)
Accumulated surplus		(249 393 169)	(7 019 747)	(256 412 916)
		150 895 751	-	150 895 750

2024

	Note	As previously reported	Correction of error	Restated
Input VAT Accrual		10 768 611	134 681	10 903 292
Other receivables		625 343	1 472 209	2 097 552
Property, plant and equipment		421 112 829	436 382	421 549 211
Payables from exchange transactions		(183 734 975)	(1 108 915)	(184 843 890)
Unspent conditional grants		(15 782 968)	(108 533)	(15 891 501)
Output VAT Accrual		(10 945 169)	7 955 180	(2 989 989)
Accumulated surplus		(255 323 098)	(8 781 004)	(264 104 102)
		(33 279 427)	-	(33 279 427)

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47. Prior period errors (continued)		
Input VAT accrual		
Balance previously reported	10 768 611	
Correction of Retention payables	64 051	
Correction of Prepayments	(13 371)	
Correction of Payables from exchange transactions	80 587	
Correction of Other receivables - Accrued revenue	3 414	
Restated 30 June 2024 balance	10 903 292	
Other receivables		
Balance previously reported	625 343	
Correction of expenditure captured in the incorrect financial year	-	
- Effect on VAT receivable	13 415	
- Effect on General Expenditure	89 143	
- Effect on Input VAT accrual	(3 456)	
- Effect on Vending management	(23 036)	
- Effect on Prepaid electricity	1 214 038	
- Effect on Output VAT accrual	182 105	
Restated 30 June 2024 balance	2 097 552	
Property, plant and equipment		
Balance previously reported	421 112 829	
Correction of Retention payables	427 030	
Correction of Transport assets understated in the prior financial year	9 352	
Restated 30 June 2024 balance	421 549 211	
Payables from exchange transactions		
Balance previously reported	(183 734 975)	
Correction of trade creditor understated		
- Effect on Input VAT Accrual	(80 587)	
- Effect on Contracted services	(537 247)	
Correction of retention understated in the prior financial year	-	
- Effect on Input VAT Accrual	(64 051)	
- Effect on Property, plant and equipment	(427 030)	
	(184 843 890)	
Unspent conditional grants and receipts		
Balance previously reported	(15 782 968)	
Correction of Grants and subsidies understated in the prior financial year		
- Effect on Grants and subsidies	(108 533)	
Restated 30 June 2024 balance	(15 891 501)	
Output VAT accrual		
Balance previously reported	(10 945 169)	
Correction of output VAT on Debt impairment		
- Effect on Accumulated surplus	6 968 535	
- Effect on debt impairment	1 168 751	
Correction of Other receivables - Accrued revenue	(182 106)	
Restated 30 June 2023 balance	(2 989 989)	

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47. Prior period errors (continued)				
Statement of financial performance				
2024				
	Note	As previously reported	Correction of error	Restated
Service charges		62 808 426	1 170 969	63 979 395
Rental of facilities and equipment		500 304	(254 004)	246 300
Interest received - receivables from exchange transactions		7 740 079	(36 027)	7 704 052
Miscellaneous and other revenue		688 405	254 003	942 408
Government grants and subsidies		184 329 074	(108 533)	184 220 541
Interest received - receivables from non-exchange transactions		7 437 534	36 028	7 473 562
General expenditure		(24 435 482)	89 143	(24 346 339)
Vending management fee		(239 575)	(21 798)	(261 373)
Debt impairment		(25 872 214)	1 168 751	(24 703 463)
Contracted services		(11 588 498)	(537 247)	(12 125 745)
Surplus for the year		201 368 053	1 761 285	203 129 338

Errors

Prior year property, plant and equipment understated

During the prior year, the auditor general identified that retention payables; and property, plant and equipment was understated. This has been corrected in the current year.

This effects the VAT receivable, Property, plant and Equipment; and Trade and other payables for the 2024 financial year in the Statement of Financial Position. An additional understatement of Transport assets effected Property, plant and equipment for the 2023 financial year.

This error as result of the understatement of transport assets affected depreciation in the 2023 and 2024 Statement of Financial Performance.

This has no effect on the Cash Flow Statement.

Prior year other receivables understated

Management identified that prepayments and revenue accrued for the 2024 financial year was understated.

This affects Other receivables, Input VAT accrual and Output VAT accrual for the 2023 and 2024 financial years in the Statement of Financial Position

This affect General Expenditure in the Statement of Financial Performance for the 2024 financial year and Service charges and vending management fee in the Statement of Financial Performance for the 2023 and 2024 financial years.

This has no effect on the Cash Flow Statement.

Prior year grants and subsidies understated

Management identified that the Disaster Grant revenue recognised for the 2024 was understated

This affects Unspent conditional grants and subsidies paid for the 2024 financial year in the Statement of Financial Position.

This affects the grant and subsidies line item in the Statement of Financial Performance

This has no effect on the Cash Flow Statement.

Prior year VAT on Receivables from exchange transactions provision for debt impairment

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47. Prior period errors (continued)

During the preparation of the financial statements it was identified that no Output VAT accrual was accounted for regarding Provision for debt impairment.

This affects accumulated surplus for the 2023 and 2024 financial years in the Statement of Financial Position.

This affects debt impairment item in the Statement of Financial Performance.

This has no effect on the Cash Flow Statement.

Revenue from exchange transactions

During the preparation of the financial statements it was identified that other revenue was previously misallocated to rental of facilities and equipment and Interest from non-exchange receivables was misallocated to interest from exchange receivables..

This affects accumulated surplus for the 2024 financial year in the Statement of Financial Position

This affects the above mentioned revenue items in the Statement of Financial Performance.

This has no effect on the Cash Flow Statement.

Irregular expenditure

Opening balance	138 500 884	-
Adjustments made	3 738 369	-
Restated opening balance	142 239 253	-

Adjustment made to opening balance of irregular expenditure is due to an understatement of irregular expenditure attributable to the establishment of panels during the 2024 financial year, as it was subsequently noted when evidence was prepared for consideration by Council and MPAC.

48. Risk management

Financial risk management

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by council. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash. Credit guarantee insurance is purchased when deemed appropriate.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Receivables from exchange transactions	44 594 414	27 195 799
Cash and cash equivalents	12 554 267	22 980 213
Other receivables	2 883 130	2 097 552

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48. Risk management (continued)

Market risk

Risk from biological assets

The municipality is exposed to financial risks arising from changes in wood prices. The municipality does not anticipate that wood prices will decline significantly in the foreseeable future. The municipality has not entered into derivative contracts to manage the risk of a decline in wood prices. The municipality reviews its outlook for wood prices regularly in considering the need for active financial risk management.

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, projected grant receipts and cash forecasting. Cash flow forecasts are prepared and borrowing facilities are monitored.

At 30 June 2025	1 month past due	2 months past due	3 months and more past due	Total past due
Past due but not impaired				
Receivables from exchange transactions - consumer debtors	5 759 280	2 819 713	36 015 421	44 594 414
Receivables from non-exchange transactions	1 536 037	1 037 953	29 309 194	31 883 184
Past due impaired				
Receivables from exchange transactions - consumer debtors	1 460 564	1 430 982	115 647 185	118 538 731
Receivables from non-exchange transactions	469 390	471 390	54 537 851	55 478 631

At 30 June 2024	1 month past due	2 months past due	3 months and more past due	Total past due
Past due but not impaired				
Receivables from exchange transactions - consumer debtors	7 379 711	110 137	19 705 906	27 195 754
Receivables from non-exchange transactions	1 645 807	1 155 237	22 996 037	25 797 081
Past due impaired				
Receivables from exchange transactions - consumer debtors	3 399 152	450	85 615 872	89 015 474
Receivables from non-exchange transactions	1 318 867	6 044	52 390 616	53 715 527

At 30 June 2025	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	134 695 930	-	-	-
Financial liability - current	4 610 553	-	-	-
Financial liability - non-current	-	14 010 320	14 896 699	-

At 30 June 2024	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Payables from exchange transactions	183 701 960	-	-	-

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49. Going concern

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

The ability of the municipality to continue as a going concern is dependent on a number of factors. The most significant of these is that the accounting officer continues to procure funding for the ongoing operations for the municipality.

The municipality is facing a number of financial risks that negatively impact its ability to sustain its current level of operations in the near future, before taking into account government grants. The key financial risks identified include:

- An inability to pay creditors within due dates.
- An inability to sufficiently maintain, renew and safeguard the municipality's revenue-generating assets
- Negative key financial ratios.
- Net current liability was realised.

There is a material uncertainty related to existing conditions that may cast significant doubt on the entity's ability to continue as a going concern and, therefore, that it may be unable to realise its assets and discharge its liabilities in the normal course of business.

The actions taken by management to mitigate the impact of these risks include:

- Management maintains detailed financial plans and manages working capital elements as necessary.
- Budget controls are in place to ensure that over-expenditure is eliminated.
- The treasury will continue to provide funding to the municipality in the foreseeable future.
- Implementation of financial improvement plan.
- The approved municipal budget has an operating surplus.
- Council of the municipality has approved cost containment policy in line with the MFMA: Cost Containment Regulations.

50. Events after the reporting date

There are no events after the reporting date:

51. Unauthorised expenditure

Opening balance as previously reported	161 902 892	324 323 571
Add: Unauthorised expenditure - current	19 131 084	-
Less: Amount recovered - prior period	-	(162 420 679)
Closing balance	181 033 976	161 902 892

All cases of unauthorised expenditure is currently under investigation.

Unauthorised expenditure comprise over expenditure on the following expenditure items:

- Depreciation and amortisation
- Impairment loss
- Finance costs
- Debt impairment
- Bulk purchases
- Operational costs
- Loss on the sale of assets.

52. Fruitless and wasteful expenditure

Opening balance as previously reported	10 470 373	7 326 735
Add: Fruitless and wasteful expenditure identified - current	4 766 229	10 680 148
Less: Amount written off - current	(7 970 717)	(7 536 510)
Closing balance	7 265 885	10 470 373

Fruitless and wasteful expenditure is presented inclusive of VAT

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Figures in Rand	2025	2024
52. Fruitless and wasteful expenditure (continued)		
All cases of fruitless and wasteful expenditure is currently under investigation.		
53. Irregular expenditure		
Opening balance as previously reported	142 239 253	115 735 454
Add: Irregular expenditure - current	31 481 251	27 686 139
Less: Amount written off - current	(135 649 484)	(1 182 340)
Closing balance	38 071 020	142 239 253

Incidents/cases identified/reported in the current year include those listed below:

	Disciplinary steps taken/criminal proceedings		
Irregular expenditure on Payroll	Due process was not followed before standardisation of salaries were paid	-	15 261 673
Irregular expenditure on contracts	SCM Processes were not followed	29 319 164	9 226 659
Supplier failed to honour SARS arrangement		2 162 087	2 576 606
Supplier not tax compliant		-	94 544
Travel allowance policy not implemented correctly		-	526 657
		31 481 251	27 686 139

Cases under investigation

All cases of irregular expenditure is currently under investigation.

Amount written-off

During the prior financial year, council adopted the council committee recommendation to write-off an amount of R 1 182 340 from the total irregular expenditure amount as it was proven without reasonable doubt that the amount was not recoverable. These amounts relate to the 2018, 2019, 2020 and 2023 financial years.

SCM processes not followed	32 778 522	1 182 340
Irregular expenditure on Payroll	102 870 962	-
	135 649 484	1 182 340

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54. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Opening balance	4 697 665	4 454 473
Current year subscription / fee	1 582 728	1 178 721
Amount paid - current year	(2 755 000)	(935 529)
	3 525 393	4 697 665

There were no prepaid expenditure relating Contributions to organised local government at year end

The municipality entered into a payment arrangement with SALGA.

Material electrical distribution losses

Losses identified - current period	12 005 255	18 355 470
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The municipality lost 5 500 867 kwh (2024: 9 372 845 kwh) representing 19.98% (2024: 35.31%) of total bulk purchases of electricity from Eskom during the year. The losses are attributed to normal losses and illegal connections.

Audit fees

Opening balance	321 908	1 793 683
Current year subscription / fee	2 265 692	3 449 626
Amount paid - current year	(2 561 386)	(4 921 401)
	26 214	321 908

PAYE and UIF

Opening balance	987 676	5 471 007
Current year subscription / fee	24 238 930	23 150 075
Amount paid - current year	(23 153 285)	(27 633 406)
	2 073 321	987 676

Pension and Medical Aid Deductions

Opening balance	4 879 091	2 826 400
Current year subscription / fee	20 040 217	34 805 505
Amount paid - current year	(23 810 490)	(32 752 814)
	1 108 818	4 879 091

VAT

VAT receivable	1 066 503	845 349
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VAT input accrual and output accruals are disclosed in note 7 and 19

Councillors' arrear consumer accounts

No Councillors had arrear accounts outstanding for more than 90 days at 30 June 2025.

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54. Additional disclosure in terms of Municipal Finance Management Act (continued)

Supply chain management regulations

In terms of section 36 of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved/condoned by the Accounting Officer and noted by Council. The expenses incurred as listed hereunder have been condoned.

The reasons for the deviations can be summaries as follows:

	Impractical	Sole Supplier	Total
Budget and Treasury	140 660	219 377	360 037
Community Services	56 146	131 330	187 476
Corporate Services	85 927	31 099	117 026
Engineering Services	2 815 005	38 435	2 853 440
Executive Services	10 000	20 160	30 160
	3 107 738	440 401	3 548 139
Incident			
Buffalo Toyota		18 362	7 612
Caseware Africa		219 377	205 025
Datnis Nissan		-	21 855
Eyabantu Professional Services		26 000	9 413
Fort Hare Trading Solutions		140 660	-
Institute of Energy Professional		11 730	-
JEB Power Projects		173 656	38 606
Kanu Equipment South Africa		48 878	-
Lexis Nexis		55 323	-
Lighting Structures		-	19 784
Management Integrity Evaluation		9 237	10 712
Matimba Yeru Energy		2 099 104	-
Motor Vehilce Electrical		76 007	-
North and Robertson		-	36 018
Dibela Holdings (Pty) Ltd		-	83 800
Peugair Border CC		-	193 017
Rencor Engineering		-	76 199
Square Deal Engineering		16 181	-
Soma Workplace (Pty) Ltd		-	178 211
Stutt Delta Garage		127 779	34 186
T Birch & Co (Pty) Ltd		20 160	-
Toptrack Fort Three		15 213	-
Truvela Africa Electronics		-	12 310
Truworhs Man		10 000	-
Titan Wheels		-	5 930
Work Dynamics		21 862	7 287
Yande Engineering		407 610	-
Zenith Car Rental		51 000	-
	3 548 139		939 965

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55. Segment information

General information

Identification of segments

The municipality is organised and reports to management on the basis of two major functional areas: electricity, solid waste removal and roads. The segments were organised around the type of service delivered and the target market. Management uses these same segments for determining strategic objectives. Segments were aggregated for reporting purposes.

Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

Segment surplus or deficit, assets and liabilities

2025

	Electricity	Solid waste removal	Roads	Total
Revenue				
Service charges	63 734 851	11 734 358	-	75 469 209
Government grants and subsidies	8 064 725	494 945	1 511 000	10 070 670
Total segment revenue	71 799 576	12 229 303	1 511 000	85 539 879
Service charges				5 198 166
Rental of facilities and equipment				286 013
Interest receivables from exchange transactions				9 496 922
Licences and permits				1 530 052
Miscellaneous and other revenue				1 237 539
Insurance refunds				742 017
Interest received from investments				3 420 580
Actuarial gains				3 147 880
Gain on foreign exchange				33 269
Fair value adjustment				98 177
Inventory adjustment				9 992
Property rates				22 003 286
Government grants and subsidies				213 777 850
Public contributions and donations				133 563
Fines penalties and forfeits				25 852
Interest receivables from non-exchange transactions				7 762 634
Motor vehicle registration				818 930
Other revenue				29 318 887
Total revenue reconciling items				299 041 609
Entity's revenue				384 581 488
Expenditure				
Employee related costs	5 898 724	10 672 954	29 398 772	45 970 450
Vending management fee	281 694	-	-	281 694
Depreciation and amortisation	961 426	3 988 607	20 455 375	25 405 408
Bulk purchases	59 229 954	-	-	59 229 954
Debt impairment	15 194 799	8 490 117	-	23 684 916
Contracted services	807 177	195 664	473 963	1 476 804
General expenses	336 908	154 779	252 039	743 726
Total segment expenditure	82 710 682	23 502 121	50 580 149	156 792 952
Total segmental surplus/(deficit)				(71 253 073)
Employee costs				(79 010 014)
Councillors remuneration				(14 005 898)
Depreciation and amortisation				(5 123 491)

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55. Segment information (continued)

Impairment loss on assets				(10 533 016)
Finance costs				(7 068 822)
Contracted services				(14 183 165)
Debt impairment				(4 916 754)
General expenses				(24 067 459)
Lease rentals on operating lease				(8 309)
Loss on disposal of assets and liabilities				(1 581 219)
Total expenditure reconciling items				(160 498 147)
Entity's surplus (deficit) for the period				67 290 389

Assets

Current assets	19 638 775	7 321 881	-	26 960 656
Non-current assets excluding additions	21 934 249	12 019 354	202 823 113	236 776 716
Non-current assets additions	-	2 500 533	39 465 956	41 966 489
Total segment assets	41 573 024	21 841 768	242 289 069	305 703 861
Current assets				76 631 191
Non-current assets excluding additions				157 426 877
Non-current assets additions				32 267 898
Total assets as per Statement of financial Position				572 029 827

Liabilities

Segment liabilities	4 860 000	18 253 291	-	23 113 291
Unallocated liabilities				217 552 045
Total liabilities as per Statement of financial Position				240 665 336

2024

	Electricity	Solid waste removal	Roads	Total
Revenue				
Service charges	47 462 320	11 558 281	-	59 020 601
Government grants and subsidies	-	1 054 306	1 310 000	2 364 306
Total segment revenue	47 462 320	12 612 587	1 310 000	61 384 907
Service charges				4 958 795
Rental of facilities and equipment				246 300
Interest receivable from exchange transactions				7 704 052
Licences and permits				2 481 738
Miscellaneous and other revenue				942 408
Administration and management fees				10 733
Insurance refunds				4 750
Interest received - investments				3 455 509
Actuarial gains				6 466 387
Inventory adjustment				184
Property rates				24 168 893
Government grants and subsidies				181 856 234
Fines, penalties and forfeits				12 478
Interest receivables from non-exchange transactions				7 473 562
Motor vehicle registration				1 381 973
Other revenue				11 884 356
Total revenue reconciling items				253 048 352
Entity's revenue				314 433 259
Expenditure				
Employee related costs	4 295 049	11 767 457	29 547 285	45 609 791

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55. Segment information (continued)

Vending management fee	261 373	-	-	261 373
Depreciation and amortisation	967 280	1 490 835	17 834 965	20 293 080
Bulk purchases	51 809 374	-	-	51 809 374
Debt impairment	(750 387)	12 397 867	-	11 647 480
Contracted services	1 118 583	277 559	1 610 175	3 006 317
General expenses	584 151	148 894	266 817	999 862
Total segment expenditure	58 285 423	26 082 612	49 259 242	133 627 277
Total segmental surplus/(deficit)	-	-	-	(72 242 370)
Employee costs				(90 596 280)
Councillors remuneration				(13 595 241)
Depreciation and amortisation				(4 485 667)
Impairment losses on assets				(1 161 270)
Finance costs				(15 523 956)
Contracted services				(9 119 427)
Debt impairment				(13 055 983)
Lease rentals on operating lease				(33 084)
Loss on disposal of assets and liabilities				(453 804)
Fair value adjustments				(1 743 607)
General expenses				(23 346 477)
Total expenditure reconciling items				(173 114 796)
Entity's surplus (deficit) for the period				7 691 186
Assets				
Current assets	19 022 416	3 008 350	-	22 030 766
Non-current assets excluding additions	22 895 675	8 140 881	199 836 004	230 872 560
Non-current assets additions	-	7 867 080	23 595 393	31 462 473
Total segment assets	41 918 091	19 016 311	223 431 397	284 365 799
Current assets				72 072 286
Non-current assets excluding additions				156 500 171
Non-current assets additions				19 493 893
Total assets as per Statement of financial Position				532 432 149
Liabilities				
Segment liabilities	-	27 395 060	-	27 395 060
Unallocated liabilities				240 932 987
Total liabilities as per Statement of financial Position				268 328 047

Information about geographical areas

The municipality's operations throughout Amahlathi Municipality in 4 towns in the Eastern Cape, ie., Stutterheim, Cathcart, Kei Road and Keiskamahoek. Segments were not organised on the basis of the differences in geographical areas of operation as the cost to develop such information would be excessive.

56. Accounting by principals and agents

The entity is a party to a principal-agent arrangement(s).

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56. 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 R799 850 (2024: R1 381 121).

Additional information

Receivables and/or payables recognised based on the rights and obligations established in the binding arrangement(s)

Reconciliation of the carrying amount of payables

MV Licences and registration

Opening balance	4 660	5 841
Amount received on behalf of the principal	5 590 916	6 986 319
Amounts transferred to the principal	(4 789 370)	(5 605 527)
Amounts recognised as revenue for services rendered	(799 850)	(1 381 973)
	6 356	4 660

All categories

Opening balance	4 660	5 841
Expenses incurred on behalf of the principal	5 590 916	6 986 319
Cash paid on behalf of the principal	(4 789 370)	(5 605 527)
Amounts transferred to the principal	(799 850)	(1 381 973)
	6 356	4 660

Entity as principal

Fee paid

Fee paid as compensation to the agent	540 000	540 000
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The municipality entered into an agreement with Amahlathi Society for the prevention of cruelty to animals (SPCA). In terms of the agreement the SPCA will be delegated all powers in terms of regulations relating to the destruction, sale or disposal of animals and any other legislation which may from time to time be applicable, insofar as such powers may be delegated.

The SPCA is required to conduct public awareness and education campaigns as well as be responsible for operating the pound.

57. Budget differences

Material differences between budget and actual amounts

A - Variance is due to the demand for services being less than estimated.

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57. Budget differences (continued)

B - Variance is due to the demand for municipal facilities increasing significantly during quarter four, after the budget was reduced

C - Variance is attributable to unforeseen fluctuations in debtors payment patterns.

D - Variance is due to decrease in number of traffic related services, including motor vehicle licensing as it is dependent on walk-ins.

E - Variance is attributable to the increased number of business registrations and classification differences between budget schedules and GRAP.

F - Variance is due to the availability of funds for short term investments being less than estimated and the terms being shorter than estimated.

G - Variance is due to a reduction in Agriculture property values.

H - The municipality did not anticipate that donations will be received during the year.

I - Variance is attributable to the debt waiver by Eskom linked to the payment arrangement entered into with Eskom.

J - Variance is due to the last number of capital projects being completed during the year.

K - Variance is due to work-in-progress projects assessed as impaired.

L - Variance is due to high Eskom debt and payment arrangement only entered into during January 2025.

M - Variance is due to the implementation of cost containment and cash management processes and reducing expenditure.

N - Variance is as result of the difference between the budget schedules and GRAP classifications.

O - Variance is attributable due to the disposal of municipal assets not being planned at budget stage.

P - Variance is attributable to fluctuations rates in the exchange rates.

Q - Variance is attributable to fluctuations in the market values in biological assets and employee benefits

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57. Budget differences (continued)

R - Variance is due to the municipality no longer keeping high value inventory.

S - Variance is due to prepaid expenditure, accrued revenue and a conditional grant being unpaid at year end.

T - Variance is due to the municipality's increased efforts in reducing trade payables.

U - Variance is due to incorrect understatement amortisation of intangible assets.

V - Variance is attributable to the Eskom payment arrangement entered into.

W - Variance is due to the correction of error relating to the accounting for VAT on receivables from exchange transactions provision for debt impairment.

X - Variance is due to both the rolled-over and current allocation of disaster grant funding spent in full during the year.

Y - Variance is due to the municipality not entering into any new leases during the year.

Z - Variance is due to the increased provision for landfill sites.

AA - Variance is due to only finance costs relating the Auditor General being paid during the year.

AB - Variance is attributable to the inclusion of VAT in the budget schedules.

AC - Variance is as result of opening balances not accurately adjusted during the adjustments budget. Additional text