DANNHAUSER LOCAL MUNICIPALITY

FINAL ANNUAL REPORT JULY 2024 TO JUNE 2025

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Abbreviation

Councillor (Cllr)

Municipal Finance Management Act (MFMA)

Intergovernmental Relations (IGR)

Department Of Cooperative Governance and Traditional Affairs (COGTA)

Key Performance Indicators (KPIs)

Integrated Development Plan (IDP)

KwaZulu-Natal (KZN)

Human Resource (HR)

Municipal Systems Act (MSA)

Chief Financial Officer (CFO)

Municipal Public Account Committee (MPAC)

Public Facilities Advisory Committee (PFAC)

Auditor General (AG)

Dannhauser Local Municipality (DLM)

Statistics South Africa (Stats SA)

National Development Plan (NDP)

Provincial Index of Multiple Deprivation (PIMD)

Service Delivery Budget Implementation Plan (SDBIP)

Key Performance Areas (KPA)

Municipal Infrastructure Grant MIG

Central Business District (CBD)

Department of Forestry, Fisheries and Environmental Affairs (DFFE)

Department of Economic Development, Tourism and Environmental Affairs (EDTEA)

South African Police Service (SAPS)

Road Traffic Inspectorate (RTI)

Local Economic Development (LED)

Small, Medium and Micro Enterprises (SMMEs)

Executive Committee (EXCO)

Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFWE)

Proportional Representative (PR)

Management Committee (MANCO)

Municipal Manager (MM)

Head of Department (HOD)

District Development Model (DDM)

Non-governmental Organizations/ Non-profit Organisations (NGOs/NPOs)

Fourth Industrial Revolution (4IR)

Supply Chain Management (SCM)

Key Performance Indicators (KPI)

National Government’s Strategic Key Performance Areas (NKPAs)

Performance Management System (PMS)

Top Layer (TL)

Portfolio of Evidence (POE)

Audit Committee (AC)

Annual Performance Report (APR)

Standard Operating Procedure Manual (SOP)

Personal Protective Equipment (PPE)

VOLUME II: ANNUAL FINANCIAL STATEMENTS

CHAPTER 1: MAYOR'S FOREWORD AND EXECUTIVE SUMMARY

1.1 COMPONENT A: MAYOR'S FOREWORD

Honourable Mayor

Cllr B.A Radebe

On behalf of the Dannhauser Local Municipal Council, I am honoured to present the Annual Report for the 2024/2025 financial year. This report outlines the Municipality's performance, achievements, and challenges during the year under review.

The mandate of the Municipality is enshrined in **Chapter 7 of the Constitution of the Republic of South Africa (Act 108 of 1996)**, supported by the **Municipal Finance Management Act (MFMA)**, the **Municipal Systems Act (MSA)**, and other key legislation and circulars governing local government.

The year was marked by significant challenges, including delays in appointing Section 54/56 managers and high vacancy rates in critical positions. These factors constrained development goals and service delivery. Despite these setbacks, the Municipality remained committed to compliance with constitutional directives and improving performance for the benefit of residents.

While some basic services fall outside the Municipality's scope and are delivered by sector departments or the district municipality, residents often look to Dannhauser as the closest sphere of government. This has led to frustrations and public protests around **mining, water, sanitation, and electrification**. In response, Council has resolved to apply for **water licensing** to directly provide water services to communities. And the municipality has established a new developmental approach that aims to overcome poor planning of the past.

The Municipality has adopted and aligned its operations with:

- The **Constitution**
- **Batho Pele Principles**
- **Back-to-Basics Campaign**
- **Operation Sukuma Sakhe**
- **Amajuba District Development Framework**

- **KZN Human Settlement Sector Plan**
- **KZN Provincial Growth & Development Strategy 2035.**

Staff remain the Municipality's most valuable resource. Efforts are underway to strengthen:

- Training and personal development
- Career-pathing and talent management
- Coaching and mentoring
- Filling of vacant posts (with several positions already advertised and processed)

Spending and expenditure patterns have shown improvement, though resource constraints remain a challenge. The focus moving forward is on **maximizing efficiency in the use of available resources**. Revenue campaigns will continue to be enforced to assist revenue collection and enhancement of the municipality and will be ongoing program by the municipality in relation to financial viability.

The Municipality is dedicated to creating a conducive economic and social climate that fosters **job creation, poverty reduction, and sustainable development**. A roadmap will be developed to address challenges, enhance performance, and improve service delivery. MSA section 19 of 1998 emphasizes the importance of municipalities engaging the community in developing, implementing and reviewing performance management system, and thus the Dannhauser manages to do that through Mayoral IDP Roadshows, rates and tariffs consultations, social media platform and the one-onone platform as though the municipality exercises the open door policy, that allows the community to participate in the setting of appropriate key performance indicators and targets.

In conclusion, a growth path directive and a planning instrument that will help realize a developmental and sustainable Dannhauser Local Municipality and a globally competitive municipality that remains committed to accountability, improved governance, and delivering on its constitutional and legislative mandates, while striving to become a top-performing municipality in KwaZulu-Natal.

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HON. MAYOR   **DATE**

CLLR B.A RADEBE

1.2 Component B: EXECUTIVE SUMMARY

Municipal Manager

Mr M.S Sithole

Dannhauser Municipality, a **Category B Municipality** established in terms of Sections 155 and 156 of the Constitution of the Republic of South Africa, exercises its powers and functions in line with the **Municipal Structures Act (117 of 1998)** and the **Municipal Systems Act (32 of 2000)**. Covering an area of **1,516 km²** and comprising **13 wards**, the Municipality is guided by its vision of achieving **radical economic transformation** through financial viability and the delivery of integrated, quality basic services.

To support this vision, the Municipality has adopted a **Performance Management System** that sets objectives, measures progress, and monitors outcomes in compliance with the MSA and related regulations. Proper strategic planning and integrated environmental thinking are also imperative to enable and empower Dannhauser and its surroundings to cope with future demands of growth and to ensure that all the people of the Municipality share in the municipal prosperity.

Over recent years, the Municipality has demonstrated notable improvement in governance and accountability. Following a period of Qualified Audit Opinions, it has achieved **Unqualified Audit Opinions for four consecutive years (2021/2022, 2022/2023, 2023/2024, and 2024/2025)**. The **2024/2025 Annual Report** has been compiled in accordance with **Section 46 of the MSA** and **Section 121 of the MFMA (56 of 2003)**.

The municipal Budget and IDP were adopted by Council on the 24 June 2024 and submitted to National Treasury in accordance with section 24(3) of the MFMA, and the Approved Budget appeared to be **funded** in terms of Section 18 of the MFMA read together with MFMA Circular No.55.and given the financial, governance and service delivery challenges the municipality has enforced proper implementation of the funded budget guided by the Municipal IDP and SDBIP, the total revenue per the approved budget was R 220 826 000 after the adjustment budget. The actual revenue collected was R 209 844 342 which is 95 % as compared to the approved budget.

Despite all the municipal challenges faced in the 2024/2025 Financial year, the Municipality achieved **67% of its performance targets**, marking a significant improvement compared to the previous year. This progress reflects its commitment to community development, including **job creation and poverty alleviation through the Expanded Public Works Programme (EPWP)**. The municipality also partnered with the DBSA to institute initiatives to improve service delivery imperatives.

The Accounting Officer's responsibilities are anchored in six key **Legislative Mandates and Performance Areas**:

- Basic Service Delivery
- Local Economic Development
- Municipal Financial Viability and Management
- Good Governance and Public Participation
- Municipal Transformation and Organizational Development
- Cross-Cutting Issues

The Dannhauser Local Municipal during the year under review, experienced notable staff turnover arising from administrative changes and retirements, which temporarily affected governance support. These challenges have been mitigated through progress in filling key management positions. Appointments have been finalized for the Director of Community Services and the Director of Corporate Services, while the recruitment process for the Chief Financial Officer is at an advanced stage of completion.

The Municipality acknowledges the invaluable support of its **Political Leadership, Council, and oversight structures (MPAC, Portfolio Committees, and PFAC)**. The dedication of management and staff remains central to addressing challenges and driving performance improvements.

In response to concerns raised by the Auditor-General, the Municipality has implemented a **comprehensive action plan** to monitor findings and strengthen accountability. This plan has been closely tracked and reported, reinforcing the Municipality's commitment to improved governance, compliance with legislation, and fulfillment of its constitutional and legislative mandates.

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MUNICIPAL MANAGER **DATE**

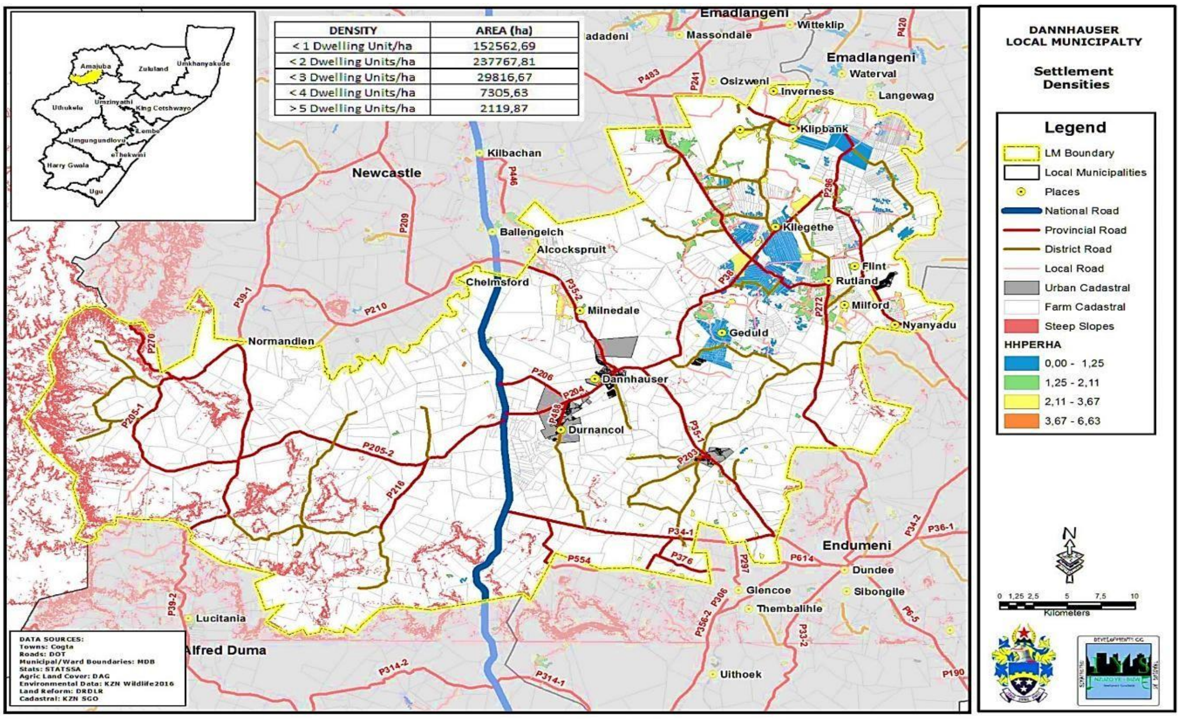
MR M.S SITHOLE

1.3 Component C: MUNICIPAL OVERVIEW

Dannhauser Local Municipality (LM) (KZN 254) is located north in the Kwa-Zulu Natal Province in Amajuba District with Newcastle Local Municipality and Emadlangeni Local Municipality as part of its family. It is the second big municipality of three local municipalities within the district: with area coverage of approximately 1516 square kilometers. Dannhauser LM is a predominantly rural municipality and classified as a "Class B" municipality by national government. Mining towns with some residential areas were established within the jurisdiction prior to the 1980's because of the numerous mines situated within and around the municipal area. These include Dannhauser Town, Hattingspruit, and other main areas such as Inverness, Kilegethe, Klipbank, Milford, Normandien, Nyanyadu, Rutland, Tendeka, Witteklip.

The municipality in 2024/2025 Financial Year constitutes thirteen (13) wards with a combined total of 58 settlement areas. Dannhauser Town is the main node within the municipal area and currently is surrounded by some of the largest coal producing mines in KwaZulu-Natal. The municipality is strategically positioned in a midway point along a main railway line that provides linkage between Durban and Johannesburg and is located approximately eight (8) kilometers off a national road (N11). The landscape of the local municipality is characterized by numerous rivers that flow through the municipal area, the Ngagane and uMzinyathi Rivers are amongst the largest of these rivers. The western portion of the municipality is endowed with scenic landscapes.

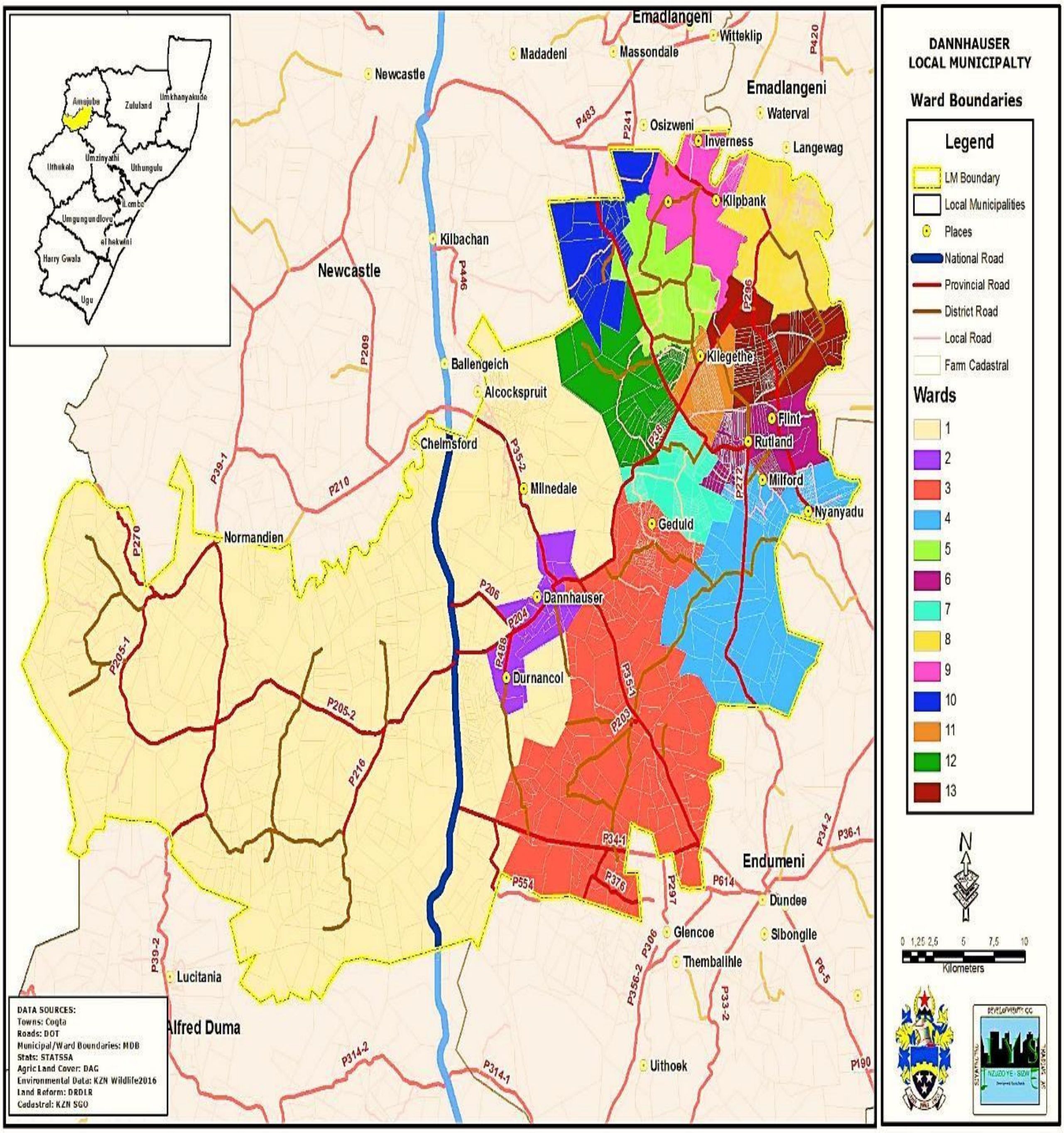
MAP 1: DANNHAUSER LOCALITY



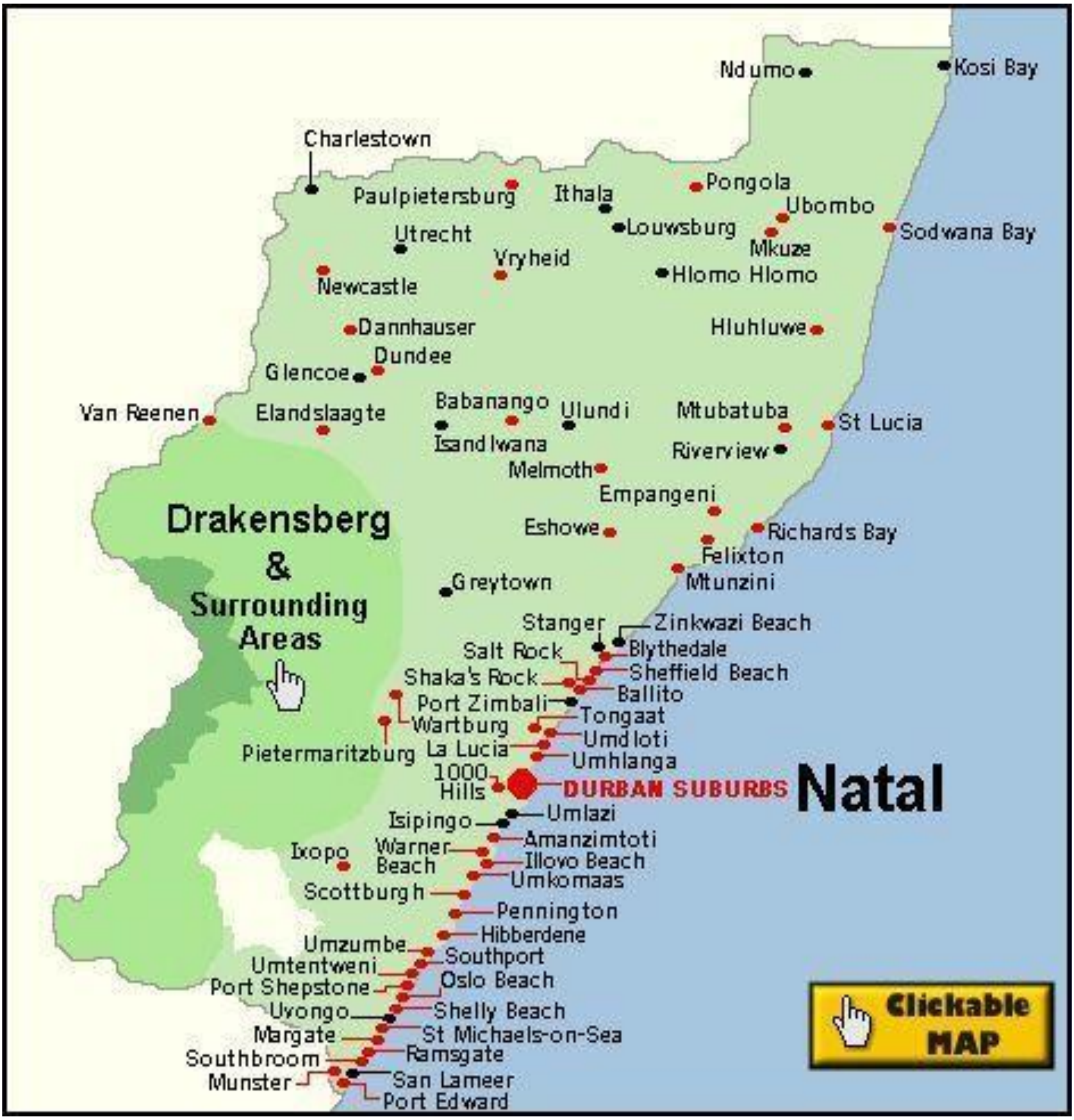
1.3.1 Wards and Traditional Authority

The north-eastern portion of the Dannhauser municipal area is largely land under the administration of traditional councils. It includes a portion of Ubuhlebomzinyathi Community Authority (that falls within Dannhauser Municipality), covering an area of approximately 13, 395 km2 in extent and Nyanyadu Traditional Council area which accounts for about 1, 1190 km2 of the total municipal area, the other Council Authorities are Ingwe, Emalangeni and Gule. Municipal Wards and Tribal Authority Boundaries.

MAP 2: Amajuba District Map



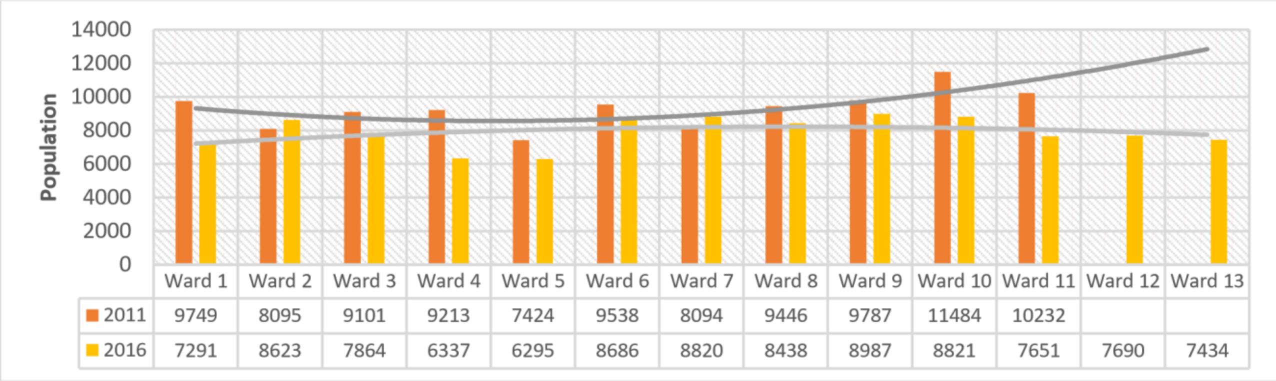
MAP 3: KwaZulu-Natal Map



1.3.2 Demographic and Economic Profile

The population of the Dannhauser Municipality was recorded at 105 341 people review in 2016 compared to a total of 102 161 in 2011. This is evident of an increase of 3 180 people between 2011 and 2017. The population is distributed unevenly among the 13 municipal wards. The population is anticipated to grow beyond this as many migrate into Dannhauser in search of job opportunities in the existing operational mining companies.

POPULATION DISTRIBUTION



	Ward 1	Ward 2	Ward 3	Ward 4	Ward 5	Ward 6	Ward 7	Ward 8	Ward 9	Ward 10	Ward 11	Ward 12	Ward 13
2011	9749	8095	9101	9213	7424	9538	8094	9446	9787	11484	10232		
2016	7291	8623	7864	6337	6295	8686	8820	8438	8987	8821	7651	7690	7434

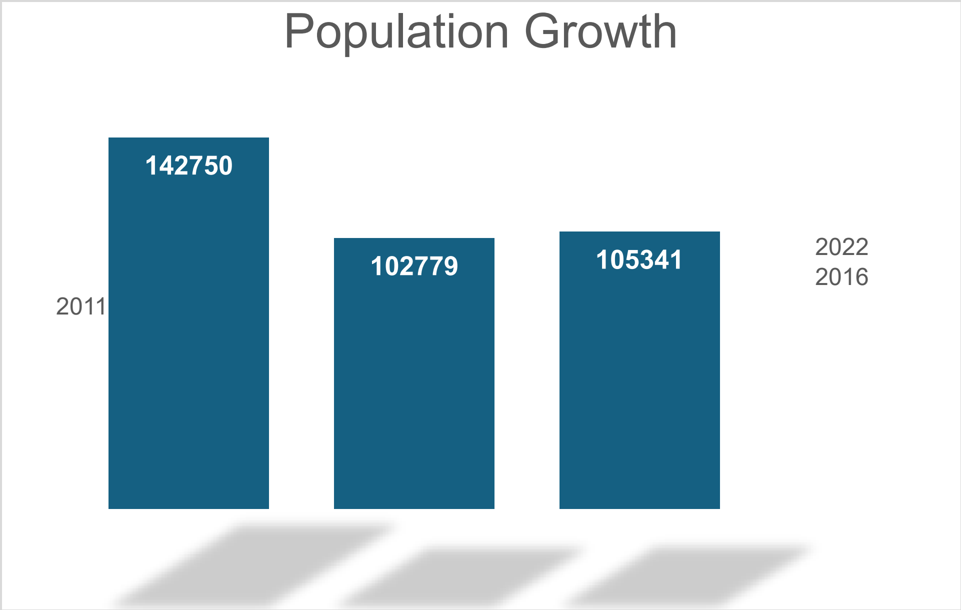
The population in the wards differed based on the addition of two wards from the initial 11 wards as at census 2011 to census 2016. Some of the population groups from the then existing 11 wards relocated into the two new wards, which are wards 12 and 13. The additional wards were based on the increase in demographics within the municipality as the population grew.

1.3.3 Population Growth / Decline

Population densities are highest in the Traditional Council areas in the north-eastern portion of the municipal area and in Dannhauser Town. The town functions as a primary node (providing commercial service facilities, agricultural industries, industrial park, public social infrastructure, economic infrastructure, and government services). The local economy is largely defined by the mining and agricultural sectors, these currently contribute to minimal employment within the jurisdiction. Residents rely on the larger urban centres of Dundee and Newcastle for employment opportunities and higher order goods and services.

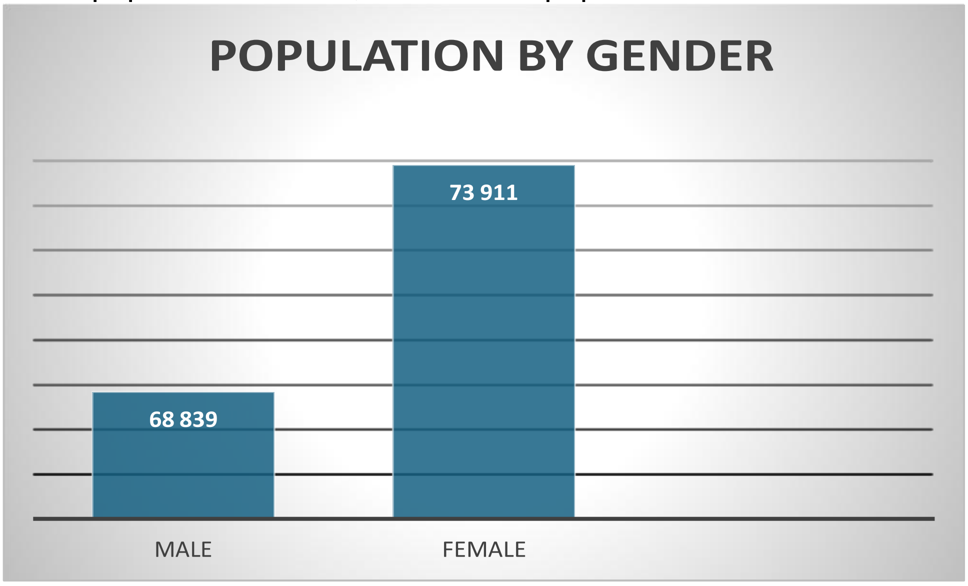
The population growth within the jurisdiction can be attributed to several issues including receiving quality government services, immigration by residents moving from neighbouring areas such as Newcastle, Emadlangeni and other municipalities, increased housing development by Human Settlements, availability of land for agricultural activities, etc. If the growth rate persists, it is likely to encourage development in the area. The situation therefore warrants interventional measures that could encourage people to remain within the municipality to the municipality.

FIGURE 1: POPULATION GROWTH



(Stats SA: Census 2022)

The was increased from 2016 and 2022 in terms of gender growth. Approximately 68 839 total male population in 2022, female total population 73 911 inn 2022.



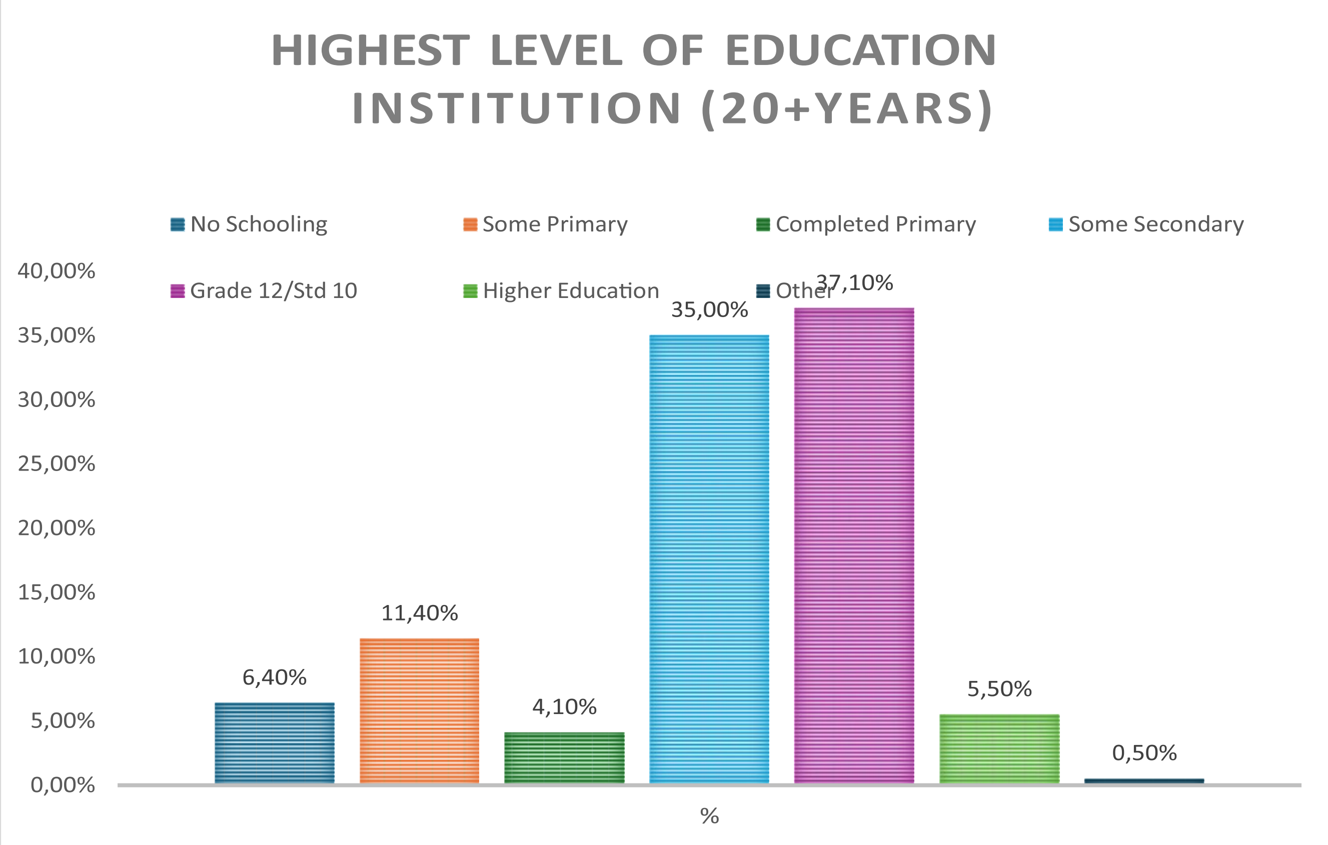
(Stats SA: Census 2022)

1.3.4 Education Level

Education plays an important role in economic development. It provides skilled labour that is key in producing goods and services in an economy. In 2016, of the total population of 105 341, only 1.9% had obtained tertiary educational attainments and only 16.4% had matriculated. People with no schooling increased to 14.7% 2011. This can be attributed to a lower level of primary school enrolment that was experienced in the municipal area in 2014-2015. Only a handful of those who finish matric pursue further studies.

If the population levels continue to rise, and education is not addressed, the jurisdiction may end up having a community that is highly uneducated thus increasing the levels of poverty and dependency. It is important to address this challenge, through development of rural education facilities and support given to children who come from highly impoverished backgrounds. The NDP 2030 points out the need to develop rural communities to attain levels as those in urban areas. There is a need to develop a program that will monitor or ensure that pupils that enrol in primary education are encouraged to complete secondary education and further their studies. Figure.3 below indicates the population levels and their levels of qualifications within Dannhauser.

Figure 2: Education Level



(Stats SA: Census 2022

1.3.5 Multiple Deprivations Index

The KwaZulu-Natal Provincial Index of Multiple Deprivation (PIMD) (2001) identifies poverty levels per municipality at a ward level. In terms of how it was determined, the PIMD (2001) was constructed by combining the five transformed domain scores with equal weights. The five domain indices are as follows:

Income and Material Deprivation;

Employment Deprivation;

Health Deprivation; ✓ Education Deprivation; and ✓ Living Environment Deprivation.

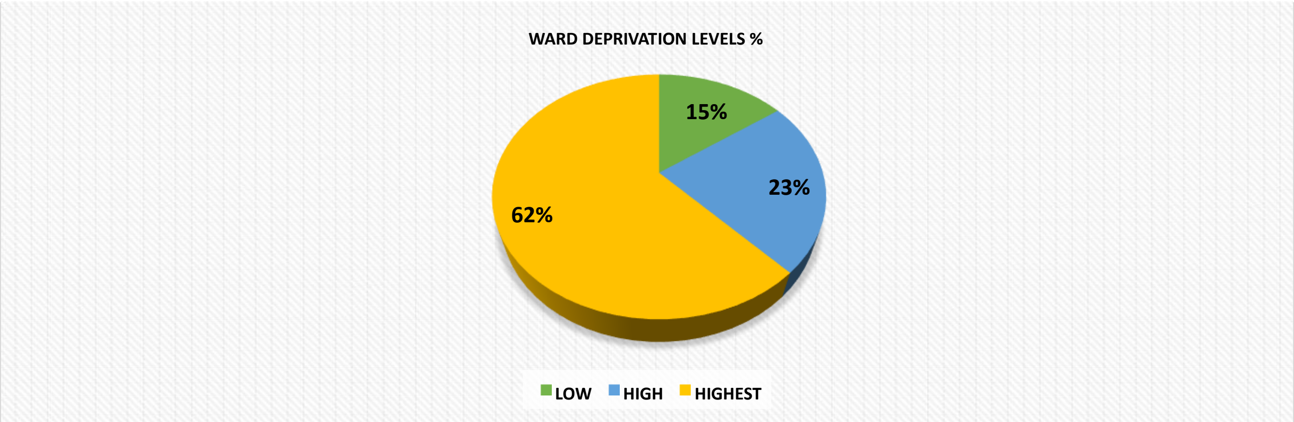
TABLE 1: MULTIPLE DEPRIVATIONS INDEX (CENSUS 2016

WARDS	LEVEL OF DEPRIVATION
Ward 1	High
Ward 2	Low
Ward 3	Most
Ward 4	Most
Ward 5	Most
Ward 6	Most
Ward 7	High
Ward 8	Most
Ward 9	High
Ward 10	Most
Ward 11	Low
Ward 12	Most
Ward 13	Most

(The table above indicates the high levels of pervert within the municipal jurisdiction as at 2020/2021).

The figures below of the following graphs in this chapter have not changed due to that statics from census have not been updated.

FIGURE 3: % WARD DEPRIVATION LEVELS -



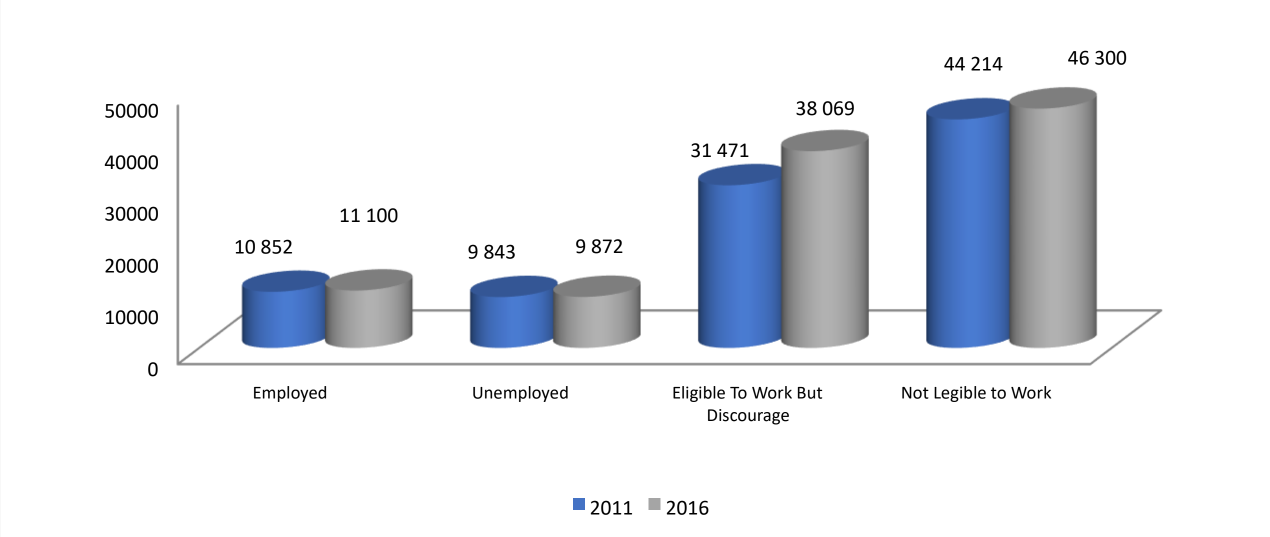
(Stats SA: Census: 2016)

1.3.6 Employment / Unemployment Rate

The municipality experienced a slight increase in the number of people employed from 2011 to 2018, this is however offset by the large numbers of people who are eligible for employment but are not employed. This can be attributed to low education levels which compromise the employability of residents within the municipality and a lack of employment opportunities due to a lack of economic activities in the municipal area. High unemployment levels pose several challenges and are associated with a number of social ills, particularly for the youth.

The results of the above circumstances prone to engage in activities such as drug abuse, crime, alcohol abuse, etc. Efforts should be made to address these challenges. The figure below indicates the employment status of the municipality; The marked slight improvement of employment has been contributed by the local economic development programmes that the municipality is engaging in with sector departments and private stakeholders.

FIGURE 4: EMPLOYMENT STATUS



1.3.7 Household Income

TABLE 2: HOUSEHOLD INCOME LEVELS

HOUSEHOLD INCOME	
INCOME BRACKET	**NUMBER OF HOUSEHOLD**
No Income	3 544
R1 – R 4 800	1 124

R 4 801 – R 9 600	2 142
R 9 601 – R 19 200	4 979
R 19 201 – R 38 400	4 852
R 38 401 – R 76 800	2 427
R 76 801 – R 153 600	1 022
R 153 601 – R 307 200	458
R 307 201 – R 614 400	226
R 614 401 – R 1 228 800	32
R 1 228 801 – R 2 457 600	13
R 2 457 601 or More	18
Unspecified	1
Not Applicable	5
GRAND TOTAL	20 844

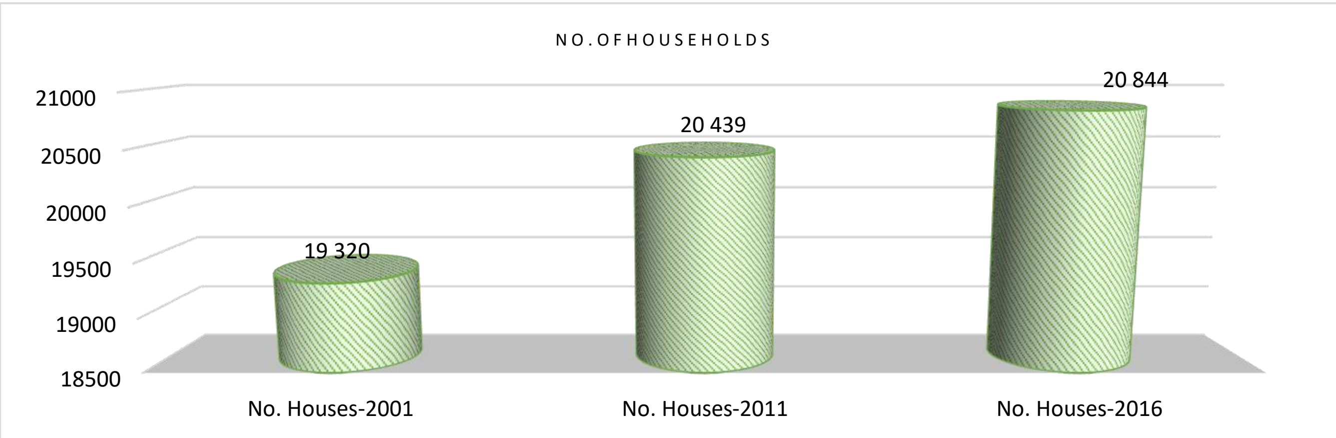
(Stats SA: Census 2016)

It is clear from the above data that there are more households living in poverty, this impacts negatively on the revenue generating stream of the municipality. It also serves as an indicator that more employment opportunities (job creating activities) must be implemented to reduce the poverty margins.

1.3.8 Current Household Status

The number of households in the municipal area slightly increased from 20 439 in 2011 to 20 844 in 2017. These households are mostly located in rural settlements and are scattered in space in an inefficient manner. These scattered households pose a great challenge in terms of providing basic services such as water, roads, electricity.

FIGURE 5: NO OF HOUSEHOLDS



(Stats SA: Census 2016)

1.3.9 Vision

A trusted, and caring local municipality that promotes good governance, inclusive and sustainable development.

1.3.10 Mission

We are a united and trusted local municipality that prioritizes service delivery through co-operative governance and public participation.

CHAPTER 2: GOVERNANCE

2.1 Component A: GOVERNANCE STRUCTURES

2.1.1 Political Governance

Dannhauser Local Municipality (DLM) exists in terms of Municipal Systems Act No.32 of 2000 with its amendments. The municipality is a collective council in terms of the Constitution. Through local government elections, DLM is composed by different political Parties and the Council is chaired by the Speaker and Comprises of 25 Councilors. The municipality has political structures where councilors are spread across their proposition to serve in these structures. This includes the following:

- Municipal Council which is the mother body of the municipality and a decision maker structure. This structure has an authority to resolve any municipal matters, other legislative functions of the Council include approval of by-laws, policies, the Integrated Development Plan (IDP), rates and tariffs.
- **Executive Committee (EXCO)**: This committee is a sub-committee of council which is Chaired by the Honorable Mayor, and the chairpersons of portfolio committees form part thereof.
- **Municipal Public Accounts Committee (MPAC)**: Is an oversight committee of Council which its role is to investigate matters raised by Council mostly pertaining Unauthorized, Irregular, Fruitless and Wasteful Expenditure (UIFWE). DLM have this committee to ensure that its matters are investigated in manner which is transparent to their decision making comprising the writeoffs.
- **Portfolio Committees**: Portfolio Committees are established in terms of Section 79 of Municipal Structure Act No. 33 (a) of 1998. The municipality consists of five (5) departments and the Office of the Municipal Manager, namely:
  1. Municipal Manager
  2. Corporate Services
  3. Budget and Treasury Office
  4. Technical Services
  5. Community Services
  6. Planning and Economic Development

Portfolio Committees are spread amongst the departments in terms of monitoring and operations, Portfolio Committees meets as per schedule developed and approved by Council. Departmental reports especially service delivery and budget management all are scrutinised and review committees, and these submissions are approved by Council. Portfolio Committees are chaired by members of Council who are appointed by Council.

Table illustrating Council Election (2021-2026)

Political Party	Ward Allocation	PR Allocation	Number of seats in Council
IFP	6	2	8
ANC	6	3	9
EFF	0	3	3
TSSA	0	1	1
ABC	0	1	1
Independent	1	0	1
CPF	0	1	1
DA	0	1	1
TOTAL	**13**	**12**	**25**

2.1.2 Committee Allocation and Council Attendance 2024 - 2025 (JULY 2024 TO June 2025)

Name of the Member of Council	Organisation	WARD	Committees Allocated	Council Meeting in the year 2024/2025	Meetings attended	No of Absent Days
SEC KUNENE	IFP	11	EXCO, Corporate	21	21	0

S NZUZA	EFF	11	EXCO, Corporate (Chairperson), Technical (Chairperson)	21	15	06
XM NKOSI	IFP	9	MPAC	21	18	03
VG NGCANE	TSS	9	WHIPS, BTO, MPAC, Technical	21	18	03
MS MKHUMANE	ANC	1	WHIPS (Chairperson), BTO, MPAC, Technical	21	16	05
M KUNENE	ANC	2	WHIPS, Corporate	21	17	04
MS MTHEMBU	IFP	3	Planning & Economic Development	21	21	00
BTD LANGA	ANC	4	EXCO, Community (Chairperson), Planning & Economic Development (Chairperson)	21	21	00
MJ NKANBINDE	ANC	5	Corporate	21	16	05
SW NDLELA	IFP	6	Community (Speaker)	21	21	00
FR SIMELANE	IFP	7	WHIPS, Corporate	21	21	00
RN MADE	IFP	8	EXCO, Planning & Economic Development	21	21	00

N MTHEMBU	ANC	10	Planning & Economic Development	21	16	05
BA RADEBE	ANC	11	Mayor, EXCO (Chairperson), BTO (Chairperson),	21	17	04
CMF MAPHISA	IFP	12	Corporate	21	21	00
BS SIKHAKHANE	IFP	13	Technical, Planning & Economic Development	21	18	03
MP MATHEBULA	ANC	13	Technical	21	20	01
EN BUTHELEZI	IFP	9	MPAC, Community	21	19	02
DM MAKHAZA	DA	11	WHIPS, MPAC	21	21	00
KB KHANYE	EFF	4	BTO, Corporate, Community	21	17	04
TS Msibi	ANC	12	Planning & Economic Development, Community	21	18	03
MT MABASO	EFF	3	WHIPS, MPAC (Chairperson)	21	17	04
SE MYAKA	CPF	6	WHIPS, Speaker	21	16	05

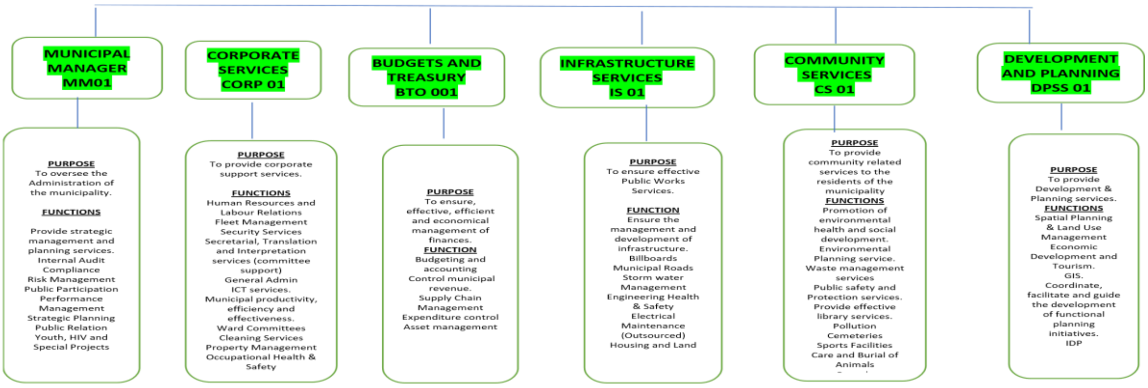
NP KUMALO	ANC	8	BTO, MPAC, Planning & Economic Development	21	17	04
RS LANGA	ABC	5	WHIPS, BTO, MPAC, Technical	21	21	00

2.1.3 Committees and Purposes of Committees

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
MPAC	The Municipal Public Accounts Committee (MPAC) has been established by Council in terms of Section 79 of the Municipal Structures Act, Act 117 of 1998. The purpose of the Committee is to perform an oversight function on behalf of the Council over the executive functionaries of the Council to the extent set out herein
Portfolio Committee	The Portfolio committee has been established by Council in terms of Section 80 of the Municipal Structures Act, Act 117 of 1998. The purpose of the Committee is to perform an oversight function on behalf of the Council over the executive functionaries of the Council to the extent set out herein
Audit Committee	The committee must review and assess the qualitative aspects of financial reporting, the municipality's processes to manage business and financial risk, governance processes and compliance with applicable legal, ethical, and regulatory requirements.
EXCO	The Executive committee is the management or principal committee of the municipality. It receives reports from other committees of council and must forward these reports together with its recommendations to the full council.
MANCO	The Management Committee carries out a vital role within the Municipality. Their role is not necessarily about doing, it is about ensuring things are done. Usually, the day-to-day management of the municipality will be delegated by the Municipal Manager.

2.1.4 Administrative Governance Structures

Administratively, DLM is led by the Municipal Manager, Mr M.S Sithole who was appointed on the 05 December 2023, and previously the duties of the Municipal Manager were fulfilled as per the appointment, which is in terms of Section 54 of Municipal Systems Act No.32 of 2000 and its amendments and Section 60 & 61 of Municipal Finance Management Act of 2003, outlines the roles and responsibilities of the Municipal manager as an Accounting Officer.



The municipality has 5 departments and the executive office as oulined above

The municipality approves the organogram which is in line with the IDP to maximize the operational capacity in executing duties, that seek achievement as per the set-out targets. DLM consists of five (5) departments and executive office (Municipal Manager), the five (5) departments are led by Senior Managers who report directly to the Municipal Manager. The departments are as follows:

Office of Municipal Manager

Technical Services

Community Services

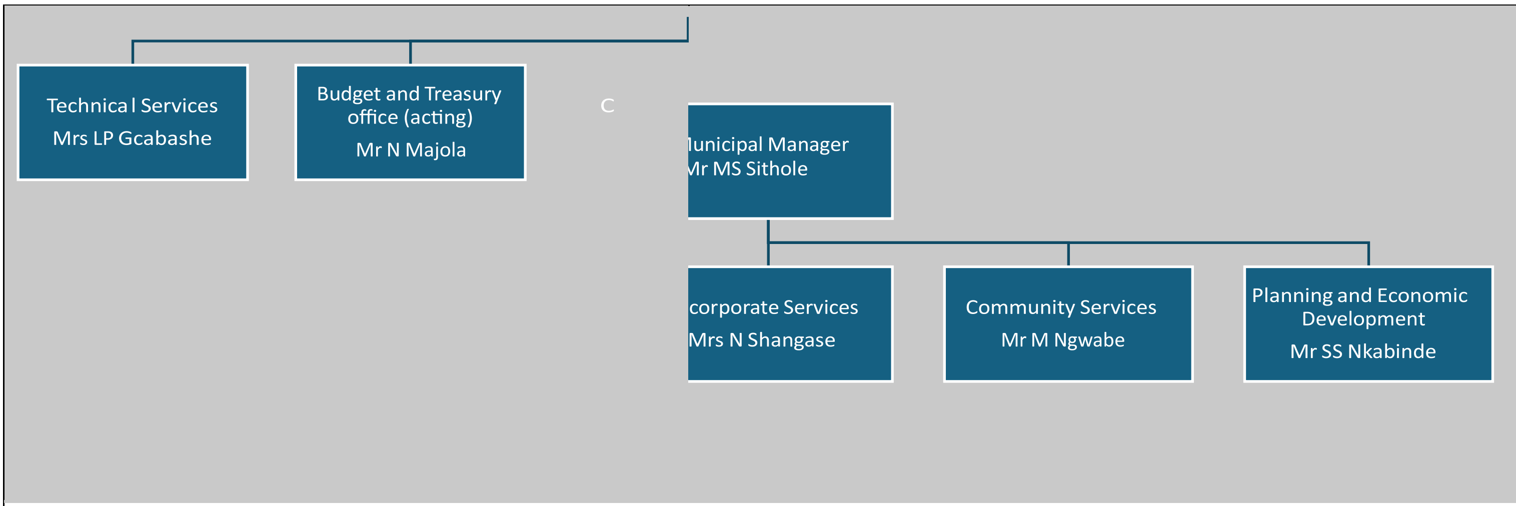
Planning and Economic Development

Corporate Services

Budget and treasury Office

Dannhauser Municipality employees report to the Heads of Department (HODs) - who are Directors of different Departments. The HODs sit in Portfolio Committee meetings and discuss matters pertaining to their respective areas of operation.

2.1.5 Administrative Structure



Directorate	Director/Manager (State title and name)
MM	Mr. M.S Sithole
Technical Services	Mrs L.P Gcabashe
Budget and Treasury Office	Mr N Majola (Acting)
Corporate Services	Mrs N.M Shangase
Community Services	Mr M Ngwabe
Planning & Economic Development	Mr S.S Nkabinde

2.2 Component B: INTERGOVERNMENTAL RELATIONS (IGR)

INTRODUCTION TO CO-OPERATIVE GOVERNANCE AND INTERGOVERNMENTAL RELATIONS

Note: MSA S3 requires that municipalities exercise their executive and legislative authority within the constitutional system of co-operative governance envisage in the Constitution S41.

Amajuba District Municipality is the custodian of Intergovernmental relations where different committees are coordinated for the synergy of healthy working environment among the district family of municipalities

Dannhauser Local Municipality has an Intergovernmental relations function that is responsible for promoting and facilitating effective and efficient intergovernmental relations between the National Development Plan, Provincial Growth Development Strategy, and the District Growth Development Strategy in ensuring that all programmers undertaken are in line with government priorities.

The participates in structures that have been established to ensure cooperative governance towards fast tracking integrated service delivery. The Intergovernmental relations function provides support to the Mayor and the Municipal Manager through facilitating inter-sphere and inter-sectoral intergovernmental cooperation.

DLM plays a role in participating in all district forums that envisage addressing community challenges and enhance service delivery. The municipality takes part in the following forums:

No	Name/ Description	Purpose	Status Quo
1.	Mayors' Forum	For governance engagement and decision making in terms of matters falling on the District Municipality, which forms part of intergovernmental relation framework principle	Not functional

2.	Municipal Manager's Forum	For governance engagement and decision making in terms of matters falling on the District Municipality, which forms part of intergovernmental relation framework principle	Not functional
3.	CFO's Forum	The purpose is to assist the CFOs with challenges in their municipalities and when there are new regulations to be implemented.	Not functional
4.	Corporate Services Forum	The forum provides engagement on the Corporate Services within the district municipality, where matters are facilitated, and support provided thereof	Not functional

5.	Community Services Forum	To coordinate and align Community and Social development programs within the district. This includes Library Services, Disaster Management, Sport, Arts and Culture as well as Social Development and welfare Outreach programs. The Forum also addresses Environmental justice and Environmental compliance issues.	The Quarterly meetings have been changed to D.D.M Cluster meetings which sit monthly. The relevant Cluster is the Social Development Cluster. There is however overlap with the Justice, Economic and Governance Clusters.
6.	Technical Services Forum	Technical Services forum is the structure coordinated by the district municipality where issues falling on the service delivery for both district and local municipalities where support and intervention is recommended and provided.	Not functional
7.	Planners Forum	Align district development planning	Functional

8.	DTAC	Forum is responsible for coordination and alignment on matters of Performance Management System, where support and intervention is provided when necessary.	Not functional
9.	Internal Auditors Forum	Forum is responsible for coordinating issues relating Internal Audit, where district municipality is coordinating the structure. It further provides support and intervention when is necessary.	Not functional

Over and above the mentioned forums, Dannhauser Local Municipality plays a fundamental role in the District Development Model (DDM) where the Mayor of District Municipality serves as the convenor of the different committees and the Municipal Manager as the coordinator for the whole district. It must be noted that this structure was initially introduced by President Cyril Matamela Ramaphosa in March 2019 with an idea to address the silo planning mentality and development of one plan, one budget in one district.

The DDM for Amajuba District Municipality, and Dannhauser Municipality is the participant or the member in terms of the district composition, and different subcommittees are not in good standing in terms of performing their roles, this is due to high vacancy rates in the district, in some instances non-participation of the respective municipalities in other committees.

2.3 Component C: PUBLIC ACCOUNTABILITY AND PARTICIPATION

Chapter 4 of Municipal Systems Act No.32 of 2000 and its amendment talks to community involvement. This chapter put emphasis on involving the public in all decision making, meaning the government must always consult the public in decision making and plan with them not for them. Dannhauser Local Municipality has consistently implemented this mandate to ensure that the services rendered to the communities are the ones that are request by them. Through public participation, the municipality in 2024/2025 financial year was working with the elected ward committees that were elected in November 2021. Ward committees serve as a link between the community and the municipality. This structure is imperative to ensure that communication reach all corners of the municipal jurisdiction. DLM consist of 13 ward which results to 130 ward committees as each ward consist of 10. The ward meetings are therefore called and chaired by the ward councilor and minutes are kept for record.

Ward	Number of Constituency meetings Held
1	2
2	2
3	2
4	2
5	2
6	2
7	2
8	2
9	2
10	2
11	2
12	2
13	2
Total number of Constituency meetings held	26

Through IDP/Budget Process Plan that was developed and adopted by council on the 29 May 2024, the municipality has ensured that all roles and responsibilities as per the plan are undertaken by those affected bodies to ensure conducive working environment.

The municipality has engaged with different stakeholder in the development and the review of the IDP and budget through IDP/Budget Representative forum. This forum is an engine in aligning sector departments programmers with those of the municipality.

IDP ROADSHOWS

DLM have also established war rooms in all wards where all sector departments, parastatals (NGOs/NPOs) and the municipality form part to address social challenges identified through community social assessment. This structure strongly assists to tackle social ills that are affecting the communities.

The municipality further communicate and involve its public through municipal website which serves as a Fourth Industrial Revolution (4IR). This assist to ensure that those who cannot access newspapers and notice board they still access the website for municipal affairs. Radio and television slots are also used to convey message on upcoming events of the municipality.

2.4 Component D: CORPORATE GOVERNANCE

2.4.1 Risk Management

Risk management is therefore recognised as an integral part of sound organisational management and is being promoted internationally and in South Africa as a good practice applicable to the public and private sector. The accounting officer and the heads of the departments are responsible for ensuring that operational activities are undertaken legally.

The Dannhauser Local Municipality guided by the risk Register and Risk Policy/Framework Assist the Municipal Manager in discharging his or her accountability for risk management by reviewing the effectiveness of the municipality's risk management systems, practices, and procedures, and providing recommendations for improvement.

The municipality has established the risk management committee to oversee risk management process. The risks that were identified have been monitored monthly throughout the year. The risk committee also considered all the risks in the risk profile of the municipality and the action plans that have been put in place to ensure that those risks do not materialise.

2.4.2 Anti- Corruption and Fraud

In terms of Section 83 (c) of the Municipal Systems Act (MSA) Act 32 of 2000, if a municipality decides to provide a municipal service through service delivery agreement with a person referred to in section 80 (1) (b), it must select the service provider through selection processes which minimize the possibility of fraud and corruption.

The Municipality has developed the following strategies to prevent fraud and corruption.

- Risk Management Policy.
- The Anti-Corruption Strategy and Fraud Prevention Plan

2.4.3 Supply Chain Management

Sections 110 – 119 of the Municipal Finance Management Act, Act 56 of 2003, Supply Chain Management (SCM) Regulations 2005 and relevant MFMA Circulars set out required processes and guidance manuals to help ensure that SCM arrangements provide appropriate goods and services, offer best value for money, and minimize the opportunities for fraud and corruption.

SCM Processes are being updated on an ongoing basis to ensure full compliance with the Municipal Finance Management Act (MFMA) and the Regulations issued under the MFMA. The Chief Financial Officer as well as the SCM Accountant complies with the MFMA minimum competency levels.

Approximately 90% of the officials in the SCM Unit are competent with the regulations on minimum competency levels.

SCM Policy was reviewed in line with the approval of the final budget for the year under review, was reviewed during the 2024/2025 financial year and was tabled at Council on 24 May 2024. To further strengthen controls, the policy dealing with the acceptance of grants, donations and sponsorships was again reviewed during the year under review.

2.4.4 By-Laws

MUNICIPAL BY-LAWS	STATUS
Outdoor Advertising Municipal By-Laws	Adopted and gazetted
Animal Pound By-Laws	Adopted and gazetted
Health a nuisance By-Laws	Adopted and gazetted
Cemeteries, Cremation and Undertakers Municipal By-Laws	Adopted and gazetted
Municipal Public Transport Municipal By-Laws	Adopted and gazetted
Dannhauser Spatial Planning and land use Management ByLaws	Adopted and gazetted

2.4.5 Websites

The importance of the Website is outlined in MFMA regarding documents which should be published on the Website. It is monitored by National Treasury as part of compliance. Municipal Website is updated regularly to ensure that all information required by the Municipal Finance Management Act, and other legislation are promptly and appropriately displayed on the Website.

Dannhauser Local municipality Website is one of a variety of communication tools available in the Municipality.

The Municipality did not conduct public satisfaction on municipal services in 2024/2025; however, the municipality is in a process of establishing the team to verify the public satisfaction to ensure that this area is undertaken, and the municipality is aware of the needs of the communities.

2.4.6 Public Satisfaction on Municipal Services

The Municipality did not conduct public satisfaction on municipal services in 2024/2025; however the municipality is in a process of establishing the team to verify the public satisfaction to ensure that this area is undertaken, and the municipality is aware of the needs of the communities.

2.4.7 **All municipal oversight committees**

Municipal oversight committees, primarily section 79 and 80 committees under South African Municipal Structures Act, are crucial bodies ensuring accountability, transparency, and compliance within local government. They monitor municipal performance, finances, and administration, preventing mismanagement and promoting effective service delivery.

- Council
- EXCO
- MPAC
- Portfolio committees

CHAPTER 3: SERVICE DELIVERY PERFORMANCE (PERFORMANCE REPORT PART 1)

3.1 Component A: SERVICE DELIVERY

This chapter considers municipal performance that are derived from the IDP, provision of sufficient, affordable, and quality basic services is considered a core function of Local governments, the Dannhauser Local Municipality provides the following services for its community: electricity infills; water and sanitation; waste removal/ management; infrastructure provision and maintenance and environmental management.

Dannhauser Local Municipality uses scorecard that is aligned with the SDBIP to manage performance of different functions. 2024/2025 has been a challenging year, climate changes and limited funding have negatively affected the implementation of service delivery. The municipality had to adjust in changes whilst ensuring that services are delivered to the community as it is our duty to ensure that the Batho Pele principles are met. The overall score for the KPA on a year -on-year basis expressed as a percentage of %. The Basic Service Delivery initiatives that the municipality offers includes:

3.1.1 Electricity Infrastructure

For the year under review (2024/2025) the projects for provision of electricity infrastructure were implemented in the following Wards, Ward 4, 5 & 10, the project funding was limited due to limited revenue and high rates of unemployment, whilst the demand for electricity eradication is high. The municipality is not a licensed authority for electrification it is a responsibility of ESKOM, which the municipality provides infrastructure and then transferred to ESKOM. The municipality managed to provide electricity infrastructure for 20 households, and planning and detailed designs for construction of electricity infrastructure in ward 5 and 10 commenced in the year 2024/2025.

3.1.2 Mast Lights

As part of ensuring that the community is safer the municipality is determined to provide public light projects where Mast Lights will provide at the following Wards: (6,7,8,10 & 13). The municipality has managed to complete the construction of mast lights. The municipality is owning this infrastructure, and it is maintained through maintenance.

3.1.3 Water and Sanitation

Amajuba District Municipality is the Water services Authority over Dannhauser Local Municipality, whereby this Water Services Authority was empowered to perform the functions and exercise the powers referred to in Section84(1) (b) & (d) of the Municipal Structures Act (117 of 1998) which provides for the provision of potable water supply and domestic wastewater & sewage disposal systems sanitation systems. In terms of Section 11 of the Water Services Act (108 of 1997), every Water Services Authority is obligated to ensure the adequate sustainable access to water and sanitation to all consumers within their area of jurisdiction. The authority of the District Municipality is further enshrined in the Constitution 108 of 1996, Section 156 & 229, and read in line with the Municipal Structures Act (117 of 1998) section (83) (3).

Dannhauser Local Municipality integrates with the District Municipality through the Intergovernmental Relations Act, through the obligations to be fulfilled by the District in the Structures Act, Section (83)(3) (a) to (d), but Dannhauser has no authority to undertake any implementation of water & liquid sanitation services to households, businesses, and the rest of the community. All licensing of water and liquid sanitation related activities for Dannhauser are undertaken by the district.

Dannhauser Municipality is in a process of applying for water licence in Regional Office of the Department of Water and Sanitation, so that it can be able to provide water for its communities and be independent from Amajuba district for provision of water.

3.1.4 Waste Removal/Management

The municipality provides waste removal service in ward 1, 2, 3 & 7. This service is further extended to the small holdings' areas around Dannhauser, which mainly Mdakane area, and other surrounding areas. This service is also being provided to indigent households around the municipality, as stated in the indigent policy. The waste removal is paid by those who are the customers as per debtors registered data base.

3.1.5 Infrastructure Provision and Maintenance

The municipality is committed to providing infrastructure as part of basic services provision and budget for maintenance at an annual basis.

Rural and urban Roads

The provision of the rural roads is the primary responsibility of the local municipality depending on the description of the roads, the funding also determines the delivery service to be rendered/delivered. Some roads were falling under maintenance, that part was covered under maintenance vote though the funding was limited. For the year under review the Roads were constructed at Ward 2 and 6 through MIG and internal Funding. All the constructed roads under year review are access/gravel/tare roads.

Public Amenities

The following Public Amenities were constructed:

Description	Purpose	Wards	Status	Reasons
Community Hall	Public Gathering, and Social Activities	9	Not Completed	Poor Performance from service provider

Community Hall	Public Gathering, and Social Activities	4	Completed	None
Community Hall	Public Gathering, and Social Activities	1	Not Completed	There was a dispute submitted to National Treasury by a prospective bidder
Community Hall	Public Gathering, and Social Activities	11	In progress	None

3.1.6 Environmental Management

Environmental and Spatial Management is key performance area that deals with issues spatial planning, environmental management as well as disaster management. 8 Targets were set out for this financial year and in keeping with its constitutional mandate, section 24 of the Bill of Rights, 'Everyone has the right- to an environment that is not harmful to their health or well-being and to have an environment protected for the benefit of present and future generations through reasonable legislative and other measures that:

a). Prevent pollution and ecological degradation,

b) Promote conservation and secure ecological sustainable development and the use of natural resources while promoting justifiable economic and social development. In meeting the above mandates, the following is the weekly schedule for Refuse Removal:

- Monday: Dannhauser CBD, and Business as well as KwaMdakane Taxi Rank.
- Tuesday: Hattingspruit.
- Wednesday: Durnacol.
- Thursday: Dannhauser Residential.
- Friday: Emafusini and Koppie Allen.

The waste collection backlog services that still exist especially in rural areas has caused the municipality to extend waste collection services to areas such as KwaMdakane and Koppie Allen, though some of the communities around these areas are still not serviced. The delay in waste collection due to vehicle breakdown sometimes which result in waste being dumped illegally, all that has been noted. Community services has also successfully secured a specialised vehicle for waste management from the national Department of Forestry, Fisheries and Environmental Affairs (DFFE).

Responding on the constitutional mandate to raise environmental education and awareness. The municipality in the financial year 2024/2025 conducted a clean-up campaign in Dannhauser town ward 2, KwaMdakane ward 7, 11 and 12, and Koppie Allen ward (KwaShongwe) ward 4, the clean-up campaign the municipality was conducting it in partnership with EDTEA.

The community was cautioned about the anticipated Disaster incidents that are likely to happen during summer season. Then the municipality community services department conducted meetings with the communities to teach them on new ways to prevent or protect themselves from those incidents.

The schedule for gardening and greening maintenance including sport grounds, and cemeteries are as follows:

- Monday: Dannhauser (Newton and White City).
- Tuesday: Dannhauser (South Park and Emafusini)
- Wednesday: Durnacol
- Thursday: Hattingspruit.
- Friday: Dannhauser- CBD, Cemeteries and Sports fields.

Landfill Site Cell: The topographical survey and geotechnical surveys have been complete, and the new cell is to be complete. The latter is necessary for efficient and effective waste management, as the cell is full. The Animal Pound Services are ongoing in partnership with SAPS, RTI and the community in general. The Department has successfully acquired land from Exxaro for a new cemetery at No 2 Durnacol, all studies have been complete, and cemetery is ready for use after fencing and road access is completed.

3.1.7 Housing

Housing or Human settlement function is not the primary responsibility of the Dannhauser Municipality; however, the municipality is responsible for coordinating and monitor implementation of the housing projects in consultation with the Department of Human Settlement in the province. For the year under review the following projects were implemented and still under implementation:

PROJECT NAME	DESCRIPTION	WARD	IMPLEMENTING AGENT TO 30JUNE 2022	HOUSES COMPLETED
Ubuhlebomzinyathi Housing Projects Phase 3	CONSTRUCTION OF 300 HOUSES FOR PERIOD OF 36 MONTHS	9 &10	NTOKOZWENI DEVELOPERS	296
Ubuhlebomzinyathi Housing Project Phase 1	CONSTRUCTION OF 300 HOUSES	9	MASEKO HLONGWA & ASSOCIATES	300
Ubuhlebomzinyathi Housing Project Phase 2, Philip farm Rural Housing Project Ward 11 &13, Implementing Agent is Ziqoqe Construction.	CONSTRUCTION OF 300 HOUSES	11&13	ZIQOQE	02
Dannhauser Housing Project Ward 2, phase 1, Implementing Agent is Stedone Development.	CONSTRUCTION OF 500 HOUSES	2	STEDONE DEVELOPMENT	100% BULK SERVICES COMPLETE
Stein Drive-Inn Housing Project, Ward 3 Informal Settlement Upgrade, Implementing Agent is Siyakhula Civils, phase 1	CONSTURCTION OF 500 HOUSES, CURRENT WITH PLANNIG	3	SIYAKHULA CIVILS	0, PLANING PHASE
PROJECT NAME	DESCRIPTION	WARD	IMPLEMENTING AGENT TO 30JUNE 2022	HOUSES COMPLETED

Striljbank Retification Project, Ward 3 Housing Retification Project, phase 1, Implementing Agent appointment	RETIFICATION OF 247 HOUSES STILL IN PLANNING PHASE	3	Akwande Civils	28

Department is currently under capacitated, and additional staff be priorities going forward. With the appointment of the Director Planning and Economic Development the performance will improve in terms of the execution of such projects.

3.1.8 Free Basic Services and Indigent Support

The municipality implements the provision of the free basic services for the Waste removal which is mainly in the urban node (Dannhauser town and surroundings, South Park, Newtown, Emafusini Township, Durnacol Village, Hattingspruit & KwaMdakane). The service is implemented through registered debtors, and which has the categories for indigent. The beneficiaries for registered indigent are 139.

3.1.9 Local Economic Development

Local Economic Development's main objective is to promote economic growth and local economies in partnership with key stakeholders and through aligning LED Initiatives with government programmes.

The municipality assists the Dannhauser community through this Local Economic Development office with the following:

- Business licence compliance certificate
- Business start-up / business development - Business monitoring and evaluation - Production of trading permits.

Small, Medium and Micro Enterprises (SMMEs)

The municipality assists SMMEs by creating opportunities for their developments through the following intervention:

- LED Database

3.1.10 Municipal Annual Performance Report

IDP / SDBIP NO.	OBJECTIVE (AS PER IDP)	STRATEGIES (AS PER IDP)	INDICATORS	COMPARISON WITH PREVIOUS YEAR		CURRENT YEAR					Status (Achieved / Not Achieved)	Reasons for Underachievement and over achievement	Measures taken to improve performance	Portfolio of Evidence
				2023/2024 (TARGET)	2023/2024 (ACTUAL)	DEMAND	BACKLOG	2024/2025 (TARGET)	2024/2025 (REVISED TARGET)	2024/2025 (ACTUAL)				
KPA: MUNICIPAL INSTITUTIONAL DEVELOPMENT B2B: BUILDING INSTITUTIONAL RESILIENCE AND ADMINISTRATIVE CAPABILITY														
A,7,1,1	Regular monitor and evaluate performance of the Service Providers rendered services on behalf	Outsourced services effectively managed	Number monitored and evaluated performance assessment of the external Service Providers with signed SLAs in the year ending 30June 2025	4	3	0	0	4	4		Achieved			4x Quarterly performance reports on external service providers and Appointment letters

A,7, 1,2	To comply with WSP legislative requirements	Develop, consult and adoption of WSP and submission	Noting and submission of the 2025/2026 WSP by 30 April 2025 in the year ending 30 June 2025	submission of the 2023/2024 WSP to LGSETA by 30 April 2023 in the year ending	Proof of submission to LGSETA ; 2023/24 WSP Report	Submission of the 2025/2026 WSP to LGSETA by 30 April 2025	N/A	submission of the 2025/2026 WSP to LGSETA by 30 April 2025 in the year ending	Date of submission of the 2025/2026 WSP to LGSETA by 30 April 2025	1X Report submitted	Achieved			Proof of submission and the final 2025/2026 WSP
				30 June 2024				30 June 2025						
A,7, 1,2		Implementation of 2024/ 2025 WSP	Number of 2024/2025 WSP training interventions offered	NA	NA	New	New	100% implementation of the 2024/2025 WSP in the year ending 30 June 2025	5x 2024/2025 WSP training interventions offered in the year ending 30 June 2025	5x progress report	Achieved			5x progress report

A,7, 1,3	Review and adoption of the 2024/2025 organogram	Adoption of the 2024/ 2025 organogram	Date of adoption of the 2025/2026 organogram by council in the year ending 30 June 2025	Review and adoption of Organisational Structure before by Council by 30 July 2023	N/A	Review and Adoption of 2024/2025 organogram by Council in the year ending 30 June 2025	0	Review and adoption of Organisational Structure before by Council by 30 July 2023	Date of adoption 2025/2026 organogram in the year ending 30 June 2025	Not Adopted	Not Achieved	Due to none seating of ordinary council meeting	The Organogram will be approved on the next ordinary councils meeting	Approved organogram and council resolution
A.7. 1.4	Implement adopted organogram 2024/2025	Implementation of the recruitment and selection policy as per the adopted organogram	100% filling of the vacant posts as per approved organogram in the year ending 30 June 2025	100% filling of identified critical posts in the year ending 30 June 2024		0	0	100% filling of the vacant posts as per approved organogram in the year ending 30 June 2025	8x filled vacant posts in the year ending 30 June 2025	13	Achieved	Critical and funded posts were identified and needed to be filled in the 2024/2025 Financial Year		8x Appointment letters

A,7, 1,5		Review and adoption of municipal policies	Adoption of municipal policies by council by 30 June 2025 in the year ending 30June 2025	Review and Adoption of all municipal policies (HR, ICT Finance and General Frameworks) by Council in the year ending 30 June 2024	0	New	New	Review and adoption of municipal policies in the year ending 30 June 2025	10x municipal policies adopted in the year ending 30 June 2025	21 municipal policies achieved	Achieved			Council resolution
A,7, 1,6		Development of records management strategy	Develop management record strategy in the year ending 30 June 2025	NA	NA	New	New	Copy records management strategy in the year ending 30 June 2025	Date of adoption of 2025/26 record management strategy in the year ending 30 June 2025	Not Adopted	Not Achieved	Due to none seating of ordinary council meeting	The records management strategy will be approved on the next ordinary councils meeting	Council resolution & copy of management record strategy

A,7, 1,6		Development of records management plan	Develop records management plan in the year ending 30 June 2025	NA	NA	New	New	Copy records management plan in the year ending 30 June 2025	Date of adoption 2025/26 records management plan in the year ending 30 June 2025	Not Adopted	Not Achieved	Due to none seating of ordinary council meeting	The records management plan will be approved on the next ordinary councils meeting	Council resolution
A,7, 1,7	To ensure a safe and secure municipal property through security services	Manage properties of municipality	Regular manage municipal properties through available support system in the year ending 30 June 2025	NA	NA	New	New	4x progress reports in the year ending 30 June 2025	4x progress reports in the year ending 30 June 2025	4x progress reports	Achieved			4x progress reports

A.7. 2.8	To facilitate the provision of integrated human settlement in line with provincial and national norms and standards	Development of Housing Sector Plan	Date of Developing and adopting 2025/2026 Housing sector plan in the year ending 30 June 2025	NA	NA	New	New	Development and Adoption of 2025/2026 Housing Sector Plan By council in the year ending 30 June 2025	Development and Adoption of 2025/2026 Housing Sector Plan By council in the year ending 30 June 2025	Housing sector plan is not yet adopted. Attached is the appointment letter of service provider and Inception report.	Not Achieved	The project is implemented external by Department of Human Settlements. Appointment date of service provider is 11/02/2025 which affected the completion of the project, and it is due to be completed in 2nd Quarter of next financial year.	Project roll-over to 2025/26 financial Year.	2025/2026 Housing sector plan and council resolution

KPA; BASIC SERVICE DELIVERY B2B: IMPROVING ACCESS TO BASIC SERVICES													
A,7, 2,1	Provide, improve and maintain new and existing infrastructure	Complete Construction of Ward 9 Community Hall	Construction progress percentage of Ward 9 community hall in the year ending 30 June 2025	Complete of construction the ward 09 community hall by 30 June 2024	fitting and Installation of steel portal frame	30%	Construction of Ward 09 community hall not completed	100% construction of ward 9 community hall in the year ending 30 June 2025	100% construction of ward 9 community hall in the year ending 30 June 2025	83%	Not Achieved	Nonperformance of service provider and inclement weather between January and May 2025 resulted in project not achieving target	Termination letter was issued to service provider. New appointment will be made to complete outstanding works.	4x Progress Reports on the % completion of the Construction of Community Hall, Completion certificate

A,7, 2,1		Complete Construction of Ward 4 Community Hall	Construction progress percentage of Ward 4 community Hall in the year ending 30 June 2025	NA	NA	25	Construction of Ward 4 community hall not completed	100% construction of ward 4 community hall in the year ending 30 June 2025	100% construction of ward 4 community hall in the year ending 30 June 2025	100	Achieved			3x Progress Reports on the % completion of the Construction of Community Hall, Appointment letter and Completion certificate
A,7, 2,1		Construction of Mpungwini community hall	Construction of Mpungwini community hall in the year ending 30 June 2025	NA	NA	Mpungwini community hall	New	100% completion of Mpungwini community hall in the year ending 30 June 2025	30% completion of Mpungwini community hall in the year ending 30 June 2025	0	Not Achieved	There was a dispute submitted to National Treasury by a prospective bidder, The project will only commence upon dispute being resolved by Nationa	Project will be implemented and budgeted for in the 2025/26 Financial year.	Appointment letter, 2x Progress report,

												l Treasury		
A,7, 2,1		Construction of community hall in Ward 11	Construction of Ward 11 community hall in the year ending 30 June 2025	NA	NA	Ward 11 Community Hall	New	100% completion of Ward 11 community hall in the year ending 30 June 2025	20% completion of Ward 11 community hall in the year ending 30 June 2025	65	Achieved	More resources were added on ward 11, because of poor performance on other projects, this exercise assisted in expenditure and progress on this project.		Appointment letter, 2x Progress report,

A,7, 2,1		Construction of Nkosibovu causeway and gravel access	Percentage Construction of Nkosibovu causeway and gravel access roads (0,72 km) in ward 6 in the year ending 30 June 2025	completion construction of 0,4 km Nkosibovu gravel and 0,05	69% Construction of 0,4 km Nkosibovu gravel and 0,05 Causeway Road	35	Completion of Nkosibovu gravel road (causeway)	0,4 km completed gravel road and 50%completion of Causeway in the year ending	0,4 km completed gravel road and 50%completion of Causeway in the year ending	100	Achieved			4x Progress Reports on % and completion certificate on KM completion of the construction of the
		roads (0,72) in ward 06		Causeway Road by 30 June 2024				30 June 2025	30 June 2025					Nkosibovu Gravel and Causeway Road
A,7, 2,1		The rehabilitation of Urban Road Dannhauser Town Suburb Areas Ward 2	The rehabilitation of Urban Road Dannhauser Town Suburb Areas Ward 2 in the year ending 30 June 2025	Designs and Contract documentation for the 2024/2025 Urban Road rehabilitation undertaken in ward 02 by 30 June 2024	Technical report, Drawings and Appointment letter	Rehabilitation of Urban Road Dannhauser Town Suburb Area	new	100% completion of the rehabilitation of Urban Road Dannhauser Town Suburb Areas Ward 2 in the year ending 30 June 2025	100% completion of the rehabilitation of Urban Road Dannhauser Town Suburb Areas Ward 2 in the year ending 30 June 2025	100	Achieved			4x progress report on % and completion certificate

A,7, 2,1		The rehabilitation of Emafusini Urban Road Ward 2	Percentage of rehabilitation of Urban Road Dannhauser Town Suburb Areas Ward 2 in the year ending 30 June 2025	NA	NA	Rehabilitation of Emafusini Urban Road	New	100% completion of the rehabilitation of Emafusini Urban Road Ward 2 in the year ending 30 June 2025	100% completion of the rehabilitation of Emafusini Urban Road Ward 2 in the year ending 30 June 2025	100	Achieved			4x progress report on % and completion certificate
A,7, 2,2	To provide access to electricity infrastructure for households	Provision of electricity infrastructure to household as per identify needs	percentage construction of electricity infrastructure for 20 households in ward 4 in the year ending 30 June 2025	360 houses to be provided with electricity infrastructure (Ward3, 4,8 & 12 in the year ending 30 June 2024	0x houses provided with electricity infrastructure	75	75	360 houses to be provided with electricity infrastructure in the year ending 30 June 2025	20 houses to be provided with electricity infrastructure in the year ending 30 June 2025	100% of 20 houses	Achieved			4 x Progress Report on %

A,7, 2,2		Provision of electricity infrastructure to households as per identify needs	Number of Planning and detailed designs for construction of electricity infrastructure in ward 5 and 10 in the year ending 30 June 2025	NA	NA	New	New	Ward 5 and 10 to be provided with electricity infrastructure in the year ending 30 June 2025	2x Planning and detailed designs for construction of electricity infrastructure in ward 5 and 10 in the year ending 30 June 2025	2	Achieved			4x progress report
A,7, 2,2		Construction and installation of mast lights	Provision 5x of Mast lights in ward (6,7,8,10 & 13) (Multiyear) in the year ending 30 June 2025	provision of mast lights in ward 6,7,8,10 &13 by 30 June 2024	0x mast lights were provided in wards (6,7,8,10 &13) by 30 June 2024	80	80	40%complete installation mast lights in ward 6,7,8,10 &13 in the year ending 30 June 2025	100% complete installation mast lights in ward 6,7,8,10 &13 in the year ending 30 June 2025	100	Achieved			4x progress report and completion certificate

A.7.2.3	To provide infrastructure with adequate office for administration to perform their daily duties for fast tracking service delivery	Construction of new municipal offices and municipal road	percentage of construction Municipal Office in terms of the budget allocated in the year ending 30 June 2025	Construct the Municipal Office Building in terms of the budget allocated in the year ending 30 June 2024	1x progress report on construction of Dannhauser Local Municipal. 99% completion of the construction of Municipal Offices	1%	Completion construction of municipal offices	Construct the Municipal Office Building in terms of the budget allocated in the year ending 30 June 2025	100% Construction of the Municipal Office Building in terms of the budget allocated in the year ending 30 June 2025	100	Achieved			4x Progress Report on % and completion certificate
A.7.2.4	To ensure safe and clean environment within Dannhauser Municipal Area	Regular provision of waste removal services within Dannhauser municipal area uninterrupted	Number of waste removal services as per approved schedule for the designated areas for the year ending 30 June 2025	4x quarterly implementation Reports for the year ending 30 June 2024	4x report implementation and itinerary attached	Ward 1 to 13.	Ward 4, 6, 8, 9, 10, 13, 5	4x quarterly implementation Reports in the year ending 30 June 2025	72x quarterly implementation Reports for the year ending 30 June 2025	75 memos with insufficient evidence provided	Not Achieved	Inadequate reports on files deems the indicator does not achieve as not sufficient evidence to validate the collection of waste	Report workshop will be attended to ensure improvement in providing information on POE	Report and Itenary

A.7.2.4		Promote health and safe environment	Number of cleaning and awareness campaign conducted in the year ending 30 June 2025	NA	NA	New	New	4x quarterly implementation Reports for the year ending 30 June 2025	4x number of cleaning and awareness campaign conducted in the year ending 30 June 2025	5x	Achieved	The municipality collaborated with other departments such as EDTEA, to amplify our message and reach a wider audience	None	4x Access register & progress report
A.7.2.5	Access to public library services within the municipal area	Accessibility and Management of library information services. Provision of library	Number of users accessing computer services in the year ending 30 June 2025	NA	NA	New	New	4x progress report in the year ending 30 June 2025	4x progress report in the year ending 30 June 2025	2	Achieved			4x progress report, attendance register & invitation
A.7.2.5			Number of computer training programs in the year ending 30 June 2025	NA	NA	New	New	2x Progress Report in the year ending 30 June 2025	2x progress in the year ending 30 June 2025	2	Achieved			2x progress report, attendance register & invitation

A.7. 2.5		lending, computer and internet services	Number of monitored and management of lending library materials and registered users in the year ending 30 June 2025	N/A	NA	New	New	Monthly reports in the year ending 30 June 2025	4x reports in the year ending 30 June 2025	2	Achieved			4x progress report

A.7. 2.6	Provision of law enforcement /by-laws and crime prevention	Conduct multidisciplinary roadblocks	Number conduct stops and search operations, visibility and walk-about on all road users (motor vehicle and pedestrians) in the year ending 30 June 2025	N/A	N/A	New	New	4x Progress Report in the year ending 30 June 2025	24x Quarterly reports in the year ending 30 June 2025	39	Achieved	We conducted more stop and search due to some joint operations with RTI and SAPS in and around Dannhauser, some of these operations are initiated by the Province and some Cluster policing operations.	None	24x Attendance register, vehicle stop form

A.7. 2.7	To ensure the Implementation of the gazetted Animal Pound By-Law and its enforcement	Animal Pound ByLaw Enforcement	Number of reports on reducing the high rate of animal astray within the designated municipal area in the year	4x progress report on the implementation of Animal Pound By-Law in the year	4	4	0	4x progress report in the year ending 30 June 2025	4 x progress report in the year ending 30 June 2025	4x	Achieved			4 x quarterly progress reports
	within the municipal jurisdiction		ending 30 June 2025	ending 30 June 2024										
A.7. 2.8	To effectively and rapidly respond on the reported disaster related incidents and the provision of relief to victims of disaster	Disaster reported incidences managed effectively	Number of reported, assessed and responded incidents in the year ending 30 June 2025	4x progress report on the implementation of Animal Pound By-Law in the year ending 30 June 2024	4	4	0	4x Quarterly reports on intervention of reported incidents and relief support provided in the year ending 30 June 2025	4x Quarterly reports on intervention of reported incidents and relief support provided for the year ending 30 June 2025	4x	Achieved			4 x Quarterly Incident Response Reports

A.7.2.9	To facilitate the provision of integrated human settlement in line with provincial and national norms and standards	To address housing backlog in line with natural disasters	Construction of 30 Disaster/Relief Shelters in ward 1, 3, 4, 5, 6 and 8 in the year ending 30 June 2025	20 Shelters constructed for victims of Disaster in the year ending 30 June 2024	Municipal beneficiary list for enrolment with NHRBC has been established	30	75	Completion of 30 houses constructed for the victims of natural disaster in the year ending 30 June 2025	Completion of 30 disaster/ Relief shelters for ward 1, 3, 4, 5, 6 and 8 in the year ending 30 June 2025	4 Progress reports enclosed with 0x shelters completed	Not Achieved	The project is not completed due to budget constraints, cashflow challenges and inclement weather Focus.	MHOA Grant application has been approved by human settlements to finance completion of units for 2025/26 financial Year.	4x progress report and close-out report
A.7.2.9		Rural and urban Housi	Facilitate and Monitor implementation of 6x human	4x Progress report	1x PSC Meetings, 1x	7100	6 299	4x Progress report of the	24x progress reports on the 6	22x reports enclosed and 2x	Not Achieved	The unit initially used	The department will	4x progress report

		ng Project: Implementation	settlement projects in ward 2, 3, 5, 9, 10 and 13 in the year ending 30 June 2025	of the Construction of houses in the year ending 30 June 2024	Technical Committee Meetings and 1x Housing Forum Meetings attended for this quarter.			Construction of houses in the year ending 30 June 2025	human settlement projects in the year ending 30 June 2025	memorandums attached.		Memos for reporting instead of the actual reporting documents	utilise the correct documentation.	
KPA: LOCAL ECONOMIC DEVELOPMENT B2B: ENSURING SOUND FINANCIAL MANAGEMENT														
A,7, 3,1	Implement comprehensive LED strategy for the growth of all economic sectors in	Ensuring LED programmes are implemented, monitored,	Number of LED Forum sub committees held quarterly in the year ending 30 June 2025	NA	NA	4	0	4x LED Forum meeting in the year ending 30 June 2025	4x LED Forum sub committees meeting in the year ending 30 June 2025	8x	Achieved	None		Agenda, minutes and attendance register

A,7, 3,1	Dannhauser municipal area	reviewed and evaluated	Monitor Compliance on the Formal Businesses in terms of business Act 71 of 1991 in the year ending 30 June 2025	Formal Businesses issued with businesses and monitored in the year ending 30 June 2024	1 Business permit issued	New	new	Formal Business licenses issued to Businesses in terms Business Act 71 of 1991 in the year ending 30 June 2025	4x Businesses licenses issued to formal Businesses in terms Business Act 71 of 1991 in the year ending 30 June 2025	6x	Achieved	None		Business licenses and proof of payment.
A,7, 3,1			Monitor Compliance on the informal businesses in terms of business Act 71 of 1991 and informal economic policy in the year ending 30 June 2025	List of Informal Businesses issued with permits and monitored in the year ending 30 June 2024	Attendance registers and programmes	new	New	List of Informal Businesses issued with permits and monitored in the year ending 30 June 2025	10x trading permits issued to informal businesses in the year ending 30 June 2025	10	Achieved	None	None	Trading permit and proof of payment

A,7, 3,1			Monitor implementation of the social labour plans (SLP) for all mines within Dannhauser area in the year ending 30 June 2025	NA	NA	New	New	progress report on impleme ntation on the SLPs in the year ending 30 June 2025	Monitor impleme ntation of the social labour plans (SLP) for all mines within Dannhau ser area in the year ending 30 June 2025	4x	Achieved			4x progress report
A,7, 3,2		Impli ment LED relate d progr ams	Monitor the Implimentation of LED related programs in the year ending 30 June 2025	NA	NA	New	New	Progress report on the impleme ntation of LED related program s in the year ending 30 June 2025	4x Progress report on the impleme ntation of LED related program s in the year ending 30 June 2025	4x	Achieved			4x progress report

A,7, 3,3		To implement and monitor general municipal EPWP, caretakers and municipal programs and projects EPWP beneficiaries	Number of jobs created through EPWP in the year ending 30 June 2025	NA	NA	ward 113	ward 12 &13	462 in the year ending 30 June 2025	572 EPWP job created in the year ending 30 June 2025	367	Not Achieved	Limited the municipality's ability to adequately support the Expanded Public Works Programme (EPWP	EPWP interventions will be prioritised in the 2025/206 Financial Year to alleviate poverty evaluative.	

A,7, 3,4	To create jobs opportunitie s through circular economy to achieve zero waste to municipal landfilled	Imple menta tion of recycli ng at a landfill site inform al & formal waste picker	Number of recycled wastes in tonnage in the year ending 30 June 2025	NA	NA	New	New	Number of recycled wastes in tonnage in the year ending 30 June 2025	4x number of recycle waste in tonnage	4x	Achieved			4x progress report
KPA: GOOD GOVERNANCE AND PUBLIC PARTICIPATION B2B: PROMOTING GOOD GOVERNANCE TRANSPARENCY AND ACCOUNTABILITY														
A.7. 4.12	To implement and maintain effective enterprisewide risk managemen t system	Imple menta tion of Risk Mana geme nt Action Plan	% of Implementation of the 2023/2024 Risk Management Action Plan in the year ending 30 June 2025	100% impleme ntation of the Risk Manage ment Plan in the year ending 30 June 2024	0% of the Risk Manage ment Plan Impleme ntation	New	New	100% impleme ntation of the Risk Manage ment Plan in the year ending 30 June 2025	100 % impleme ntation plan of Risk Manage ment Action Plan In the year ending 30 June 2025	4x	Achieved	None	None	4X Risk Manageme nt Progress Reports

A.7. 4.12	To ensure achievement of Unqualified Audit Opinion for 2023/2024 with no matters	Achieve Unqualified Audit Opinion	% implementation of the AGSA action plan for the year ending 30 June 2025	NA	NA	New	New	100% implementation of the 2023/2024 AGSA Action Plan in the year ending 30 June 2025	100% implementation of the 2023/2024 AGSA Action Plan in the year ending 30 June 2025	89%	Not Achieved	Two indications were omitted in 2024/25 Financial Year hence were not resolved	These indications are included in the 2025/26 Financial Year and will be adjusted and aligned with TIDs	2 x Progress Reports on Addressing Findings from 2023/24 AG Action Plan
A,7, 4,1	To ensure progressive compliance with institutional and governance requirements	Budgeting	Date of Adoption of the 2024/25 Adjustment Budget by Council 28 February 2025	Date of adoption	Adopted	Adoption of 2024/25 Adjustment Budget by Council	NA	Adoption of 2024/25 Adjustment Budget by Council in the year ending 30 June 2025	Adoption of 2024/25 Adjustment Budget by Council by 28 February 2025	Adopted	Achieved			Budget and Council Resolution

A,7, 4,1			Date of adoption of the 2025/26 draft Budget by Council 31 March 2025	Date of adoption	Adopted	Date of adoptio n of the 2024/20 25 Draft Budget by Council	NA	Date of adoption of the 2024/20 25 Draft Budget by Council in the year ending 30 June 2025	Date of adoption of the 2025/20 26 Draft Budget by Council 31 March 2025	Adopted	Achieved			2025/2026 Draft Budget, Council Resolution and Compliant letter from NT
A,7, 4,1			Date of Approval of the 2025/26 Final Budget by Council 31 May 2025	Date of adoption	Adopted	Approva l of 2024/25 Final Budget by Council	NA	Approval of 2024/25 Final Budget by Council in the year ending 30 June 2025	Approval of 2025/26 Final Budget by Council 31 May 2025	Adopted	Achieved			2025/2026 Final Budget, Council Resolution and Compliant letter from NT

A,7, 4,1		Financial Reporting	Submit Section 71 reports (including SCM/Expenditure/Revenue, reporting) to Mayor, National/Provincial treasury, MPAC, Exco, BTO and council in the year ending 30 June 2025	Date of submission 12x	12x submitted	Submission of 4X Monthly Section 71 reports to Council in the year ending 30 June 2025	NA	Submission of 12 X Monthly Section 71 reports to Mayor and Provincial Treasury within 10 working days after the end of the month in the year ending 30 June 2025	Submission of 12 X Monthly Section 71 reports to Mayor and Provincial Treasury within 10 working days after the end of the month in the year ending 30 June 2025	Submitted	Achieved			Section 71 Reports and proof of submission
A,7, 4,1			Date of submission of section 72 report to Mayor, National/Provincial treasury, Exco, BTO, MPAC and Council (2024/2025) to Council by MM by 25 January 2025	Date of adoption	Adopted	Submission of Sect 72 Report to the Mayor by MM	NA	Submission of Sect 72 Report to the Mayor in the year ending 30 June 2025	Submission of Sect 72 Report to the Mayor by 25 January 2025	Submitted	Achieved			Section 72 Report and Council Resolution and proof of Submission

A,7, 4,1			Date of Submission of 2023/2024 Annual Financial Statements to	Date of adoption	Adopted	Submission of '2023/24 AFS to AG by 31	NA	Submission of '2023/24 AFS to AG by 31 Aug 2024 in	Submission of 2023/24 AFS to AG by 31 Aug 2024 by	Submitted	Achieved			Copy of AFS and Letter of Acknowledgement by AG
			AG by 31 August 2024			Aug 2024		the year ending 30 June 2025	31 August 2025					
A,7, 4,1		Management of Indigent households	Date of Adoption of the 2025/2026 Updated and Reviewed Indigent Policy by Council in the year ending 30 June 2025	Date of adoption	Adopted	Adoption of an Updated and reviewed indigent Policy by Council	NA	Adoption of an Updated and reviewed indigent Policy by Council in the year ending 30 June 2025	Adoption of the 2025/2026 Updated and reviewed indigent Policy by Council in the year ending 30 June 2025	Submitted	Achieved			Updated indigent policy and Council resolution
A,7, 4,2	To provide reasonable assurance on the adequacy and effectiveness of internal control systems	Asset Management Review	Number asset Verification conducted and performed in the year ending 30 June 2025	1x asset verification	1x asset verification	Perform 1x Asset Verification in the year ending June 2025	NA	Asset Verification conducted and performed in the year ending 30 June 2025	1x Asset Verification conducted and performed in the year ending 30 June 2025	0	Achieved	Verification still in progress.	will submit once verification is done	Asset Verification Report

A,7, 4,3	Adequately, efficiently execution of standing rules of order for all council and its committees sitting	Implementation of the standing rules of order	Number of council and its committees sitting as per approved schedule in the year ending 30 June 2025			New	New	4x reports of council meeting and its committees convened in the year ending 30 June 2025	8x reports of council meeting and its committees convened in the year ending 30 June 2025	51x	Achieved	None		Minutes of the meetings, agenda and Attendance Registers.
A,7, 4,4	Review and adoption of the ICT policy	Adoption of the ICT policy	Date of adoption of the ICT policy in the year ending 30 June 2025	NA	NA	New	New	Date of adoption of the ICT policy in the year ending 30 June 2025	Date of adoption of the ICT policy in the year ending 30 June 2025		Achieved			Council resolution and minutes
A,7, 4,4		Review and adoption of the ICT strategy	Date of adoption of the ICT strategy in the year ending 30 June 2025	NA	NA	New	New	Date of adoption of the ICT strategy in the year ending 30 June 2025	Date of adoption of the ICT strategy in the year ending 30 June 2025		Not Achieved	Council nonseating	should have ordinary Council seatings from November onwards	Council resolution and minutes

A,7, 4,4		Review and adoption of the ICT plan	Date of adoption of the ICT plan in the year ending 30 June 2025	NA	NA	New	New	Date of adoption of the ICT plan in the year ending 30 June 2025	Date of adoption of the ICT plan in the year ending 30 June 2025		Not Achieved	Council nonseating	should have ordinary Council seatings from November onwards	Council resolution and minutes
A,7, 4,5	Review fleet policy ensuring the life span of the municipal fleet for proper use	Review of the policy	Date of review and adoption of fleet policy in the year ending 30 June 2025	NA	NA	New	New	Date of adoption in the year ending 30 June 2025	4x progress reports in the year ending 30 June 2025		Achieved			4x progress reports
	and reducing exploitation													
A.7. 4.6	Comply with national occupational health and safety act in line with approved regulations	Implementation of OHS in line with national health regulations	Number of Rollout OHS programs conducted in the year ending 30 June 2025	NA	NA	New	New	Implementation of OHS programs in the year ending 30 June 2025	4x Number of Roll-out OHS programs conducted in the year ending 30 June 2025	4x	Achieved			Annual schedule and attendance register/ checklist

A.7. 4.7	To provide disaster prevention, mitigation and preparedness measures.	Effectively co-ordinate and provide awareness programs on disaster management	Number of awareness programs co-ordinated and conducted in the year ending June 2025	NA	NA	New	New	8x progress report in the year ending 30 June 2025	4x progress report in the year ending 30 June 2025	4x	Achieved	None	None	4x progress reports
A.7. 4.8	Develop, review and adopt sector plans related to department	Review and adoption of the disaster management sector plan	Date and Adoption of the 2025/2026 disaster management sector plan by council in the year ending 30 June 2025	NA	NA	Review and Adoption of the 2025/2026 disaster management plan by council in the year ending 30 June 2025	NA	Date of adoption in the year ending 30 June 2025	Date for adoption in the year ending 30 June 2025	Not adopted	Not Achieved	Council nonseating	should have ordinary Council seatings from November onwards	Draft and final disaster sector plan

A.7. 4.8		Development and adoption of disaster management plan	Date and adoption of the 2024/2025 disaster management plan in the year ending 30 June 2025	NA	NA	New	New	Date of adoption in the year ending 30 June 2025	Date for adoption in the year ending 30 June 2025		Not Achieved	Council nonseating	should have ordinary Council seatings from November onwards	Council resolution and minutes
A.7. 4.8		Review, adoption and MEC endorsement of Integrated Waste Management Plan (IWMP)	Date of adoption IWMP and MEC endorsement in the year ending 30 June 2025	NA	NA	New	New	Date of adoption in the year ending 30 June 2025	Date for adoption in the year ending 30 June 2025	Not adopted	Not Achieved	Council nonseating	should have ordinary Council seatings from November onwards	Council resolution and minutes
A.7. 4.8	Develop, review and adopt sector plans related to department	Review and adoption of the cemetery plan	date of adoption of the cemetery plan in the year ending 30 June 2025	NA	NA	New	New	Date for adoption in the year ending 30 June 2025	Date for adoption in the year ending 30 June 2025	Not adopted	Not Achieved	Council nonseating	should have ordinary Council seatings from Novem	Council resolution and minutes
													ber	

													onwards	
A.7. 4.8		development, adoption and gazette of waste management bylaws	Date of adoption and gazette of the waste management by-laws in the year ending 30 June 2025	NA	NA	New	New	Date for adoption in the year ending 30 June 2025	Date for adoption in the year ending 30 June 2025	Not adopted	Not Achieved	Council nonseating	should have ordinary Council seatings from November onwards	Council resolution and minutes
A.7. 4.9	Implementation of IGR framework	implementation of operation Sukumasakhe	Number of Sukumasakhe programs attendance in the year ending 30 June 2025	4x Sukuma Sakhe Programme	NA	New	New	Attendance and support of operation Sukumasakhe programs as per invitation in the year ending 30 June 2025	4x reports attendance Sukumasakhe programs attendance in the year ending 30 June 2025	1x	Not Achieved	Administration instability prevented the consistent attendance of such meeting as the was no directive personnel to attend these meetings	All the section 56/57 managers are appointed, and such meeting will be attended as per schedule in the 2025/2026 Financial Year.	Attendance registers and minutes

A.7. 4.9		Implementation and support of DDM programs	Number of DDM programs attendance in the year ending 30 June 2025	NA	NA	New	New	Attendance and support of DDM programs in the year ending 30 June 2025	4x reports of DDM programs attendance in the year ending 30 June 2025	2x	Not Achieved	Administration instability prevented the consistent attendance of such meeting as the was no directive personnel to attend these meetings	All the section 56/57 managers are appointed, and such meeting will be attended as per schedule in the 2025/2026 Financial Year.	Attendance registers and minutes
A.7. 4.9		co-ordinate and convene of the local disaster management advisory forum	Number of meetings of local disaster advisory forum in the year ending 30 June 2025	4 x Disaster Forum meetings	NA	New	New	4x reports in the year ending 30 June 2025	4x meeting of local disaster advisory forum in the year ending 30 June 2025	1x	Not Achieved	The meeting scheduled for the 27 March 2025 did not sit due to no quorum	Send invitation in advance for members to avail themselves	Attendance registers and minutes

A.7. 4.10	To direct law enforcement to improve safety and security	Traffic Services (learners, drivers and motor	Number of Traffic Services report submitted to portfolio and Exco in the year ending 30 June 2025	4x traffic services report submitted to Portfolio and Exco	4	New	New	4x traffic services report submitted to Portfolio and Exco in the year	4x traffic services report submitted to Portfolio and Exco in the year	1x	Not Achieved	None were submitted to the EXCO due to Community	Encourage the Portfolio committees to sit regularly	4 x Law enforcement Reports
		licensing)						ending 30 June 2025	ending 30 June 2025			Portfolio not sitting		
A.7. 4.11	Market the library it resources and facilities to its maximum usage	To facilitate library orientation and outreach programmes in local schools and community	Number of programmes conducted during library week program by 31 March 2025	NA	NA	NA	NA	2x Reports in the year ending 30 June 2025	3x Reports of library week program in the year ending 30 June 2025	3x	Achieved			attendance register, invitation and 3x report

A.7. 4.12	To ensure regular review, implementation and adoption of the 2025/2026 PMS Policy and Framework and 2024/25 performance assessment	Review and adoption of 2024/2025 revised SDBIP	Date of review and adoption of 2024/2025 revised SDBIP by 28 February 2025	NA	NA	NA	NA	Date of adoption of 2024/2025 reversed SDBIP in the year ending 30 June 2025	Date of adoption of 2024/2025 revised SDBIP in the year ending 30 June 2024	Adopted	Achieved			Council resolution
A.7. 4.12		Monitor the performance assessments for the year endin	Number of performance assessments conducted in the year ending 30 JUNE 2025	4x	0	4	0	16 x quarterly Performance assessments to be conducted (2 x Informal/ verbal &	16 x quarterly Performance assessments to be conducted (2 x Informal/ verbal &	No assessments conducted	Not Achieved	The reason for non-achieving of the set target	municipal manager to appoint the panel at the begin	Panel attendance registers, scorecards and Appraisal

		g 2024/ 2025 (MM & Directors)						2 x Formal) in the year ending 30 JUNE 2025	2 x Formal) in the year ending 30 JUNE 2025			is the unavailability of the appointed evaluation panel members.	ning of the next financial year 2025/ 2026, so that the dates of formal and informal evaluation/ assessment can be set early as possible.	

A.7. 4.12		Adoption of Midyear performanc e report for the financial year 2024/ 25	Date of adoption of 2024/25 Midyear Performance Report by council in the 25 January 2025	Submit 2023/2024 Midyear performance report and adoption	Adopted by Council on the 18January 2024	Adoption of the 2024/2025 MidYear Performance Report	0	Submit 2024/25 Mid-year performance report and adoption by Council in the year ending 30 JUNE 2025	Submit 2024/2025 Midyear performance report and adoption by Council in the year ending 30 JUNE 2025	Adopted	Achieved			council resolution midyear report
A.7. 4.12		Develop, submission and adoption of 2025/ 26 SDBIP	Date of submission of the 2025/26 Draft SDBIP to the Mayor by MM within 14days after adoption of the Final 2025/2026 Budget and IDP Review in the year ending 30 June 2025	Date of approval of 2023/24 draft SDBIP by the Mayor by legislative dates	Municipal Manager submitted the 2023/2024 Draft SDBIP to the Mayor on the 13July 2023	Submission of the 2025/2026 Draft SDBIP to the Mayor by MM within 14 days after approval of the Final Budget and IDP Review	New	Submission of the 2025/2026 Draft SDBIP to the Mayor by MM within 14 days after approval of the Final Budget and IDP Review in the year ending 30 June 2025	Submission of the 2025/2026 Draft SDBIP to the Mayor by MM within 14 days after approval of the Final Budget and IDP Review	Submitted	Achieved			Proof of submission of the 2025/2026 Draft SDBIP within 14days after adoption of the final IDP/Budget to the Mayor by MM

A.7. 4.12			Date of approval of 2025/26 Final SDBIP by the Mayor/Council 30 June 2025	Date of approval of 2023/24 Final SDBIP by the Mayor by legislative dates	2023/2024 Final SDBIP approved by the mayor, on the and adopted by the Council on the 31August 2023	Approval of 2025/2026 Final SDBIP by Mayor/Council within 28 days after 2025/2026 budget	New	Approval of 2025/26 Final SDBIP by Mayor within 28 days after 2025/26 budget approval in the year ending	Approval of 2025/2026 Final SDBIP by Mayor/Council within 28 days after 2025/26 budget approval in the	Submitted	Achieved			Mayor approval or Council Resolution of the 2025/2025 Final SDBIP within 28 days after adoption of the final IDP/Budget
						approval		30 June 2025	year ending 30 June 2025					
A.7. 4.12		Adoption of the 2023/24 Annual Report	Date of Adoption of the 2023/2024 Draft Annual Report by Council in the year ending 30 June 2025	Adoption of the 2022/2023 Draft Annual Report by Council	Adopted	Date of adoption of the 2023/2024 Draft Annual Report by Council	New	Date of Adoption of the 2023/2024 Draft Annual Report by Council in the year ending 30 June 2025	Date of Adoption of the 2023/2024 Draft Annual Report by Council	Submitted	Achieved			Council Resolution and the Draft Annual Report 2023/2024

A.7. 4.12			Date of Adoption of the 2023/2024 Final Oversight Report (OR) by Council in the year ending 30 June 2025	Adoption of the 2022/20 23 Final Oversigh t Report by Council	Adopted	Adoptio n of OR ON Final AR 2023/20 24 by Council	New	Adoption of OR on Final AR 2023/20 24 by Council in the year ending 30 June 2025	Date of adoption of the 2023/20 24 Final Oversigh t Report by Council	Submitte d	Achieved			Council Resolution and Oversight Report on Annual Report 2023/2024
A.7. 4.12		Devel op and adopti on of 2025/ 2026 IDP	Date of adoption of the 2025/2026 Draft IDP by Council 30 May 2025	Adoption of the 2024/20 25 Draft IDP by Council	Adopted	Date of adoptio n of the 2025/20 26 Draft IDP by Council	New	Date of adoption of the 2025/20 26 Draft IDP by Council in the year ending 30 June 2025	Date of adoption of the 2025/20 26 Draft IDP by Council in the year ending 30 June 2025	Submitte d	Achieved			Council Resolution and Draft IDP 2025/26
A.7. 4.12			Date of Adoption of 2025/26 Final IDP by Council in the year ending 30 June 2025	Adoption of the 2024/20 25 Final IDP by Council	Adopted	Adoptio n of the 2025/20 26 Final IDP by Council	None	Adoption of 2025/26 Final IDP by Council in the year ending 30 June 2025	Date of adoption of 2025/20 26 Final IDP by Council in the year ending 30 June 2025	Submitte d	Achieved			Council Resolution and Final IDP 2025/26

A.7. 4.13		Effective and functional Ward Committees System	Number of Ward Committee meetings conducted in the year ending 30 June 2025	Conduct 156 x Monthly Ward Committee Meetings (12 meetings per Ward)	156	Conduct 156 x Monthly Ward Committee Meetings (12 meetings per Ward) in the year ending 30 June 2025	90 x Ward Committee meetings not conducted	Conduct 52 ward meetings in the year ending 30 June 2025	4x Number of Ward Committee meetings conducted in the year ending 30 June 2025	2x	Not Achieved	Council and Political instability Hindered with the scheduled calendar dates	Proper implementation will be enforced in the next financial year	Proof of submission to Cogta
A.7. 4.13		Ensure the existence and functionality of the public participation structures.	Number of IDP RF conducted in the year ending 30 June 2025	NA	NA	New	New	2x Number of meetings conducted with stakeholders (izinduna , Amakhosi and landlords) in the year ending 30 June 2025	2x Number of IDP RF conducted in the year ending 30 June 2025	2x	Achieved			Attendance register, Minutes

A.7. 4.13			Number of meetings conducted with MRRT in the year ending 30 June 2025.	NA	NA	New	New	4x Number of meetings conducted with MRRT in the year ending 30 June 2025	4x meetings conducted with MRRT in the year ending 30 June 2025	4x	Achieved			Attendance registers and Minutes.
A.7. 4.13		Improve the public participation and communication processes	Number of ward constituency meetings conducted in the year ending 30 June 2025	NA	NA	New	New	2x Number of ward constituency and engagement meeting conducted in the year ending 30 June 2025	26x Number of ward constituency and engagement meeting conducted the year ending 30 June 2025	13x	Not Achieved	Council and Political instability Hindered with the scheduled calendar dates	Proper implementation will be enforced in the next financial year	Attendance register, Minutes
A.7. 4.14	To ensure the functional of Audit and Performance Committee	Functional Audit and Performance Committee	Number of Quarterly Audit and Performance Committee meetings coordinated in the year ending 30 June 2025	4xquarterly AC meetings coordinated	4x	New	New	Co-ordinate 4xAC Quarterly AC meeting in the year ending 30 June 2025	4x AC Quarterly meeting in the year ending 30 June 2025	4x	Not Achieved	Audit and Performance Committee has not been invited by council to report.	Engage Secretariat office and Speaker of Council to invite APC at least once a quarter	4x Agenda, Attendance Register, Minutes

A.7.4.14		PFAC regular reporting to Council in terms of Section 166 of the MFMA	PFAC reporting to Council b for matters requires Council attention in the year ending 30 June 2025	NA	NA	New	New	PFAC reporting to Council bi-annually in the year ending 30 June 2025	1x PFAC reporting to Council in the year ending 30 June 2025	0x	Not Achieved	Council did not sit	To be submitted in the next council sitting	PFAC Reports to Council, attendance register, Council agenda
A.7.4.15		Adoption of Communication Plan	Date of adoption of communication Plan in the year ending 30 June 2025	NA	NA	New	New	Date of Adoption of the Communication Plan in the year ending 30 June 2025	Date of Adoption of the Communication Plan in the year ending 30 June 2025	Not adopted	Not Achieved	Council did not sit	To be submitted in the next council sitting	Communication Plan and Council resolution
A.7.4.16	Regular issued, compile media and communication statements by the Municipality on matters of governance	Communication and media release statements by the Municipality	Number of media and communication statements in the year ending 30 June 2025	NA	NA	New	New	Number of Media statement and communication report issued in the year ending 30 June 2025	4x report of Media statement and communication report issued in the year ending 30 June 2025	4x	Achieved			4x progress reports

A.7. 4.17	Implement Special Programmes as per approved Budget and IDP	Coordinate and implement Special Programmes as per approved plans and structures	Number of Special Programmes Coordinated and implemented as per approved budget and IDP in the year ending 30 June 2025	NA	NA	New	New	Number of Special Programmes coordinated and conducted as per approved budget and IDP in the year ending 30 June 2025	4x reports on Special Programmes coordinated and conducted as per approved budget and IDP in the year ending 30 June 2025	4x	Achieved	None	None	4x progress reports
A.7. 4.18	Monitor, coordinate and attendance of IGR meetings as coordinated by external and internal stakeholders	Coordinate and attendance of IGR Structures through invitation from stakeholders	Number of IGR Meetings coordinated and attended in the year ending 30 June 2025	NA	NA	New	New	Number of IGR Meetings coordinated and attended in the year ending 30 June 2025	4x report IGR Meetings coordinated and attended in the year ending 30 June 2025	3x	Not Achieved			Minutes, Agenda and attendance register

A.7. 4.19		Comply with all legislations that governs local government	Number of litigations attended to	NA	NA	New	New	4x progress reports in the year ending 30 June 2025	4x progress reports in the year ending 30 June 2025	4x	Achieved			4x progress reports
KPA: MUNICIPAL FINANCIAL VIABILITY B2B: ENABLING SOUND FINANCIAL MANAGEMENT														

A,7, 6,1	To improve expenditure control/Regular monitoring departmental budget to curb irregular expenditure	Departmental budget actually spent within dept budget	% of dept budget actually spent against approved dept budget in the year ending 30 June 2025	no more than 100% spent of the dept annual budget in the year ending 30 June 2024, 2024,	4 x Departmental financial reports	New	New	no more than 100% spent of the dept annual budget in the year ending 30 June 2025	Not more than 100% spent of the dept annual budget in the year ending 30 JUNE 2025	85.5 %	Achieved			4 x Departmental financial reports, a departmental ledger report

A,7, 6,1		Departmental budget actually spent within dept budget	% of dept budget actually spent against approved dept budget in the year ending 30 June 2025	no more than 100% spent of the dept annual budget in the year ending 30 June 2024, 2024,	4 x Departmental financial reports on budget spending	New	New	no more than 100% spent of the dept annual budget in the year ending 30 June 2025	Not more than 100% spent of the dept annual budget in the year ending 30 JUNE 2025	4x	Achieved			4 x Departmental financial reports, a departmental ledger report
A.7. 6.2	To Develop a sustainable and efficient Municipal based on sound financial management	Ensure a financially viable municipality.	Number of Quarterly reports on irregular, fruitless and unauthorized expenditure in the year ending 30 June 2025	4 Report on Irregular, Fruitless and unauthorized Expenditure by 30 June 2024	4x Report on Irregular, Fruitless and unauthorized Expenditure	New	New	4 x Quarterly Reports on Irregular, Fruitless and unauthorized Expenditure in the year ending 30 June 2025	4 x Quarterly Reports on Irregular, Fruitless and unauthorized Expenditure in the year ending 30 June 2025	4x	Achieved			4 x Reports on Irregular, Fruitless and unauthorized Expenditure

KPA; CROSS CUTTING
B2B ENABLING SOUND FINANCIAL MANAGEMENT

A.7.5.1	Maintenance of public areas & cemeteries	Greening & Gardening in municipal and public areas	Number of maintained of municipal public amnesties, public open space and parks and cemeteries in the year ending 30 June 2025	4x Quarterly Progress Report for Municipal Public Amenities, Public Space, Parks and cemeteries for the year ending 30 June 2024	4x Progress report	new	N/A	4x Quarterly Progress Report for Municipal Public Amnesties, Public Space, Parks and cemeteries in the year ending 30 June 2024	50x Itenary and register for maintained public areas and cemeteries	60x	Achieved	None		48x Itenary and register
A.7.5.2	To regularly provide effective services to the Community in order to create clean and safe environment	Compliant landfill site (disposal site) maintained monthly	Number of waste tonnages capped in compliance with Dannhauser LM landfill site licence in the year ending 30 June 2025	4 x Quarterly Maintenance to be conducted on the landfill site in	4 x Quarterly maintenance reports of the landfill site	New	0	4 x Quarterly Maintenance to be conducted on the landfill site in the year ending	8x report of waste capped in the Dannhauser LM landfill site	8x	Achieved	None		8x Quarterly maintenance reports of the landfill site
				the year ending 30 June 2024				30 June 2025						

A.7. 5.3	To ensure that the Spatial Development Framework is prepared and aligned with LUMS	Effective Monitoring & Evaluation of Implementation of Spatial Development and Town Planning	Adoption of the reviewed 2025/2026 SDF by council in the year ending 30 June 2025	Adoption of 2023/24 SDF Review by Council by 31 May 2024 in the year ending 30 June 2024.	Council Resolution for 2023/24 SDF and the SDF	New	New	Adoption of 2024/25 SDF Review by Council by the year ending 30 June 2025	Adoption of 2025/26 SDF Review by Council by the year ending 30 June 2025	Adopted	Achieved			Council Resolution for 2025/2026 SDF and the SDF

CHAPTER 4: ORGANISATIONAL DEVELOPMENT PERFORMANCE (PERFORMANCE REPORT PART II)

4.1 COMPONENT A: INTRODUCTION TO THE MUNICIPAL WORKFORCE

Department	Number of incumbents
Office of the municipal manager	12
Corporate services	32
Financial services	13
Technical services	16
Community services	35
Development Planning & Strategic	3
Total number of staff	**111**

4.2 COMPONENT B: MANAGING MUNICIPAL WORKFORCE LEVELS

Employment category	%of staff	Dominant group	% of age below age 55	Comment
Managers	20%	Of the 22 members of the management, Africans are a dominant group with all 22 managers being Black. Gender representation is presented with 14 males and 8 females. Neither whites, Indians nor coloureds are represented in the management level.	100%	Dannhauser LM has a fairly young management, has a fair representation of gender groups and a fair representation of dominant population groups in the area.
Professionals	25%	African females are dominant followed by African males with no whites, and Coloureds.	100%	The Dannhauser local municipality professionals are a true reflection of the demographics of the area in that females dominate, and blacks also dominate.
Technicians and trade workers	4%	African males are dominant followed	100%	New targets should be placed on increasing the

		by 01 Indian, and no coloureds, and Whites.		females in this category. The staff is fairly young but not reflective of other race groups found in area.
Clerical support workers	12%	African females are dominant followed by African males. There is no representation for whites, Indians and coloureds.	100%	The Dannhauser local municipality clerical support workers are a true reflection of the demographics of the area in that females dominate, and blacks also dominate.
Machine operators and drivers	13%	African males are dominant. There are no coloureds, whites and Indians and no females at all	43%	New targets should be placed to increase the number of young people as well as females in this category**.**
Elementary workers	14%	African males are dominant followed by African females. There are no Indians, Whites, `and coloureds.	87%	New targets should be placed to increase the number of young people as well as females in this category**.**

4.3 COMPONENT C: CAPACITATING THE MUNICIPAL WORKFORCE

HR Policies and Plans			
#	**Name of Policy**	**Completed** **%**	**Date adopted by council or comment on failure to adopt**
1	Code of Conduct	Currently being implemented	2022/2023
2	Sexual Harassment Policy	Currently being implemented	2022/2023
3	Recruitment and Selection Policy	Currently being implemented	2022/2023
4	Subsistence and Travelling Allowance Policy	Currently being implemented	2023/2024

5	Payroll Policy	Currently being implemented	2023/2024
7	Fleet Vehicle Policy	Currently being implemented	2022/2023
8	Supply Chain Management Policy	Currently being implemented	2023/2024
9	Employment Equity Policy	Currently being implemented	2022/2023
10	Property Rates Policy	Not implemented	Not developed yet, still to be developed in 2024/2025
11	Indigent Policy	Currently being implemented	2023/2024
12	Training And Development Policy	Implemented	2022/2023
13	Municipal Training and Study Assistant Policy	Not implemented	developed yet to be adopted in 2024/2025
14	Occupational Health and Safety Policy	Not implemented	developed yet to be adopted in 2024/2025
15	Staff Placement Policy	Implemented	Adopted but to be reviewed in 2024/2025
16	Skills Retention Policy	Implemented	Adopted but to be reviewed in the 2024/2025
17	Leave Management Policy	Implemented	2022/2023
18	Employee Induction Policy	Implemented	2022/2023

19	Termination Of Service Policy	Implemented	2022/2023
20	Condolatory Policy	Implemented	Adopted but to be reviewed in the 2024/2025
21	Resignation Policy	Implemented	Adopted but to be reviewed in the 2024/2025
22	Employees Code of Ethics	Implemented	Adopted but to be reviewed in the 2024/2025
24	Acting Allowance Policy	Not implemented	developed but to be adopted in 2024/2025
25	Employee Assistant Programme Policy	Implemented	Adopted but to be reviewed in the 2024/2025
26	Succession Planning and Carrer Pathing Policy	Implemented	Adopted but to be reviewed in the 2024/2025
27	IPMS Policy	Not implemented	developed but to be adopted in 2024/2025

4.4 COMPONENT D: MANAGING THE MUNICIPAL WORKFORCE EXPENDITURE

Number and Cost of Injuries on Duty					
Type of injury	**Injury Leave Taken** **Days**	**Employees using injury leave** **No.**	**Proportion employees using sick leave** **%**	**Average Injury Leave per employee** **Days**	**Total Estimated Cost** **R'000**
Required basic medical attention only	0	0	0	0	0
Temporary total disablement	0	0	0	0	0
Total	0	0	0	0	0

4.4.1 SUSPENSIONS

Number and Period of Suspensions				
Position	**Nature of Alleged Misconduct**	**Date of Suspensions**	**Details of Disciplinary Action taken or Status of Case and Reasons why not Finalised**	**Date Finalised**
IDP/PMS Manager	Mr PJ Ndlovu was charged with an act of insubordination as an employee of the municipality.	18 November 2024	Pending (waiting for final ruling).	**NA**
Cashier	Mr S Sithebe was charged for misuse of municipality property and theft	November 2024	Reinstated	**02 February 2025**

CHAPTER 5: FINANCIAL PERFORMANCE

Sound financial management practices are essential to the long-term sustainability of municipalities. they underpin the process of democratic accountability. Weak or opaque financial management practices and reports result in misdirected and underutilisation of resources. The key objective of the Municipal Finance Management Act (2003) is to modernise municipal financial management. Effective municipal financial management has interrelated components:

- Planning and Budgeting
- Asset and Liability Management
- Revenue and expenditure Management
- Supply Chain Management
- Other Financial Management
- Accounting and reporting, and
- Oversight and operational Continuity

5.1 Component A: STATEMENT OF FINANCIAL PERFORMANCE

5.1.1 Revenue

In the current financial year, the total revenue per the approved budget was R 220 826 000 after the adjustment budget. The actual revenue collected was R 209 844 342 which is 95 % as compared to the approved budget. The contributing items of revenue are,

Government Grants and subsidies	R 152 363 706
Property Rates	R 42 200 907
Service charges	R 5 174 416
Other Revenue	R 7 278 263
Interest on investments	R 2 827 050

REVENUE			
DESCRIPTION	**BUDGET**	**ACTUAL**	**PERCENTAGE**
	R	**R**	**%**
Property rates	45,039,000.00	42,200,907.00	93.7
Service charges	2,063,000.00	5,174,416.00	250.8
Investment revenue	3,490,000.00	2,827,050.00	81.0
Transfer operational and capital	165,451,000.00	152,363,706.00	92.1
Other own revenue	4,783,000.00	7,278,263.00	152.2
Total	**220,826,000.00**	**209,844,342.00**	

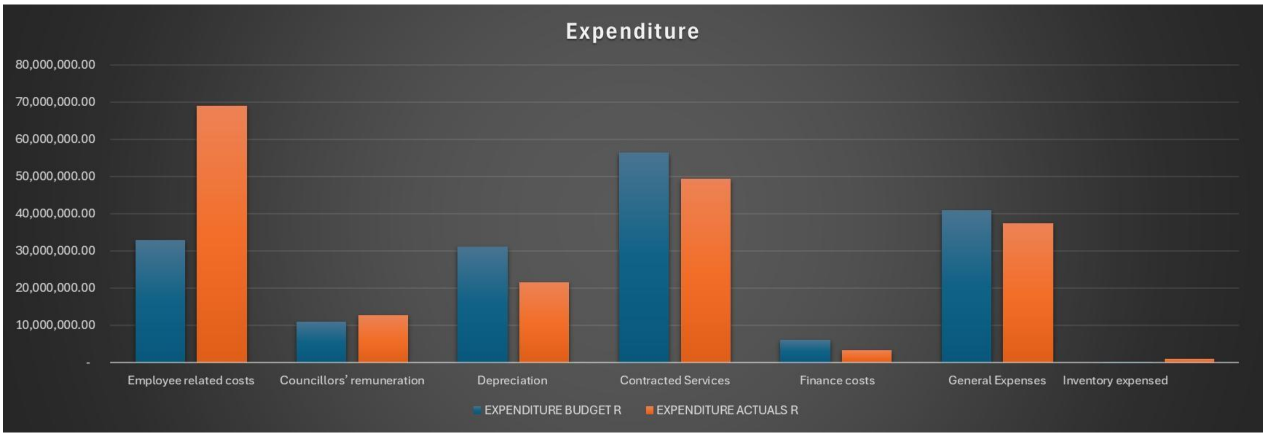
5.1.2 Expenditure

Total actual expenditure in the current year is R 194 280 115.00 whereas the approved budget after adjustments was R 178 347 570.00. The net over expenditure recognised was R 15 932 545.00 based on the approved budget.

The contributing items of operating expenditure are as follows per total expenditure,

a. Employee related costs R 68 865 360
b. Councillors' remuneration R 12 629 151
c. Depreciation R 21 579 115
d. Contracted Services R 49 423 964
e. Finance costs R 3 305 685
f. General Expenses R 37 440 034
g. Inventory expensed R 1 036 806

EXPENDITURE			
DESCRIPTION	**BUDGET**	**ACTUALS**	**PERCENTAGE**
	R	**R**	**R**
Employee related costs	32,833,570.00	68,865,360.00	209.7
Councillors' remuneration	11,000,000.00	12,629,151.00	114.8
Depreciation	31,020,000.00	21,579,115.00	69.6
Contracted Services	56,484,000.00	49,423,964.00	87.5
Finance costs	5,964,000.00	3,305,685.00	55.4
General Expenses	40,882,000.00	37,440,034.00	91.6
Inventory expensed	164,000.00	1,036,806.00	632.2
Totals	**178,347,570.00**	**194,280,115.00**	



An unauthorised expenditure of R 76 884 207 was disclosed in the audited Annual Financial Statements for 2024/25 financial year of which R 9 525 595 was for non-

cash items and R 38 533 747 was for cash items, plus opening balance of 93 478 966 and amount written off R 64 654 101.

5.1.3 Surplus for the year

The municipality's Statement of Financial Performance reflect a deficit of R 19 796 368 2024/25. Comparing to 2023/24 municipality had surplus of R 9 076 188.

5.2 Component B: SPENDING AGAINST CAPITAL BUDGET

5.2.1 Capital Expenditure

The capital approved budget after adjustments was totalling to R 56 433 593. The funding for the capital budget was as follows:

a. Municipal Infrastructure Grants R24 920 993.00
b. Internal Funding R20 262 600.00
c. Disaster relief Grant R11 250 000.00

The total capital expenditure incurred as at 30 June 2025 was R46 063 777.00 which is 81.6 % expenditure.

5.2.2 Capital Grants

Municipal Infrastructure Grant

The Municipality received the following government transfers and grants during the 2024/25 financial year,

PROJECT	BUDGET	EXPENDITURE
MIG projects	R24 920 993	R 23 267 475

5.3 Component C: CASH FLOW MANAGEMENT AND INVESTMENTS

5.3.1 CASH FLOWS FROM OPERATING ACTIVITIES

RECEIPTS	2025	2024
Receipts from nonexchange and exchange transactions	32 507 687	37 406 749
Grants	162 987 311	148 007 000
Interest income	2 827 050	2 079 830

PAYMENTS	2025	2024
Employee costs	(79 223 094)	(52 627 750)
Suppliers	(67 342 579)	(80 173 066)
Finance costs		(2 353 074)
Net cash flows from operating activities	51 756 375	52 339 689

Cash flow from investing activities	2025	2024
Purchase of Property, Plant and Equipment	(43 767 050)	(35 337 907)
Proceeds from sales of PPE	4 150	5
Net cash flows from investing activities	(43 762 900)	(35 337 902)

Cash flows from financing activities	2025	2024
Repayment of other financing activities	(5 195 528)	(5 195 527)

Interest income	(1 752 781)	
Net cash flows from financing activities	(6 948 309)	(5 195 528)
Net increase /(decrease)in cash and cash equivalents	1 045 166	11 806 260
Cash and cash equivalents at the beginning of the year	19 594 104	7 787 844
Cash and cash equivalents at the end of the year	20 639 270	19 594 104

5.4 Component D: OTHER FINANCIAL MATTERS

5.4.1 Financial Position

Current assets as at 30 June 2025

- Inventories R 969 652
- Receivable from non-exchange transactions R 18 909 414
- Statutory VAT receivable R 762 151
- VAT Receivable Accrual R 3 021 718
- Receivable from exchange transactions R 912 376
- Cash and Cash equivalents R 20 639 270

Non-current assets

- Investment property R 9 620 000
- Property plant and equipment R 532 266 602
- Heritage assets R 106 000

Liabilities

Current and non-current liabilities for the year end of 30 June 2025,

a. Other financial liabilities R 12 988 821
b. Unspent conditional grants R 12 259 778
c. Provision R 15 377 462

d. Payables (Suppliers) R 66 283 734

e. Employees benefit obligation R 9 605 000

Operating Grants

PROJECT	BUDGET	EXPENDITURE	UNSPENT BALANCE
Financial Management Grant	1 900 000	1 900 000	0
Library Grants	3 438 000	3 438 000	0
EPWP	1 770 000	1 770 000	0
Disaster Relief Grant	12 886 173	2 279 920	10 606 253

5.4.2 Financial Ratios

Current Ratio

The current ratio is calculated on the basis of current assets divided by current liabilities. The current ratio is a measure of the ability of the Municipality to utilize cash and cash equivalents to extinguish or retire its current liabilities immediately. Ideally the Municipality should have the equivalent cash and cash equivalents on hand to meet at least the current liabilities, which should translate into a current ratio of 1. Anything below 1 indicates a shortage in cash to meet creditor obligations.

Current year (2024/25) ration is 0.5:1 as compared to previous financial year (2023/24) of 0.8:1. The ratio shows regression from the municipality as compared to the previous year. It is very concerning that the municipality cannot afford to pay all its current liabilities.

Cash Coverage ratio

The cash coverage ratio is calculated by cash and cash equivalents divided by total current liabilities. Cash coverage ratio determines whether the municipality can pay off debts. A cash coverage ratio of one means that the municipality has enough cash to pay off current liabilities. The ratio is 0.05:1 as compared to 2023/24 of 0.02: 1. The municipality cannot pay off debts.

Employee Costs

Employee costs are calculated as a percentage of total operating expenditure. The Municipality's employee cost ratio showed a decrease from the previous year from 47.2% in 2024/25 to 40% in the 2023/24 financial year.

Repairs and Maintenance

Repairs and Maintenance costs are calculated as a percentage of the Municipality's total operating expenditure. This ratio indicates whether sufficient provision is made, in respect of repairs and maintenance for property, plant and equipment. The ratio is 5.6%, 2024/25 compared to 2023/24 of 16.4%, the ration has decreased by 10.8 %. It is still above the norm of 8%. The Municipality's repairs and maintenance ratio showed an increase from the previous year.

Audit Outcome

Dannhauser Municipality 2024/25 Financial year obtained an Unqualified Audit Opinion. The audit outcome of the previous years is as follows:

2024/2025	Unqualified Opinion
2023/2024	Unqualified Opinion
2022/2023	Unqualified Opinion
2021/2022	Unqualified Opinion
2020/2021	Qualified Opinion 2019/2020
	Qualified Opinion

5.4.3 IMPLEMENTATION OF SUPPLY CHAIN MANAGEMENT POLICY

5.4.3.1 Supply Chain Management Policy

(1) All officials and other role players in the supply chain management system of the municipality must implement this Policy in a way that – (a) gives effect to –

(i) section 217 of the Constitution; and

(ii) Part 1 of Chapter 11 and other applicable provisions of the Act;

(b) is fair, equitable, transparent, competitive and cost effective;

(c) complies with – (i) the Regulations; and

(ii) any minimum norms and standards that may be prescribed in terms of section 168 of the Act;

(d) is consistent with other applicable legislation;

(e) does not undermine the objective for uniformity in supply chain management systems between organs of state in all spheres; and

(f) is consistent with national economic policy concerning the promotion of investments and doing business with the public sector. (2) This Policy applies when the municipality –

(a) procures goods or services.

(b) disposes of goods no longer needed.

(c) selects contractors to provide assistance in the provision of municipal services otherwise than in circumstances where Chapter 8 of the Municipal Systems Act applies; or

(d) selects external mechanisms referred to in section 80 (1) (b) of the Municipal Systems Act for the provision of municipal services in circumstances contemplated in section 83 of that Act.

(3) This Policy, except where provided otherwise, does not apply in respect of the procurement of goods and services contemplated in section 110(2) of the Act, including –

(a) water from the Department of Water Affairs or a public entity, another municipality, or a municipal entity; and

(b) electricity from Eskom or another public entity, another municipality, or a municipal entity.

5.5.2 Amendment of the Supply Chain Management Policy

(1) The municipal manager must –

(a) at least annually review the implementation of this Policy; and

(b) when the municipal manager considers it necessary, submit proposals for the amendment of this Policy to the council.

(2) If the municipal manager submits proposed amendments to the council that differs from the model policy issued by the National Treasury, the accounting officer must –

(a) ensure that such proposed amendments comply with the Regulations; and

(b) report any deviation from the model policy to the National Treasury and the relevant provincial treasury.

(3) When amending this supply chain management policy, the need for uniformity in supply chain practices, procedures and forms between organs of state in all spheres, particularly to promote accessibility of supply chain management systems for small businesses must be taken into account.

5.5.3 Delegation of supply chain management powers and duties

(1) The council hereby delegates all powers and duties to the municipal manager which are necessary to enable the municipal manager –

(a) to discharge the supply chain management responsibilities conferred on accounting officers in terms of –

(i) Chapter 8 or 10 of the Act; and

(ii) this Policy;

(b) to maximise administrative and operational efficiency in the implementation of this Policy;

(c) to enforce reasonable cost-effective measures for the prevention of fraud, corruption, favouritism and unfair and irregular practices in the implementation of this Policy; and

(d) to comply with his or her responsibilities in terms of section 115 and other applicable provisions of the Act.

(2) Sections 79 and 106 of the Act apply to the sub-delegation of powers and duties delegated to an accounting officer in terms of sub-paragraph (1).

(3) The municipal manager may not sub-delegate any supply chain management powers or duties to a person who is not an official of municipality or to a committee which is not exclusively composed of officials of the municipality.

(4) This paragraph may not be read as permitting an official to whom the power to make final awards has been delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

5.5.4 Sub-delegations

(1) The municipal manager may in terms of section 79 or 106 of the Act sub-delegate any supply chain management powers and duties, including those delegated to the accounting officer in terms of this Policy, but any such sub delegation must be consistent with sub-paragraph (2) of this paragraph and paragraph 4 of this Policy.

(2) The power to make a final award –

(a) above R10 million (VAT included) may not be sub-delegated by the municipal manager;

(b) above R2 million (VAT included), but not exceeding R10 million (VAT included), may be sub-delegated but only to –

(i) Chief Financial Officer;

(ii) Director Technical Services; or

(iii) Director Corporate Services;

(c) not exceeding R2 million (VAT included) may be sub-delegated but only to –

(i) Chief Financial Officer;

(ii) Other departments Senior Managers; or

(iii) a bid adjudication committee.

(3) An official or bid adjudication committee to which the power to make final awards has been sub-delegated in accordance with subparagraph (2) must within five days of the end of each month submit to the municipal manager a written report containing particulars of each final award made by such official or committee during that month, including–

(a) the amount of the award;

(b) the name of the person to whom the award was made; and

(c) the reason why the award was made to that person.

(4) Sub-paragraph (3) of this paragraph does not apply to procurements out of petty cash.

(5) This paragraph may not be interpreted as permitting an official to whom the power to make final awards has been sub-delegated, to make a final award in a competitive bidding process otherwise than through the committee system provided for in paragraph 26 of this Policy.

(6) No supply chain management decision-making powers may be delegated to an advisor or consultant.

5.5.5 Oversight Role of Council

(1) The council reserves its right to maintain oversight over the implementation of this Policy.

(2) For the purposes of such oversight the municipal manager must –

(a) (i) Within 30 days of the end of each financial year, submit a report on the implementation of this policy, to the council of Dannhauser Local Municipality; and

(ii) Whenever there are serious and material problems in the implementation of this policy, immediately submit a report to the council

(3) The municipal manager must, within 10 days of the end of each quarter, submit a report on the implementation of the supply chain management policy to the mayor.

(4) The reports must be made public in accordance with section 21A of the Municipal Systems Act.

5.5.6 Supply Chain Management Unit

(1) A supply chain management unit is hereby established to implement this Policy.

(2) The supply chain management unit operates under the direct supervision of the chief financial officer or an official to whom this duty has been delegated in terms of section 82 of the Act.

REPORT

AUDITOR-GENERAL SOUTH AFRICA

Dannhauser Local Municipality
For the financial year ending
30 June 2025

Report of the auditor-general to the KwaZulu-Natal Provincial Legislature and the council on Dannhauser Local Municipality

Report on the audit of the annual financial statements

Opinion

1. I have audited the annual financial statements of Dannhauser Local Municipality set out from page 190 to pages , which comprise the statement of financial position as at 30 June 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget and actual amounts for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies**.**

2. In my opinion, the annual financial statements present fairly, in all material respects, the financial position of Dannhauser Local Municipality as at 30 June 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (GRAP) and the requirements of the Municipal Finance Management Act 56 of 2003 (MFMA) and the 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.

Emphasis of matters

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

Material impairments – Receivables from non-exchange transactions

7. As disclosed in note 3 to the financial statements, the municipality recognised an allowance of R73,16 million (2023-24: R54,00 million) for the impairment of receivables from non-exchange transactions, as the recoverability of these amounts was considered to be doubtful.

Material impairments – Receivables from exchange transactions

8. As disclosed in note 4 to the financial statements, the municipality recognised an allowance of R10,51 million (2023-24: R7,65 million) for the impairment of receivables from exchange transactions, as the recoverability of these amounts was considered to be doubtful.

Material underspending of conditional grants and receipts

9. As disclosed in note 12 to the financial statements, the municipality underspent on its conditional grant by R12,26 million (2023-24: R1,64 million). The municipality received the funds in the latter part of the financial year, which contributed largely to the underspending.

Contingencies

10. As disclosed in note 49 of the financial statements, the municipality is the defendant in four litigation matters. The ultimate outcome of these matters could not be determined and no provision for any liability that may result was made in the financial statements.

Other matter

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

Unaudited disclosure notes (MFMA 125)

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

Responsibilities of the accounting officer for the financial statements

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

14. 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

15. 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 it 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.

16. 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 on pages 9 and 10, forms part of my auditor's report.

Report on the audit of the annual performance report

17. 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 objectives presented in the annual performance report. The accounting officer is responsible for the preparation of the annual performance report.

18. I selected the following material performance indicators related to the basic service delivery key performance area (KPA) 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

Percentage Construction of Nkosibovu causeway and gravel access roads (0,72 km) in ward 6 in the year ending 30 June 2025
Percentage of rehabilitation of Urban Road Dannhauser Town Suburb Areas Ward 2 in the year ending 30 June 2025
Percentage of rehabilitation of Emafusini Urban Road Ward 2 in the year ending 30 June 2025
Percentage construction of electricity infrastructure for 20 households in Ward 4 in the year ending 30 June 2025
Number of Planning and detailed designs for the construction of electricity infrastructure in Wards 5 and 10 in the year ending 30 June 2025
Provision 5x of Mast lights in ward (6,7,8,10 & 13) (Multi-year) in the year ending 30 June 2025
Number of waste removal services as per the approved schedule for the designated areas for the year ending 30 June 2025
Construction of 30 Disaster/Relief Shelters in Wards 1, 3, 4, 5, 6 and 8 in the year ending 30 June 2025

Facilitate and monitor implementation of 6x human settlement projects in Wards 2, 3, 5, 9, 10 and 13 in the year ending 30 June 2025

19. 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 of its mandate and objectives.

20. 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 to ensure that they are easy to understand and can be applied consistently, as well as verifiable, so that I can confirm the methods and processes to be used for measuring achievements
- the targets can be linked directly to the achievement of the indicators and are specific, time-bound, and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance, as well as how performance will be evaluated
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents
- the reported performance information is presented in the annual performance report in the prescribed manner and is comparable and understandable
- there is adequate supporting evidence for the achievements reported and for the measures taken to improve performance.

21. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

22. The material findings on the reported performance information for the selected objectives are as follows:

Performance indicators not well-defined

Number of waste removal services as per the approved schedule for the designated areas for the year ending 30 June 2025

23. The target was not clearly defined during the planning process. It was not clear what constitutes a complete waste removal service or how the target relates to service delivery. The target focuses on reporting rather than the actual provision of waste removal

services, making it difficult to measure the performance indicator accurately. Consequently, the indicator is not useful for measuring and reporting on progress against planned objectives.

Facilitate and monitor the implementation of 6x human settlement projects in Wards 2, 3, 5, 9, 10 and 13 in the year ending 30 June 2025

24. The target was not clearly defined during the planning process. It referred only to the number of progress reports without clearly defining the expected outcomes or deliverables of the human settlement projects being facilitated and monitored. Consequently, the indicator is not useful for measuring and reporting on progress against planned objectives.

Other matters

25. I draw attention to the matters below.

Achievement of planned targets

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

27. The table that follows provides information on the achievement of planned targets and lists the key service delivery indicators that were not achieved as reported in the annual performance report.

Basic service delivery

Targets achieved: 67% *Budget spent: 48%*		
Key indicators not achieved	**Planned target**	**Reported achievement**
Construction of 30 disaster/ relief shelters in wards 1,3,4,5,6, and 8	100%	0%
Number of waste removal services as per the approved schedule for the designated areas	72x quarterly implementation reports	75 memos with insufficient evidence provided
Facilitate and monitor implementation of 6x human settlement projects in Wards 2,3,5,9,10, and 13 –	24x progress reports on the 6 human settlement projects	22x reports enclosed and 2x memorandums attached

Material misstatements

28. I identified preventable material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for basic service delivery. Management did not correct all of the misstatements, and I reported material findings in this regard.

Report on compliance with legislation

29. 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.

30. 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.

31. 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.

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

Financial statements

33. The financial statements submitted for auditing were not fully prepared in all material respects in accordance with the requirements of section 122(1) of the MFMA. Material misstatements of current liabilities, current assets, revenue, expenditure and disclosure items identified by the auditors in the submitted financial statements were subsequently corrected and the supporting records were provided subsequently, resulting in the financial statements receiving an unqualified audit opinion.

Expenditure management

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

35. Reasonable steps were not taken to prevent unauthorised expenditure amounting to R48,06 million, as disclosed in note 55 to the financial statements, in contravention of section 62(1)(d) of the MFMA. The majority of the unauthorised expenditure was caused by exceeding the budget for expenses.

36. Reasonable steps were not taken to prevent irregular expenditure amounting to R13,62 million, as disclosed in note 57 to the financial statements, as required by section 62(1)(d)

of the MFMA. The majority of the irregular expenditure was caused by the supply chain management processes not being followed.

Strategic planning and performance management

37. The service delivery budget implementation plan for the year under review did not include monthly revenue projections by source of collection and/or the monthly operational and capital expenditure by vote, as required by section 1 of the MFMA.

Human resource management

38. Appropriate systems and procedures to monitor, measure and evaluate the performance of staff were not developed and adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.

Procurement and contract management

39. Some goods and services within the prescribed transaction values for formal written price quotations were procured without obtaining the required price quotations, in contravention of SCM Regulations 17(1)(a) and (c).

40. Some contracts were awarded to providers whose tax matters had not been declared by the South African Revenue Service to be in order, in contravention of SCM Regulation 43.

41. The preference points system was not applied in some of the procurement of goods and services, as required by section 2(1)(a) of the Preferential Procurement Policy Framework Act.

Other information in the annual report

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

43. My opinion on the financial statements, and my reports on the audit of the annual performance report and 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.

44. 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 objectives presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

45. I did not receive the other information prior to the date of this auditor's report. When I do receive and read this information, and if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected,

I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

46. 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.

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

48. Management has not implemented adequate controls over the daily and monthly processing and reconciling of transactions.

49. Management did not prepare regular, accurate and complete financial and performance reports that are supported and evidenced by reliable information

50. Leadership and management did not implement effective oversight and adequate monitoring of compliance with applicable legislation, resulting in material findings on compliance with legislation.

Auditor-General

Pietermaritzburg

30 November 2025

AUDITOR-GENERAL SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

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

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected objectives 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 the municipality to cease operating as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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:

Legislation	Sections or regulations
Municipal Finance Management Act 56 of 2003 (MFMA)	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), 53(1)(c)(ii), 54(1)(c), 62(1)(d), 63(2)(a), 63(2)(c), 64(2)(b), 64(2)(c), 64(2)(e), 64(2)(f) Sections: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) Sections: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), 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)
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) Regulations: 28(1)(a)(i), 29(1)(a), 29(1)(b), 29(5)(a)(ii), 29(5)(b)(ii), 32, 36(1), 36(1)(a), 38(1)(c), 38(1)(d)(ii), 38(1)(e), 38(1)(g)(i) Regulations: 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 24 of 2024	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 (MSA)	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)
Legislation	**Sections or regulations**
	Sections: 54A(1)(a),56(1)(a), 57(2)(a), 57(6)(a), 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), 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)
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),31
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section: 34(1)
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) Regulations: 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)

Dannhauser Local Municipality 2025/2026 Audit Action Plan

												Follow up on AG findings
Audit finding	**AR/MR Finding**	**Component**	**Nature of finding**	**Details of the finding**	**Internal Control Deficiency identified by AG**	**Recommendations by AG**	**Actions/Activities required (Actual work to be done)**	**Person assigned to Task**	**Dead line Date**	**Follow up progress Action update**	**IA Comments**	**Status**
11	Management Report 2025	Finance	Budget overspent	Expenditure incurred in the current year was in excess of the approved adjustment budget, which is in contravention of sections 62(1)(d) and 78(1)(c) of the MFMA amounting to R48,06m.	Reasonable steps were not taken to prevent unauthorized expenditure amounting to R48,06 million, as disclosed in note fifty-five to the financial statements	Management should ensure proper budget management and processes to avoid unauthorized expenditure.	UIFW is investigated and report will be tabled to council and responsible officials will be hold accountable if any, and management will ensure proper budget management.	CFO	30-Jun26			Not yet started

%23	Management Report 2025	Revenue	Receivables from non-exchange transaction	As disclosed in note three to the financial statements, the municipality recognized an allowance of R73, sixteen million (2023-24: R54,00 million) for the impairment of receivables from non-exchange transactions, as the recoverability of these amounts was considered	Management and internal audit did not perform adequate reviews of the financial statement to ensure that the amounts disclosed therein are accurate and agree to the underlying records.	Management and internal audit should ensure that the amounts disclosed in the financial statements agree to the supporting schedules, prior to submitting the financial statements for audit.	Management will perform adequate reviews on the financial statements and process correcting journals to ensure that variances noted are corrected. In future, management will ensure that financial statements are reviewed prior to submission to the auditors.	CFO	30-Jun26			Not yet started

				to be doubtful.								
24	Management Report 2025	Revenue	Receivables from exchange transactions	As disclosed in note four to the financial statements, the municipality recognized an allowance of R10,51 million (2023-24: R7,65 million) for the impairment of receivables from	Management and internal audit did not perform adequate reviews of the financial statement to ensure that the amounts disclosed therein are accurate and	Management and internal audit should ensure that the amounts disclosed in the financial statements agree to the supporting schedules, prior to submitting the financial statements for audit.	Management will perform adequate reviews on the financial statements and process correcting journals to ensure that variances noted are corrected. In future, management will ensure that financial statements	CFO	30-Jun26			Not yet started

							are reviewed					
				exchange transactions, as the recoverability of these amounts was considered to be doubtful.	agree to the underlying records.		prior to submission to the auditors.					

25	Management Report 2025	Finance	Contingencies	As disclosed in note 49 of the financial statements, the municipality is the defendant in four litigation matters. The ultimate outcome of these matters could not be determined, and no	Management did not disclose the provision on the Financial Statements.	Management should analyze the litigation matters and disclose in the Financial Statement in line with GRAP Standard.	Management will make sure the full disclosure of the contingency liabilities and ensure all litigation matters are being quantified.	CFO	30-Jun26			Not yet started

				provision for any liability that may result was made in the financial statements								
38	Management Report 2025	SCM	Compliance	Payments to suppliers were not made within 30 days of receipt of invoices, as required by section 65(2)(e) of the MFMA.	Management did not implement adequate oversight over the budgeting process to pay financial obligations within 30 days. Additionally,	Management should implement adequate budgetary and cash flow controls to ensure that adequate cash is available to cover financial obligations as they arise.	Management agreed with the finding.	CFO	30-Jun26			Not yet started

					management did not adequately review and monitor compliance with section 65(2)(e) of the MFMA.							
39	Management Report 2025	Revenue	Indigent households	Deceased people were identified in the indigent household listing and received indigent rebates on account.	Management did not implement adequate processes to ensure that only people who qualify as indigents receive free	The management must review the indigent process and ensure accuracy and completeness of the indigent beneficiaries.	The municipality has awareness campaigns for communities to raise awareness and enable applications to indigent households. This is done with posters and social media. This ensures residents	CFO	30-Jun26			Not yet started

					basic services.		are informed						
42	Management Report 2025	Expenditure	Fruitless and wasteful expenditure	Items reflected in note 56 relate to fruitless and wasteful expenditure due to penalties and interest in overdue payments to suppliers amounting to R3 645M.	Management did not monitor compliance with the MFMA and related legislative prescripts to prevent the municipality from incurring unauthorized, irregular, as well as fruitless and	All transgressions that led to the instances of unauthorized, irregular, as well as fruitless and wasteful expenditure must be investigated, with action plans put in place to prevent the transgressions from reoccurring and holding the responsible officials accountable. Management should	Management agrees with the finding, in line with Section 32 of the MFMA, all identified UIFW expenditures will be referred for full investigation by a Municipal Council supported by Internal Audit, to establish: • Whether each instance indeed meets the	CFO	30-Jun26				Not yet started

					wasteful expenditure.	implement adequate controls to prevent noncompliance with SCM processes and the MFMA legislation	statutory definitions (unauthorized, irregular, fruitless and wasteful). • The root causes, including procedural lapses or negligent behaviors. • The official responsible (if any) • Whether recoveries are feasible or a council write-off is necessary.					

42	Management Report 2025	Assets Management	Losses	During the municipality's internal physical verification of assets, 527 movable assets could not be located. As a result, these assets were fully impaired and written off.	Management did not implement adequate controls to ensure that its assets were monitored and safeguarded.	Management should update the Fixed Asset Register and financial statements to correct the identified misstatements and ensure that all impairment assessments comply with GRAP requirements and are supported by verifiable evidence. Asset management controls must be strengthened through regular reconciliations between physical verification results and	Management acknowledges and agrees with the findings.	CFO	30-Jun26			Not yet started

						the FAR, along with thorough investigations into all unverified or missing assets before any derecognition or impairment is processed. Stronger management review and authorization controls are required to ensure all adjustments are properly supported, while full compliance with Section 63 of the MFMA must be maintained to safeguard and account for municipal						

						assets. Following investigations, the status of all missing or impaired assets should be submitted to Council for approval prior to any write-off, with any resulting gains or losses correctly recognized in the financial statements.						
46	Management Report 2025	Finance	Grant underspending	Underspending on Disaster Relief Grant. **Budget**: R11,25 million. **Underspending**: R10,61	High levels of unspent conditional grants negatively affect service delivery, as funds intended	Management should ensure that monthly reconciliations are conducted.			30-Jun26			Not yet started

				million / 94,3%	for critical projects remain unused and communities do not receive the planned benefits within the expected timelines.							
46	Management Report 2025	Finance	Grant underspending	Underspending on Municipal Infrastructure Grant. **Budget**: R24,91 million, **Underspending**: R1,65 million / 6.6%	High levels of unspent conditional grants negatively affect service delivery, as funds intended for critical projects	Management should ensure that monthly reconciliations are conducted.			30-Jun26			Not yet started

					remain unused and communities do not receive the planned benefits within the expected timelines.							
66	Management Report 2025	Community Services /PMS	Number of waste removal services as per the approved schedule	The target referred to "72 quarterly implementation reports" without defining what constitutes a waste removal service, focusing on	Management did not adequately review performance indicators and targets or develop proper technical indicator	Management should amend the indicators to ensure that they meet the characteristics of being well-defined and verifiable, and targets being specific, measurable,	We note AG's recommendations. Management will develop a clear description for each indicator and how data should be collected	Director-Community Services	30-Jun26			Not yet started

				reporting rather than	descripti ons,	and time bound. The						

				service delivery and resulting in an indicator that could not be accurately measured. There was inadequate oversight to ensure that targets aligned with service delivery output, and no controls were in place to verify that indicators were specific, relevant, and measurable at the	resulting in indicators that were not specific, measurable, or clearly defined.	indicators should be worded in such a way that they are not subject to misinterpretation based on who is reading the indicator.						

				planning stage.								
66	Management Report 2025	Planning and LED/PMS	Facilitate and monitor the implementation of 6 human settlement projects	The target focused only on producing 24 progress reports and did not define expected project outcomes, making the indicator unmeasurable and not reflective of actual facilitation and monitoring of the six projects. The municipality lacked a robust process for assessing whether	Management did not adequately review performance indicators and targets or develop proper technical indicator descriptions, resulting in indicators that were not specific, measurable, or clearly defined.	Management should amend the indicators to ensure that they meet the characteristics of being well-defined and verifiable, and targets being specific, measurable, and time bound. The indicators should be worded in such a way that they are not subject to misinterpretation based on who is reading the indicator.	We note AG's recommendations. Management will develop a clear description for each indicator and how data should be collected	Director-Planning and LED	30-Jun26			Not yet started

				performance indicators and targets sufficiently captured project activities and outcomes, resulting in approval of indicators that were vague and not measurable.									
83	Management Report 2025	Human Resource Management	IPMS	Appropriate systems and procedures to monitor, measure and evaluate the performance of staff were not developed and	Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled	Management must implement performance agreements for all its employees and ensure that these are signed by 31 July each year and monitored as per the	Management will ensure that all employees sign performance agreements, and these are monitored.	Director-Corporate Services	30-Jun26				Not yet started

				adopted, as required by section 67(1)(d) of the MSA and regulation 31 of Municipal Staff Regulations.	resources are in place and that performance is monitored for all employees of the municipality.	policy and MSA.						
83	Management Report 2025	Human Resource Management	IPMS	The staff members did not enter into a performance agreement within the prescribed period, as required by regulation 35(1) of the Municipal Staff Regulations.	Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is	Management must implement performance agreements for all its employees and ensure that these are signed by 31 July each year and monitored as per the policy and MSA.	Management will ensure that all employees sign performance agreements, and these are monitored.	Director-Corporate Services	30-Jun26			Not yet started

					monitored for all employees of the municipality.							
83	Management Report 2025	Human Resource Management	IPMS	I was unable to obtain sufficient appropriate audit evidence that the acting staff member's performance agreement was amended to include the key performance areas (KPAs) and key performance indicators (KPIs) of the acting position, as	Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored for all employees of the municipality.	Management must implement performance agreements for all its employees and ensure that these are signed by 31 July each year and monitored as per the policy and MSA.	Management will ensure that all employees sign performance agreements, and these are monitored.	Director-Corporate Services	30-Jun26			Not yet started

				required by regulation 43 of the Municipal Systems Regulations.								
83	Management Report 2025	Human Resource Management	IPMS	I was unable to obtain sufficient appropriate audit evidence that the annual performance appraisal for senior managers was performed and that the key performance areas (KPAs) outlined in the individual	Leadership did not implement effective HR management to ensure that adequate and sufficiently skilled resources are in place and that performance is monitored for all employe	The municipality should ensure consistent quarterly performance evaluations for senior managers in line with Regulation 38 by implementing a structured assessment schedule and maintaining proper documentation.	Management commits to stabilizing the administrative environment and ensuring that the evaluation committee meets as required so that senior manager performance assessments can be conducted.	Director-Corporate Services	30-Jun26			Not yet started

130	Management Report 2025	Accountability and Ecosystem	Management and internal audit should perform diligent reviews of the financial statements prior to submitting them for audit by ensuring that	Management and internal audit will perform diligent reviews of the financial statements before submitting them for audit by	MM/ HOD's	30-Jun26	**The financial statements are reviewed by IA and AC before submitting them to AG.**		In progress

			corresponding figures	ensuring that					

performan es of
the ce plans
municip were ality.
assessed based on
the achieved results,
as required by
regulations 26(5) and
27(4)(a)(I) of the
Municipal
Performance
Regulations.

			agree with the prior year's audited financial statement and/or restated figures.	corresponding figures agree with the prior year's audited financial statement and/or restated figures.					
130	Management Report 2025	Accountability and Ecosystem	Management, with the assistance of internal audit, should ensure that all indicators included in the SDBIP meet the requirements of the FMPPI.	The IDP and PMS Manager will ensure that indicators are SMARTS.	MM/ HOD's	30-Jun26	**IA has reviewed Q1 PMS reports to ensure alignments and credible indicators to meet SMART based principles.**		In progress

130	Management Report 2025	Accountability and Ecosystem	Management should implement a formal policy that sets clear, transparent, and compliant procedures for panel work allocation, including applying the preference point system and verifying supplier compliance before each award.	Management will develop and formal approval of a procedure for work allocation to panel members, including reverification of compliance before each award.	MM/ HOD's	30-Jun26			Not yet started
130	Management Report 2025	Accountability and Ecosystem	The audit committee should concur with any appointment and termination of the services of the chief audit	Management notes the auditor's findings. Management will request a written recommendation from AC for the	MM	30-Jun26			In progress

				CAE					
			executive. This will strengthen Internal Audit independence and align with MFMA Circular 65.	appointments.					

130	Management Report 2025	Accountability and Ecosystem	Council should formally adopt MFMA Circulars 65 and 127 to strengthen the role and effectiveness of the Audit Committee. Furthermore, management should implement monitoring controls to track all key MFMA circulars and ensure that they are presented and adopted	Management will ensure that circulars are adopted by the Council.	MM	30-Jun26				Not yet started

			at Council meetings in a timely manner.							
Annexure B,11	Management Report 2025	Procurement and Contract Management	Management should consider developing and implementing its internal policies to manage panel usage to ensure consistency during the awards.	Management will develop a guide for the use of panels or incorporate the use of panels into the SCM policy.	CFO	30-Jun26				Not yet started
Annexure B,11	Management Report 2025	Procurement and Contract Management	All procurement through panels must adhere to the Supply Chain Management (SCM)	Management will develop a guide for the use of panels or incorporate the use of panels into	CFO	30-Jun26				Not yet started

			prescripts and Section 217 of the Constitution, ensuring that procurement is conducted in a manner that is fair, equitable, transparent, competitive, and costeffective.	the SCM policy.						
Annexure B,11	Management Report 2025	Procurement and Contract Management	Management should update the SCM policy with the amendments and ensure that the changes are implemented immediately.	The management will consider the Auditor General's recommendation and submit changes as soon as received from NT to ensure compliance with SCM prescripts.	CFO	30-Jun26				Not yet started

Annexure B,11	Management Report 2025	Procurement and Contract Management	Management should ensure strict compliance with SCM Regulations 12(1)(c) and 17(1) by obtaining at least three written quotations for all applicable procurements, with documented and approved justification where this is not possible. A pre-award compliance checklist should be implemented and reviewed by SCM officials, supported by periodic training on	Management agrees with the finding.	CFO	30-Jun26			Not yet started

			MFMA and SCM requirements. Additionally, any previously unrecorded irregular expenditure must be identified, quantified, and disclosed in line with MFMA section 125(2)(d) and MFMIS Circular 68.						

Status
In progress
Resolved
Not resolved
Not yet started
Total finding
Resolved
Not Resolved
In progress
Not yet started

CHAPTER 7: APPENDICES DESCRIPTION

APPENDIX A: COUNCILLORS; COMMITTEE ALLOCATION AND COUNCIL ATTANDANCE

COMMITTEE ALLOCATIONS		
PORTFOLIO COMMITTEE	CHAIRPERSON OF THE COMMITTEE	MEMBERS
EXECUTIVE COMMITTEE	Cllr BA Radebe	Cllr BTD Langa Cllr SEC Kunene Cllr S Nzuza Cllr RN Made
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	Cllr GV Ngcane	Cllr RS Langa Cllr D Makhaza Cllr EN Buthelezi Cllr SE Myaka Cllr NP Kumalo Cllr XM Nkosi Cllr MS Mkhumane
TECHNICAL SERVICE PORTFOLIO	Cllr S Nzuza	Cllr MS Mkhumane Cllr RS Langa Cllr BS Sikhakhane Cllr MP Mathebula Cllr GV Ngcane
CORPORATE SERVICE PORTFOLIO	Cllr S Nzuza	Cllr SEC Kunene Cllr KB Khanye Cllr M Kunene Cllr FR Simelane Cllr MJ Nkabinde Cllr CF Maphisa
COMMUNITY SERVICES PORTFOLIO	Cllr BTD Langa	Cllr M Kunene Cllr TS Msibi Cllr SE Myaka Cllr EN Buthelezi Cllr D Makhaza Cllr KB Khanye Cllr SW Ndlela
PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO	Cllr BTD Langa	Cllr BS Sikhakhane Cllr M Kunene Cllr N Mthembu Cllr MS Mthembu Cllr NP Kumalo Cllr TS Msibi Cllr RN Made

BUDGET AND TREASURY PORTFOLIO	Cllr BA Radebe	Cllr MS Mkhumane Cllr GV Ngcane Cllr NP Kumalo Cllr RS Langa Cllr KB Khanye
AUDIT COMMITTEE	Mr. S Ngwenya	Mr. S Mthembu Mr. SE Ngwenya Mr. V Kubeka Advocate Khambule
MANAGEMENT COMMITTEE	MS Sithole	N Majola NM Shangase M Ngwabe SS Nkabinde LP Gcabashe V Mdlalose

APPENDIX B: COMMITTEE AND COMMITTEE PURPOSE

Committees (other than Mayoral / Executive Committee) and Purposes of Committees	
Municipal Committees	**Purpose of Committee**
MPAC	The Municipal Public Accounts Committee (MPAC) has been established by Council in terms of Section 79 of the Municipal Structures Act, Act 117 of 1998. The purpose of the Committee is to perform an oversight function on behalf of the Council over the executive functionaries of the Council to the extent set out herein
Portfolio Committee	The Portfolio committee has been established by Council in terms of Section 80 of the Municipal Structures Act, Act 117 of 1998. The purpose of the Committee is to perform an oversight function on behalf of the Council over the executive functionaries of the Council to the extent set out herein
Audit Committee	The committee must review and assess the qualitative aspects of financial reporting, the municipality's processes to manage business and financial risk, governance processes and compliance with applicable legal, ethical, and regulatory requirements.

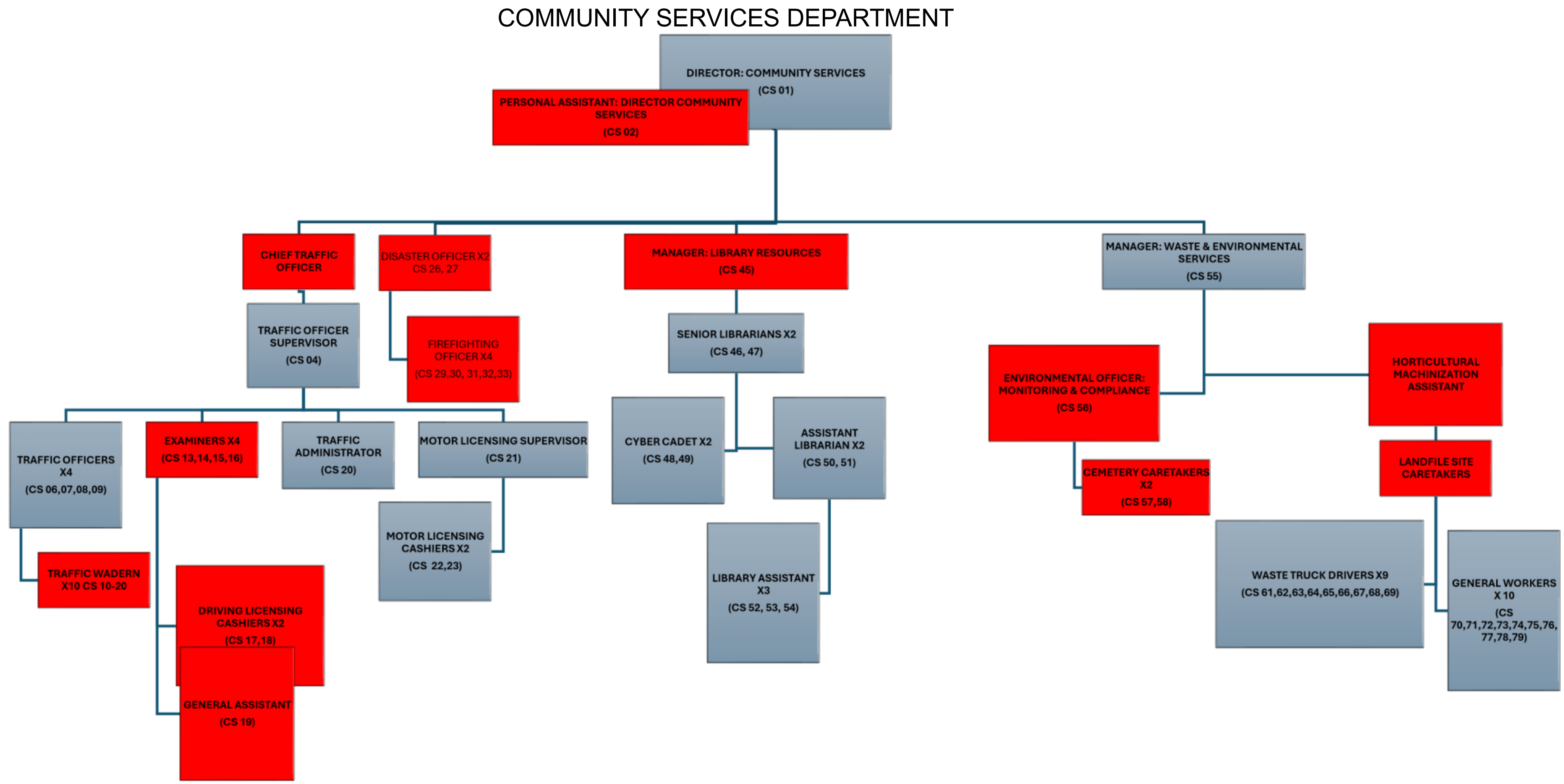
EXCO	The Executive committee is the management or principal committee of the municipality. It receives reports from other
	committees of council and must forward these reports together with its recommendations to the full council.
MANCO	The Management Committee carries out a vital role within the Municipality. Their role is not necessarily about doing, it is about ensuring things are done. Usually, the day-to-day management of the municipality will be delegated by the Municipal Manager.

MEETINGS STATISTICS

MEETINGS HELD AND ATTENDED			
COMMITTEE	**NUMBER OF MEETING HELD IN 2024/2025 F/Y**	**NO OF MEMBERS WHO ATTENDED THE MEETINGS**	**NO OF MEMBERS WHO DID NOT ATTEND THE MEETINGS**
EXECUTIVE COMMITTEE	05/08/2024 19/08/2024 05/03/2025 25/03/2025 28/03/2025 22/04/2025 20/05/2025 19/06/2025	05 04 04 05 05 04 04 04	00 01 01 00 00 01 01 01
MUNICIPAL PUBLIC ACCOUNTS COMMITTEE	21/08/2024 18/09/2024 04/03/2025 19/03/2025 19/05/2025 18/06/2025	07 06 07 06 06 06	01 02 01 02 03 03
TECHNICAL SERVICE PORTFOLIO	08/08/2024 17/02/2025 18/06/2025	05 05 06	01 01 00

CORPORATE SERVICE PORTFOLIO	08/08/2024 18/09/2024 18/03/2025 10/04/2025	06 05 06 06	00 01 00 01
COMMUNITY SERVICES PORTFOLIO	20/09/2024 14/11/2024 14/05/2025	05 04 05	01 03 02
	12/06/2025	07	00
PLANNING AND ECONOMIC DEVELOPMENT PORTFOLIO	30/08/2024 14/11/2024 12/03/2025	05 08 05	03 00 03
BUDGET AND TREASURY PORTFOLIO	12/07/2024 28/11/2024 11/02/2025 18/03/2025 19/05/2025	04 04 06 06 05	02 02 00 00 01
AUDIT COMMITTEE	6		

APPENDIX C; THIRD TIER ADMINISTRATIVE STRUCTURE



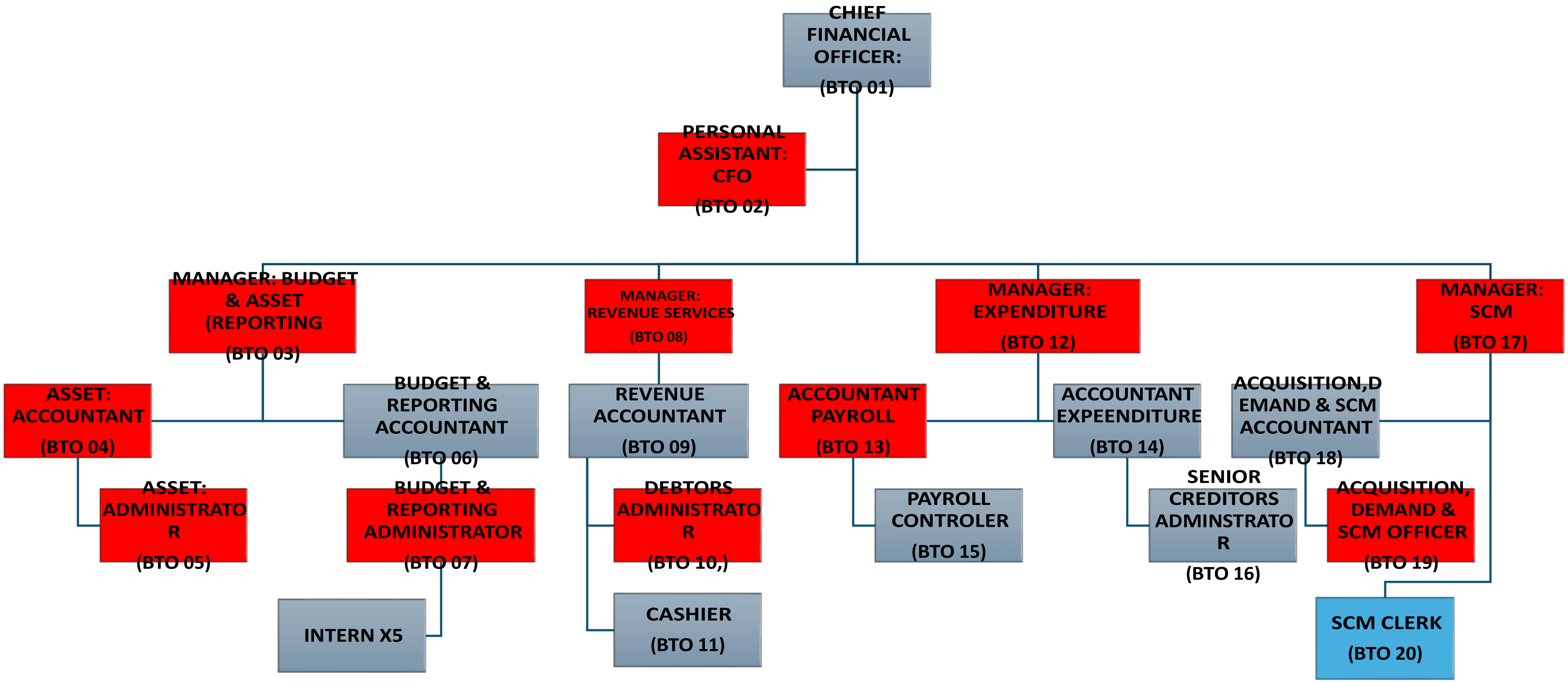
TOTAL NUMBER: 79

FILLED: 33

VACANT: 46

INTERN: 04

BUDGET & TREASURY OFFICE



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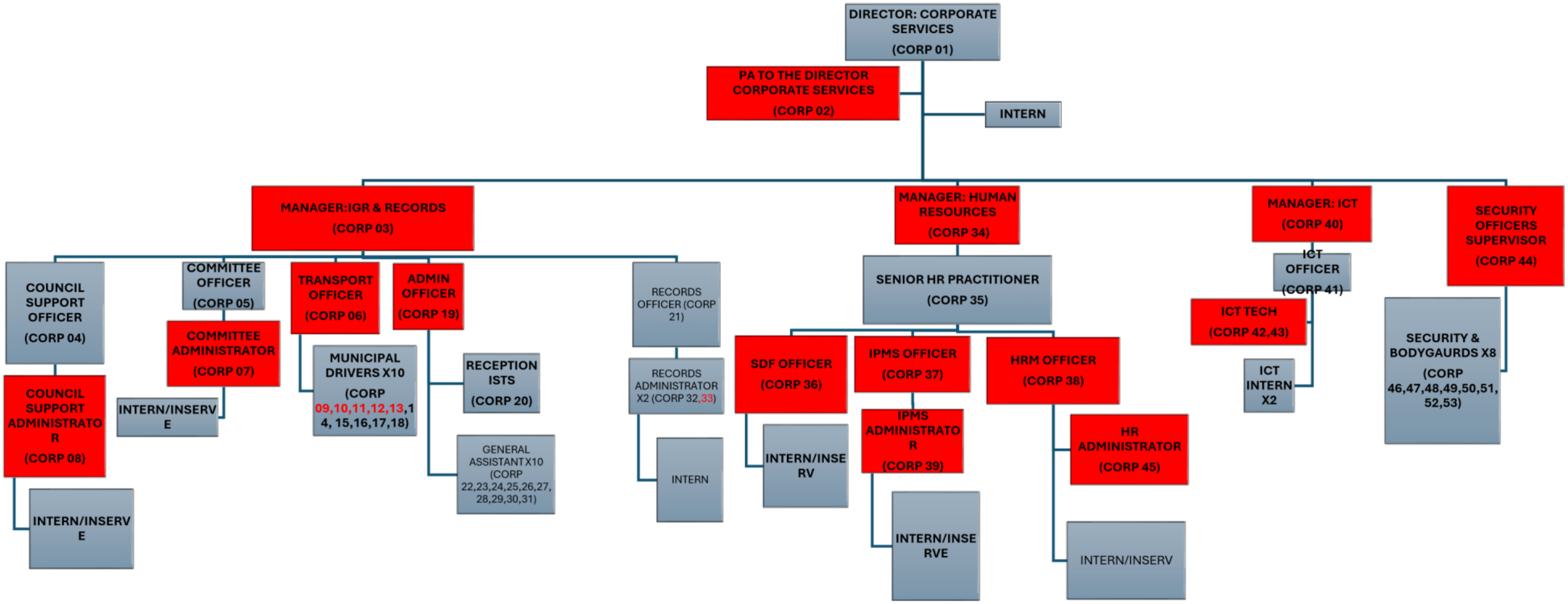
VACANT: 15

INTERN: 05

CORPORATE SERVICES DEPARTMENT



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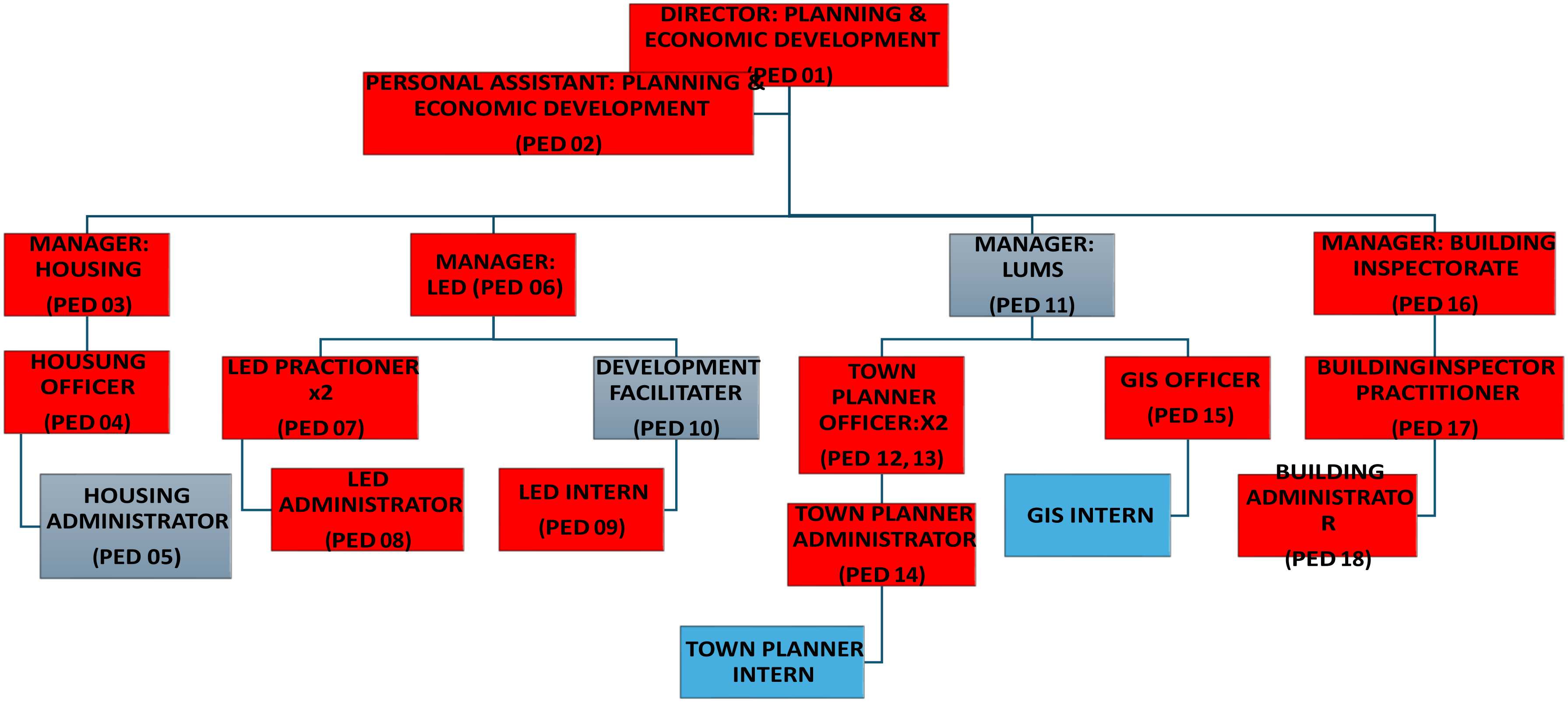
VACANT: 22

INTERN: 08

PLANNING & LOCAL ECONOMIC DEVELOPMENT



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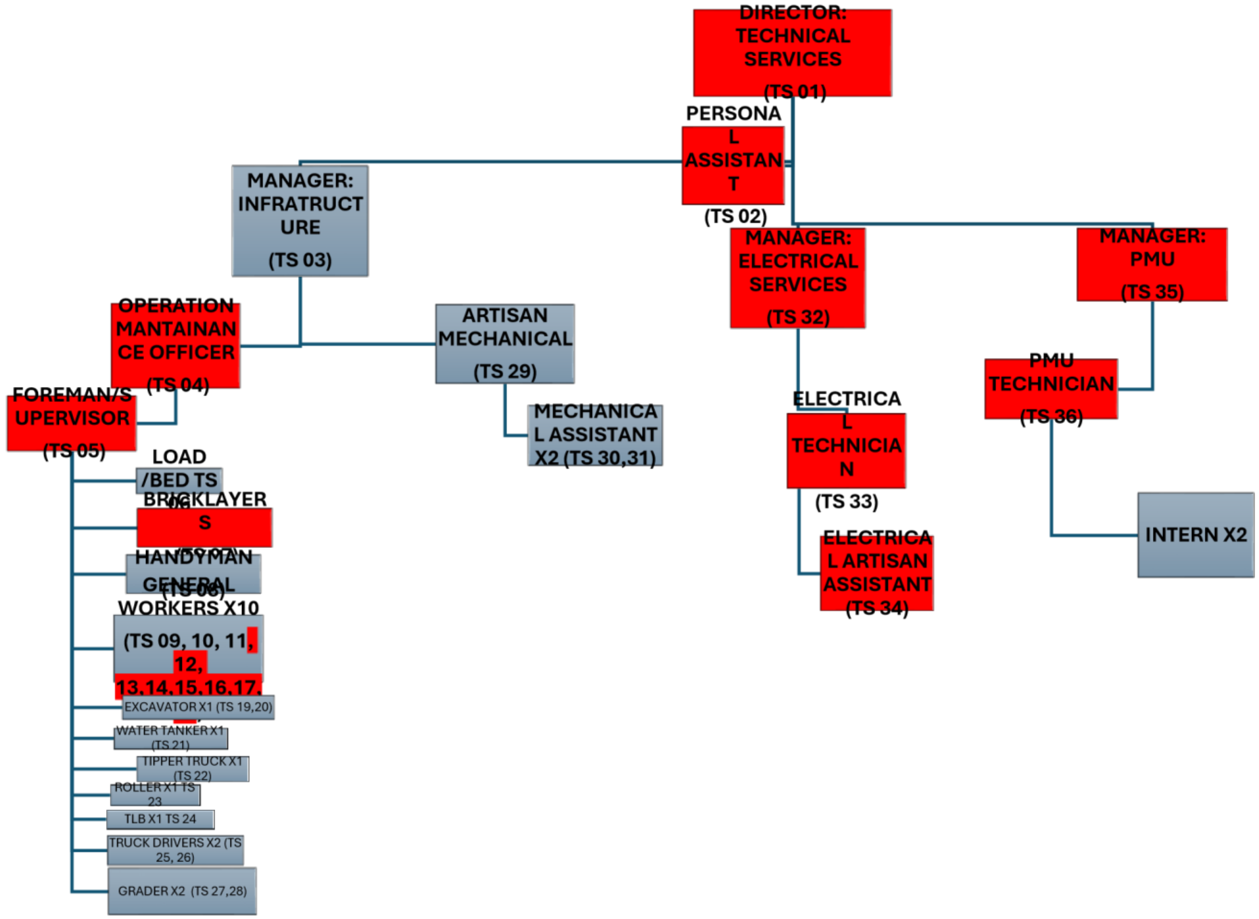
VACANT: 15

INTERN:02

TECHNICAL SERVICES DEPARTMENT



TOTALNUMBER: 36

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VACANT: 17

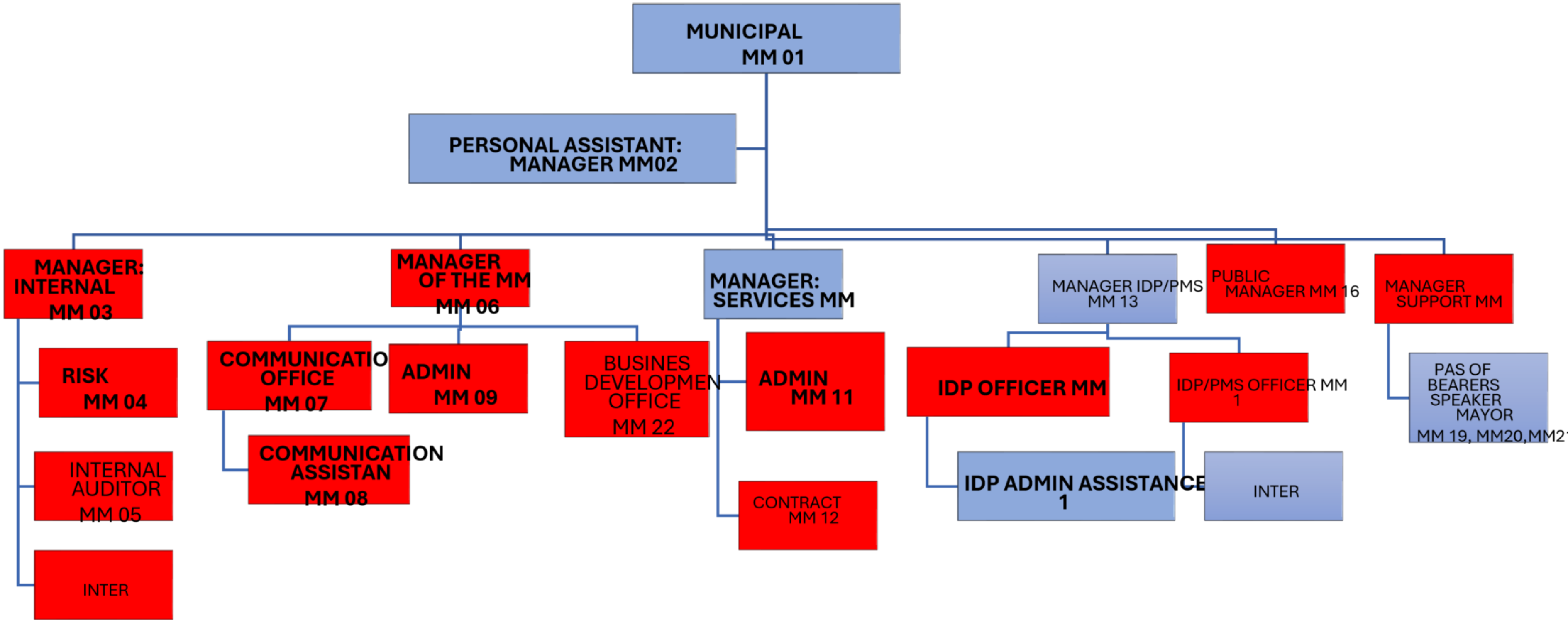
INTERN:02

OFFICE OF THE MUNICIPAL MANAGER

TOTAL NUMBER: 22

FILLED: 08

VACANT: 14



INTERN:02

APPENDIX D: FUNCTIONS OF THE MUNICIPALITY

- **Basic Service Delivery**
  Providing essential service like: o Water and Sanitation
  o Electricity and energy o Waste management and refuse collection
  - Roads and stormwater management

- **Local Planning and Development** Managing: o Town planning and urban design o Building regulations and approvals o Local economic development initiatives
  - Spatial planning and land use management

- **Community Service**
  Offering:
  - Libraries and information services o Parks, recreation facilities, and sport ground o Public health services and environmental health o Cemeteries and funeral services

- **Infrastructure Maintenance** Ensuring upkeep of:
  - Roads and streets o Public building and facilities
  - Public space and amenities

- **Revenue Collection and financial Management** Managing: o Property rates and taxes o Service charges and fees o Budgeting and financial planning

- **Governance and Public Participation**:
  - Representing local communities, making decisions on local matters, and ensuring public participation in municipal processes.

APPENDIX E: WARD REPORTING

Appendix e: Ward Reporting Ward	Date of meeting	Number of participating councillors	Number of participating municipal officials	Challenges, complaints / request for service delivery	Date of following meeting	Feedback given on issues
01	18/10/24	0	0	Electricity Water Wildfires	18/11/24	N/A
02	21/08/24	1	0	Road maintenance Emafusini	16/10/24	N/A
03	N/A	N/A	N/A	N/A	N/A	N/A
04	N/A	N/A	N/A	N/A	N/A	N/A
05	N/A	N/A	N/A	N/A	N/A	N/A
06	N/A	N/A	N/A	N/A	N/A	N/A
07	N/A	N/A	N/A	N/A	N/A	N/A
08	N/A	N/A	N/A	N/A	N/A	N/A
09	22/10/24 03/12/24	0 1	0	Access roads Agriculture Crime and stock theft	12/11/24 20/01/25	N/A
10	13/11/24	0	0	Electricity Water	03/12/24 11/01/25	N/A

	02/12/24			Water Electricity Housing		
11	N/A	N/A	N/A	N/A	N/A	N/A
12	N/A	N/A	N/A	N/A	N/A	N/A
13	N/A	N/A	N/A	N/A	N/A	N/A

APPENDIX F: WARD INFORMATION

Ward	Objectives	Needs	Vision	Economic Status
Ward 1: MS Mkhumane	• To have adequate housing within Ward1 • To have better quality Access Roads within Ward1 • To have adequate supply of water in Ward1	Rural Roads Water Resuscitation of the Water Resources (Boreholes, Springs)	To see the entire being electrified especially in the deepest rural areas to making it an Agricultural Hub.	The ward is economically by low income and the number of beneficiaries of social grant and un-employment people, and it is mostly based on Agricultural base farming e.g. maize, beef, soya, chicken. But still most people are un-employed.
Ward 2: M Kunene	•To improve standard living of basic services •To provide adequate housing •To reduce crime and drugs abuses	•Tarring Roads •Storm Water Drainage •Housing	•To have a safe and healthy life to all communities •To decrease crime and create awareness with the ward	The ward 2 is characterized by economically by middle class of low income and large number of grant beneficiaries and unemployment people.

				Dannhauser Malt Durnacol Mine – under rehabilitation Farming
Ward 3: MS Mthembu	•To improve standard living of basic services •To provide adequate housing •To reduce crime and drugs abuses	•Electricity Infills •Water Reticulation •Resuscitation of Boreholes and Spring Sources	To have a safe healthy life to all communities To decrease crime and create awareness with the ward	The Ward is characterized by economically by middle class of low income and large number of grant beneficiaries and unemployment people.
Ward 4: BTD Langa	•To improve standard living of basic services •To provide adequate housing •To reduce crime and drugs abuses	•Water and Sanitation •Rehabilitation of Boreholes and Springs •Community Hall	•To have a safety health life to all communities •To decrease crime and create awareness with the	The ward is characterized by economically by middle class of low income and large number of grant beneficiaries and unemployment people. There is a high rate of house breaking and alcohol abuse.
Ward 5: MJ Nkabinde	•To improve standard living of basic services •To provide adequate housing	•Access Roads, •Mast Lights (Appolo), •Water,	•To have a safety health life to all communities •To decrease crime and create awareness with the ward	The ward 5 is characterized by economically by middle class of low income and large number of grant beneficiaries and unemployment people. There is a high rate of house

	•To reduce crime and drugs abuses			breaking and alcohol abuse especial in (Cloonen) and stock theft, cable theft
Ward 6: SW Ndlela	•to have adequate housing •to access of road •all resident to have access of water and sanitation	•Housing •Rural Road •Electrification	•To build non-racial and united people within the ward •To promote healthy living for all communities	The ward is economically by low income and the number of beneficiaries of social grant and un-employment people
Ward 7: FR Simelane	•To improve standard living of basic services •To provide adequate housing •To reduce crime and drugs abuses	•Housing, •Electricity infill, •Refuse Removal	•To have a safe and healthy life to all communities •To decrease crime and create awareness with the ward	Ward 7 is characterized by economically by middle class of low income and large number of grant beneficiaries and unemployment people. Also had coal mine that is operating at Allen and Kempzook)
Ward 8: RN Made	•to have adequate housing •to access of road •all resident to have access of water and sanitation	•Housing •Electrification •Rural Roads	To see all ward being electrified especially in most deep rural areas to make the ward as Agricultural Hub	Ward 8 is economically by low income and the number of beneficiaries of social grant and un-employment people.

Ward 9: XM Xaba	•To have adequate housing •To have quality Access Road in the entire Ward. •To ensure that all households within the Ward have access of water and sanitation	•There is a great need for housing and job opportunities. •Need for basic services like water, electricity, roads and sanitation	•Having fully serviced Ward in terms of Basic Needs.	The ward is economically by low income and the number of beneficiaries of social grant and un-employment people.
Ward 10: N Mthembu	To have adequate housing To have quality Access Road in the entire Ward. To ensure that all households within the Ward have access of water and sanitation	Mast Lights Rural Road Child Care Facilities	Having fully serviced Ward in terms of Basic Needs.	The ward is economically by low income and the number of beneficiaries of social grant and un-employment people.
Ward 11: BA Radebe	to have adequate housing to access of road all resident to have access of water and sanitation	Water and Sanitation Housing Electrification	to have a safety and healthy developed society	Ward11 is economically by low income and the number of beneficiaries of social grant and un-employment people

Ward 12: MCF Maphisa	to have adequate housing to access of road all resident to have access of water and sanitation	Housing Rural Road Water and Sanitation	To build non-racial and united people within the ward	The ward is economically by middle and low income and the number of beneficiaries of social grant and un-employment people.
Ward 13: BS Skhakhane	to have adequate housing to access of road all resident to have access of water and sanitation	Housing Mast Lights Rural Roads	To improve standard of living for all communities through provision of basic services, (water, electricity, adequate	The ward is economically by middle and low income and the number of beneficiaries of social grant and un-employment people

APPENDIX G: RECOMMENDATIONS OF THE MUNICIPAL AUDIT COMMITTEE

4.1.6 Performance Audit Committee

The Performance Audit Committee has been established in terms of Section14(2) (a) of the Local Government: Municipal Planning and Performance Management Regulations of 2001.

Mandate

The Dannhauser Municipality established an Audit Committee (AC) in terms of section 166 of the MFMA, section 14(2) of the Local Government Municipal Planning and Performance Regulations, 2001 (Regulations) and MFMA Circular No.65 issued by the National Treasury in November 2012. Consideration has also been given to the recommendations contained in the King Report on Governance for South Africa 2017 (King IV).

Members and Attendance at Meetings

The AC is comprised of four (4) independent, external members and the AC members are Mr M Ngubane (Chairperson – Audit Committee), Mr B Mbange, Ms B Mokgatle and Mrs N Sikhakhane. The AC is required to meet at least 4 times per annum, in line with S166 of the MFMA.

The Audit Committee and Performance Committee held meetings on the following dates in the 2024/2025 financial year:

1. 13 August 2024
2. 16 August 2024
3. 28 August 2024
4. 18 December 2024
5. 29 January 2025
6. 27 June 2025

Responsibility

The legal responsibilities of the AC are set out in terms of section 166 of the MFMA and operate within the terms of the Audit and Performance Committee Charter approved by the Council.

In the conduct of its duties, the AC has performed the following statutory duties relating to the year ending 30 June 2025.

Period of the Meetings	Committee recommendations during 2024/25
01 July 2024/2025	<u>**Report by the office of the Auditor General**</u> The committee noted the report from the Auditor General with concerns regarding issues of material adjustment on Annual Financial Statements and the recuring issues of receivables, UIFWE and Non payment of service providers within 30 days as required by the Municipal Finance Management Act. The committee resolved the following. Accounting officer must develop the Audit Action Plan to address all these issues and ensure that the root cause is being identified and resolved. Accounting officer must develop a cash flow management strategy to ensure compliance with the 30 days payment requirement. **Final Internal Audit Report on Audit of follow-up audit through management actions on address findings of the Auditor General for the financial year ended 30 June 2025.** The resolved to recommend to the Municipal Council That the findings raised by the Auditor General and addressed through the Audit Action Plan for the financial year ended 30 June 2025 were not all addressed 100% to ensure that those issues are not recurring.

	The committee recommend the capacity building in critical areas such as internal audit which has only one experienced individual, and areas like finance to ensure that root causes are being addressed. **Final Internal Audit Reports on Human Resource Management, Revenue Management and Debtors, Supply Chain Management and Expenditure.** The committee resolved the following as recommendation to Municipal Council The Accounting Officer (Municipal Manager) must strengthen internal control environment to minimise risk exposure of these escalating and have potential of being issues even for the Auditor General. Municipality should ensure capacity building for Internal Audit unity to ensure that issues are being raised internally so management have enough time to develop systematically processes to minimise risk exposure.

Recommendations of the Municipal Audit Committee

ANNUAL REPORT OF THE AUDIT COMMITTEE FOR THE PERIOD 01 JULY 2024 TO 30 JUNE 2025

The Audit and Performance is delighted to submit its Annual Report for the year, 01 July 2024 to 30 June 2025 in accordance with sections 121(3)(j), 166(2)(b) and (c) of the Municipal Finance Management Act (MFMA).

Audit and Performance Committee members and attendance

In compliance with Section 166(2) of the MFMA, Council has an Audit and Performance Committee which is an independent body advising the Municipal Council, the political office – bearers, the accounting officer, and the management staff of the Municipality on matters relating to:

- Internal financial control and internal audits.
- Risk management

- Accounting policies
- Adequacy, reliability and accuracy of financial reporting and information.
- Annual financial statements
- Performance Managements
- Governance
- Compliance with MFMA, DoRA, and applicable legislation
- Issues raised by the Auditor General and Internal audit and
- Monitoring and Evaluation of internal audit Unit.

The Audit and Performance Committee consist of five (5) members. The committee meets as a minimum, four (4) times a year as per the approved Audit and Performance Committee Charter. The committee held 7 meetings during the year ended 30 June 2025. In addition to ordinary and special Audit and Performance Committee, the Chairperson of the Audit and Performance Committee did not get the invite from the Council chairperson to present Audit and Performance Committee report in the year ended 30 June 2025.

The Municipal Manager, Senior Managers directly accountable to the Municipal Manager and other management officials also attended the meetings. The Audit and Performance Committee has taken the resolution to have a standing invitation of Auditor General, Provincial Treasury, Cogta representatives, the Honourable Mayor and Chairperson of MPAC to all the Audit and Performance Committee meetings.

Members	**Meetings attended**
Mr. S. Ngwenya-Chairperson	7
Adv. N. Khambule	7
Mr. S. Mthembu	7
Mr. V.M. Kubeka	7
Mr. S.V. Ngwenya	6

Internal Controls

Internal Audit provides the Audit and Performance Committee and management with assurance that the internal controls are effective. This is achieved through the systematic approach of evaluating the effectiveness of internal controls, risk management and governance and provide recommendations for improvements.

The Municipal Manager retains the responsibility to implement the recommendations and to develop Action Plans.

The reports of the Internal Audit and Auditor General emphasised the importance of improving the internal controls, compliance with laws and regulations. The committee concludes that the system of internal controls implemented by the management is not in its entirety effective needs management interventions.

Internal Audit Function

Internal Audit is an independent function with the dual reporting lines, administratively reports to the Municipal manager and functionally to the Audit and Performance Committee. It assists the Municipality in accomplishing its objectives by bringing a systematic and disciplined approach (risk-based audit approach) to evaluate and improve the effectiveness of internal controls, risk management, and governance.

In terms of Section 165(1) of the MFMA, states that each Municipality is required to have an internal audit unit. Section 165(3) allows the municipality to co-source the function if the Municipality requires them to develop its internal capacity. During the current year as in the previous year's Internal audit function was assisted through the co-source arrangement.

Internal Audit performs audits in terms of a three-year strategic and one-year operational plans which is approved by the Audit and Performance Committee at the commencement of each financial year. Internal Audits reports to the Audit and Performance Committee eon a quarterly basis regarding the progress with the implementation of the approved plans as well as the outcome of audits conducted in terms of the agreed management action plans in response to reported audit findings.

Chief Audit Executive (CAE) have direct access to the Audit and Performance Committee through the Chairperson. The Audit and Performance Committee concurred with the appointment of the CAE and the alignment with the Senior Management (Director's/HOD's) of the Municipality. Significant intervention was required by the Audit and Performance Committee in ensuring that the work of both Internal Audit and External Audit as well as the relationship between management and auditors, was facilitated and guided where necessary in a manner that was independent and constructive.

Enterprise Risk Management

Enterprise risk Management (ERM) improves organisational risk communication and knowledge sharing, developing a common risk language that ensures that a risk management culture is embedded in the Municipality. The Risk Management Unit supports evidence-based decision making by reducing uncertainty. This is realised by providing a holistic view of risk and application of a robust risk management system. Fraud prevention is an integral part of the strategy, operations, and administration function. The unit ensures that

Municipality has a strategic risk register that enables coordination and alignment of strategic initiatives across the Municipality.

Evaluation Of Annual Financial Statements

The Audit and Performance Committee evaluated the Annual Financial Statements (AFS) and Annual Performance Report for the year ended 30 June 2025 and duly approved for submission to the Auditor General for audit. The committee did not have any unresolved matters with both AFS and APR when they were submitted to the Auditor General for Audit.

The Committee acknowledges that the Auditor General issued an unqualified audit opinion on the financial statements of the Municipality for the year ended 30 June 2025. The committee note the amount of emphasis of matters by the Auditor General including the compliance processes. Management is committed to implementing the necessary controls to prevent and reduce the re-occurrence of these issues.

Conclusion

The Audit and Performance Committee will continue to provide oversight on the progress made by the Municipality in improving overall governance, systems of internal control, risk management as well as the performance management. The Audit and Performance Committee concur with and accepts the conclusion of both Internal Audit and Auditor General on the matters they have raised during the audits.

The Audits and Performance Committee encourage the Accounting Officer and Management to entrench the culture of Accountability and sound financial management and month-end discipline at all levels of operations of the Municipality, ensure alignment of the CAE with the Senior Management of the Municipality this to ensure proper alignment for accountability and engagements. Council, Executive Committee and all committees of Council should play a pivotal role on oversight over management.

The Committee wishes to express its sincere appreciation to the Accounting Officer, Senior Management, MPAC, Portfolio Committees, Executive Committee, Council and staff for their co-operation and supports.

Mr. S.E.S Ngwenya-Chairperson: Audit and Performance Committee

APPENDIX H: LONG TERM CONTRACTS AND PUBLIC PRIVATE PARTNERSHIP

APPENDIX I: MUNICIPAL ENTITY/ SERVICE PROVIDER PERFORMANCE SCHEDULE

ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICE PROVIDERS

The monitoring of the service provider performance is ensured through the signing of the Service Level Agreement. It is currently being done at user department level. The end user department provides monthly reports to the SCM unit as well. Service providers who fail to perform are reported to SCM and the necessary action is taken including the termination of the contract or cancellation of an order.

Assessment Key

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

NB: It must be noted some of the projects are behind schedule not necessarily due to poor delivery by the Service provider but mainly due to delays on the Municipality side emanating from delays in funding, Stakeholder delays or in

ASSESSMENT OF THE PERFORMANCE OF EXTERNAL SERVICES PROVIDERS

No.	CONTRACT NUMBER	BID/ QUOTATION NUMBER	APPOINTED BIDDER	DESCRIPTION OF GOODS/SERVICES/PROJECTS	CONTRACT VALUE AS PER CONTRACT	CONTRACT AMOUNT PAID	BALANCE OF CONTRACT VALUE	CONTRACT EXTENSION VALUE	CONTRACT START DATE	CONTRACT END DATE	PERFORMANCE ASSESSMENT & REMEDIAL MEASURES
1.	6/1/302 - FIN	05/07/2021	INSIDEDATA SOUTH	PROVISION OF BULK PROCESSING, PRINTING, POSTING AND DISTRIBUTION OF MONTHLY STATEMENTS FOR 36 MONTHS	R705,490.96	R705,490.96	R0.00	R0.00	2021/09/01	2025/06/30	Good
2.	6/1/314 - FIN	24/01/2022	UMHLABA GEOMATICS INC.	GENERAL VALUATION AND PREPARATION OF THE VALUATION ROLL FOR IMPLEMENTATION 1 JULY 2023 AND PREPARATION AND UPDATING OF	R1,485,000.00	R1,204,247.88	R280,752.12	R102,859.87	2022/08/01	2028/06/30	Good

				VALUATION ROLLS FOR THE PERIOD 1 JULY 2023 TO 30 JUNE 2028							
3.	6/1/357-TECH	15/09/2022	UMCEBO WE AFRICA TRADING AND PROJECTS	ELECTRIFICATION PROJECT IN WARD 03, 04, 08 & 12 AND CONSTRUCTION FOR ELECTRIFICATION IN WARD 1	R3,239,772.56	R3,239,772.56	R0.00	R0.00	2022/11/14	2025/11/13	Good
4.	6/1/372-TECH	13/10/2022	BLACK SHEPERD PTY LTD	DESIGN AND MANAGE ELECTRIFICATION PROJECT WITHIN DANNHAUSER	R1,493,681.44	R1,493,681.44	R0.00	R0.00	2023/03/28	2026/03/29	Good
5.	6/1/376-TECH	26/10/2022	BI INFRASTRUCTURE	PROJECT MANAGER FOR REHABILITATION OF RURAL ROADS	R1,302,129.01	R1,302,129.01	R0.00	R0.00	2023/06/20	2026/06/19	Good

6.	6/1/375-TECH	26/10/2022	DLV PROJECTS MANAGERS	PROJECT MANAGER FOR REHABILITATION OF RURAL ROADS	R1,618,276.54	R1,618,276.54	R0.00	R0.00	2023/06/20	2026/06/19	Good
7.	6/1/377-TECH	26/10/2022	MCJ ENGINEERS & PROJECT MANAGERS	PROJECT MANAGER FOR REHABILITATION OF RURAL ROADS	R841,712.04	R841,712.04	R0.00	R0.00	2023/06/20	2026/06/19	Good
8.	6/1/378-TECH	26/10/2022	MGAZIE TRIBE CONSULTANTS	PROJECT MANAGER FOR REHABILITATION OF RURAL ROADS	R352,045.32	R352,045.32	R0.00	R0.00	2023/06/20	2026/06/19	Good
9.	6/1/371-TECH	28/11/2022	SIKHUMBULAKWENZA TRADING	PLANT HIRE	R6,803,304.78	R6,803,304.78	R0.00	R0.00	2023/05/03	2026/05/04	Good
10.	6/1/373-TECH	28/11/2022	KHANYISA CIVILS	PLANT HIRE	R12,611,998.50	R12,611,998.50	R0.00	R0.00	2023/05/03	2026/05/04	Good
11.	6/1/374-TECH	28/11/2022	HARVEST HR CONSULTANTS	PLANT HIRE	R11,703,621.00	R11,703,621.00	R0.00	R0.00	2023/05/03	2026/05/04	Good

12.	6/1/370-TECH	28/11/2022	MANATTY TRADING CC	PLANT HIRE	R10,413,440.00	R10,413,440.00	R0.00	R0.00	2023/05/03	2026/05/04	Good
13.	6/1/387-TECH	28/11/2022	HGI INVESTMENT	PLANT HIRE	R5,247,795.00	R5,247,795.00	R0.00	R0.00	2023/05/03	2026/05/04	Good
14.	6/1/390-TECH	28/11/2022	DLAMINI TRADING CONSTRUCTION	PLANT HIRE	R2,631,257.50	R2,631,257.50	R0.00	R0.00	2023/05/03	2026/05/04	Good
15.	6/1/391-TECH	28/11/2022	NOTHA AFRICA CIVILS (PTY) LTD	PLANT HIRE	R1,325,680.00	R1,325,680.00	R0.00	R0.00	2023/05/03	2026/05/04	Good

16.	6/1/392-TECH	28/11/2022	WEMNTOMNYAMA TRADING	PLANT HIRE	R424,800.00	R424,800.00	R0.00	R0.00	2023/05/03	2026/05/04	Good
17.	6/1/393-TECH	28/11/2022	ULUBANZI CONSTRUCTION AND PROJECTS	PLANT HIRE	R298,080.00	R298,080.00	R0.00	R0.00	2023/05/03	2026/05/04	Good

18.	6/1/366-TECH	28/11/2022	SDM CONSTRUCTION	PLANT HIRE	R399,186.56	R399,186.56	R0.00	R0.00	2023/05/03	2026/05/04	Good
19.	6/1/389-MM	08/05/2023	SM MBATHA INC	PROVISION OF LEGAL SERVICES	R1,245,298.88	R1,245,298.88	R0.00	R0.00	2023/12/21	2026/12/20	Good
20.	6/1/395-MM	08/05/2023	ZUMA & PARTNERS INCOPORATED	PROVISION OF LEGAL SERVICES	R450,897.16	R450,897.16	R0.00	R0.00	2023/12/21	2026/12/20	Good
21.	6/1/401-MM	08/05/2023	BUTHELEZI VILAKAZI INCORPORATED	PROVISION OF LEGAL SERVICES	R262,525.80	R262,525.80	R0.00	R0.00	2023/12/21	2026/12/20	Good
22.	6/1/350-MM	08/05/2023	NP MTHEMBU ATTORNEYS INC	PROVISION OF LEGAL SERVICES	R738,133.93	R738,133.93	R0.00	R0.00	2023/12/21	2026/12/20	Good
23.	6/1/399-COMM	DANN/01	DURBAN SNAX	PROVISION OF ANIMAL POUNDS SERVICES FOR	R1,370,340.00	R276,000.00	R1,094,340.00	R0.00	2024/06/23	2027/08/23	Poor - An investigatio was done o

		/2024		THE PERIOD OF 36 MONTHS							the matter of poor performance by the servic provider Durban Snax CC, and a detailed repo with recommendations was submitted to the office of the Municipa Manager for remedial action. In addition, the report was also submitte to the Legal Office for legal adv and recommendations.
24.	6/1/404-CORP	15/12/2023	SBD BUSINESS SYSTEM (Pty) LTD	LEASE 10 MULTIFUNCTION PRINTERS FOR THE NEW OFFICES FOR THE PERIOD OF 36 MONTHS	R764,249.40	R127,526.11	R636,723.29	R0.00	2024/07/30	2027/07/30	Good

25.	6/1/407-CORP	PAN/11/04/2024	SIZOWAKHA SECURITY	PROVISION OF SECURITY SERVICES (SIX SECURITY PERSONNEL) FOR THE PERIOD OF 12 MONTHS	R1,124,010.00	R499,560.00	R624,450.00	R0.00	2024/11/01	2025/10/31	Good

26.	6/1/408-FIN	DANN/00	MUNSOFT PROPRIETY LIMITED	PROVISION OF FINANCIAL SYSTEM FOR DANNHAUSER MUNICIPALITY FOR PERIOD OF 12 MONTHS	R3,377,546.88	R3,377,546.88	R0.00	R0.00	2024/07/01	2025/06/30	Good
27.	6/1/409-FIN	DANN/8930	LSPINC (PTY) LTD	PROVISION OF PAYROLL SYSTEM FOR PERIOD OF 12 MONTHS	R727,475.05	R495,889.92	R231,585.13	R0.00	2024/08/29	2025/08/28	Good
28.	6/1/411-TECH	13/10/2022	GM PROJECTS AND SUPPLIERS	DESIGN, MARKET, SURVEY AND MANAGE THE ELECTRIFICATION PROJECT IN WARD 5	R0.00	R0.00	R0.00	R0.00	2025/02/25	2026/02/25	Good

29.	6/1/412-TECH	13/10/2022	BI INFRASTRUCTURE CONSULTING	DESIGN, MARKET, SURVEY AND MANAGE THE ELECTRIFICATION PROJECT IN WARD 10	R0.00	R0.00	R0.00	R0.00	2025/02/25	2026/02/25	Good
30.	6/1/414-TECH	PAN/28/10/2024	SIYAJULUKA TRADING ENTERPRISES	CONSTRUCTION OF KILKEEL COMMUNITY HALL IN WARD 11	R5,084,852.44	R3,346,776.20	R1,738,076.24	R0.00	2025/02/10	2026/10/10	Good
31.	6/1/416-TECH	13/10/2022	BI INFRASTRUCTURE CONSULTING	CONSULTING ENGINEER TO PROVIDE PROFESSIONAL SERVICES FOR THREE DISASTER GRANT PROJECTS (VANJAZI GRAVEL ROAD, EASTBOURNE GRAVEL ROAD AND KLIPORT CULVERT BRIDGE)	R727,231.37	R727,231.37	R0.00	R0.00	2025/02/22	2026/02/20	Good

32.	6/1/417-TECH	26/10/2022	VANGISA PROJECT CONSULTANT & E	PROJECT MANAGER FOR REHABILITATION OF DANNHAUSER URBAN ROAD & UPGRADE OF EMAFUSINI TOWNSHIP URBAN ROAD IN WARD 2	R2,365,487.89	R2,365,487.89	R0.00	R0.00	2024/07/01	2025/12/31	Good
33.	6/1/418-TECH	26/10/2022	SPURROW INSIZA ENGINEERS CC	PROJECT MANAGER FOR CONSTRUCTION OF FLINT COMMUNITY HALL IN WARD 06 AND HILTOP COMMUNITY HALL IN WARD 07	R1,941,697.45	R1,941,697.45	R0.00	R0.00	2024/07/01	2025/12/31	Good
34.	6/1/419-TECH	26/10/2022	LIBEKO (PTY) LTD	CONSTRUCTION FOR DANNHAUSER TESTING GROUND	R401,861.87	R401,861.87	R0.00	R0.00	2024/07/01	2025/12/31	Good

35.	6/1/420-PLAN	26/10/2022	DIKIDA GROUP	DESIGN AND PROJECT MANAGEMENT FOR THE CONSTRUCTION OF DISASTER RELIEF SHELTERS IN WARD 1, 3, 4, 5, 6, AND 8 (TURNKEY PROJECT) ON BEHALF OF DANNHAUSER MUNICIPALITY	R1,551,688.21	R1,551,688.21	R0.00	R0.00	2023/08/13	2025/12/31	Good
36.	6/1/424-TECH	DAN N/06 /2024	BELL EQUIPMENT SALES SOUTH AFRICA	SUPPLY AND DELIVERY OF TLB FOR DANNHAUSER MUNICIPALITY	R1,467,125.15	R0.00	R1,467,125.15	R0.00	2025/04/20	2028/04/20	Good
37.	6/1/426-MM	PAN/8176	ABACWANINGI BUSINESS SOLUTIONS	MUNICIPAL AUDIT IMPROVEMENT AND CAPACITY BUILDING SUPPORT FOR SMART MANAGEMENT TOWARDS CLEAN AUDIT OUTCOMES	R898,000.00	R0.00	R898,000.00	R0.00	2025/05/01	2025/09/30	Good

38.	6/1/427-TECH	PAN/08/04/2025	NEAK (PTY) LTD	CONSTRUCTION OF COMMUNITY HALL IN WARD 4	R2,870,824.24	R466,679.20	R2,404,145.04	R0.00	2025/05/08	2025/07/31	Satisfactory Close monitoring o the project o daily basis
39.	6/1/428-TECH	PAN/17/04/2025	SIKHUMBULAKWENZA TRADING	UPGRADING OF VANJAZI ROAD IN WARD 12	R3,006,536.88	R0.00	R3,006,536.88	R0.00	2025/05/08	2025/07/31	Good
40.	6/1/429-TECH	PAN21/05/2025	SIQALOKUHLE CONTRACTORS AND ENGINEERS	CONSTRUCTION OF FLINT COMMUNITY HALL IN WARD 6	R5,157,284.00	R0.00	R5,157,284.00	R0.00	2025/06/09	2025/12/20	Satisfactory Close monitoring o the project o daily basis
41.	6/1/430-TECH	PAN20/05/2025	SURGSUT (PTY) LTD	CONSTRUCTION OF HILLTOP COMMUNITY HALL IN WARD 7	R4,973,324.00	R0.00	R4,973,324.00	R0.00	2025/06/16	2025/12/20	Satisfactory Close monitoring o the project o daily basis
42.	6/1/431-COMM	DANN/08/2025	ABAPHAFI PROJECTS	FANCING OF LANDFILL SITE	R1,232,717.60	R0.00	R1,232,717.60	R0.00	2025/05/24	2025/09/04	Good
43.	6/1/432-TECH	PAN/18/04/2025	DLAMINI TRADING CONSTRUCTION	UPGRADING OF EASTBORN ACCESS GRAVEL ROAD IN WARD 10	R2,133,773.86	R0.00	R2,133,773.86	R0.00	2025/06/23	2025/12/23	Good

44.	6/1/433-FIN	DANN/05/2025	DYNAMIC DASHING SOLUTIONS (PTY) LTD	IMMOVABLE ASSETS VERIFICATION AND COMPILATION OF GRAP COMPLIANT REGISTER FOR THE PERIOD OF 6 MONTHS	R849,965.00	R0.00	R849,965.00	R0.00	2025/06/19	2025/12/05	Good
45.	6/1/434 - TECH	PAN/16/04/2025	KHANYISA CIVILS AND GENERAL MAINTENANCE	UPGRADING OF CULVERT BRIDGE IN WARD 7	R4,515,326.42	R0.00	R4,515,326.42	R0.00	2025/06/25	2025/12/31	Good
46.	6/1/307 - FIN	19/08/2021	INDWE RISK SERVICES	PROVISION OF SHORTTERM INSURANCE FOR THE PERIOD OF 36 MONTHS	R5,226,741.50	R4,567,719.48	R659,022.02	R0.00	2022/02/01	2025/05/31	Good
47.	6/1/360-CORP	PAN/29/02/2024	KHANYA AFRICA NETWORKS	ICT MANAGEMENT FOR A PERIOD OF 12 MONTHS	R276,000.00	R276,000.00	R0.00	R1,070,660.73	2024/04/01	2025/03/31	Good
48.	6/1/410-CORP	7650	IMVULA iTECHNOLOGIES (PTY) LTD	PROVISION OF INTERNET FOR DANNHAUSER MUNICIPALITY FOR THE PEROID OF 6 MONTHS	R385,000.00	R385,000.00	R0.00	R0.00	2024/06/19	2025/03/31	Good

49.	6/1/413-CORP	RFQ/8261	IMVULA iTECHNOLOGIES	INSTALLATION OF NETWORK CABLES AT THE NEW MUNICIPAL OFFICES	R690,681.00	R690,681.00	R0.00	R154,000.00	2025/02/17	2025/03/31	Good
50.	6/1/283 - MM	15/01/2020	ABACWANINGI BUSINESS	PROVISION OF INTERNAL AUDIT SERVICES FOR THE PERIOD OF 3 YEARS	R3,937,498.31	R3,937,498.31	R0.00	R0.00	2021/02/01	2024/05/31	Good
			SOLUTION								
51.	6/1/298 - FIN	25/02/2021	MAXIMUM PROFIT RECOVERY	DANNHAUSER MUNICIPALITY'S VALUE ADDED TAX (VAT) REVIEW, APPORTIONMENT PERCENTAGES CALCULATIONS AND VAT RECOVERY FOR A PERIOD OF 3 YEARS	R1,902,436.85	R1,902,436.85	R0.00	R0.00	2021/08/05	2024/10/31	Good

52.	6/1/368-FIN	RFQ-1052	SDM CONSULTING (PTY) LTD	ASSETS-AFR CONSULTANT	R889,303.95	R652,523.97	R236,779.98	R0.00	2023/03/03	2024/11/30	Good
53.	6/1/367-PLAN	24/10/2022	KAMOHELO LAND MANAGEMENT CONSULTANT	REVIEW OF DANNHAUSER SPATIAL DEVELOPMENT FRAMEWORK FOR 2023/24 FINANCIAL YEAR	R600,000.00	R195,000.00	R405,000.00	R359,599.00	2023/07/01	2024/06/30	Good
54.	6/1/388-CORP	22/09/2023	VERSATILE INTERIORS	SUPPLY AND DELIVERY OF FURNITURE FOR NEW OFFICES	R3,195,670.00	R2,303,323.47	R892,346.53	R0.00	2023/12/21	2024/03/31	Good
55.	6/1/394-TECH	17/09/2022	GUDUKA TRADING ENTERPRISE	SUPPLY AND INSTALLATION OF MASTLIGHTS IN WARDS 6, 7, 8, 10 & 13	R2,911,328.00	R700,000.00	R2,211,328.00	R0.00	2024/05/02	2024/05/31	Good
56.	6/1/398-COMM	05/10/2023	VEXOSCORE (PTY) LTD	SUPPLY AND DELIVER OF A FIRE TRUCK, FIRE AND RESCUE SERVICES	R1,998,805.97	R0.00	R1,998,805.97	R0.00	2024/05/20	2024/07/20	Satisfactory The project time frame was developed and adhered to,

											which enhanced the successful delivery of the fire truc
57.	6/1/405-TECH	PAN/07/08/2024	NOTHA AFRICA CIVILS (PTY) LTD	REHABILITATION OF DANNHAUSER URBAN ROAD IN WARD 2	R7,050,000.67	R4,282,899.39	R2,767,101.28	R0.00	2024/08/29	2024/11/29	Satisfactory Close monitoring the project on daily basis
58.	6/1/406-TECH	PAN/08/08/2024	SIYAJULUKA TRADING ETERPRISES CC	UPGRADE OF EMAFUSINI TOWNSHIP URBAN ROAD IN WARD 2	R5,179,449.15	R3,060,481.21	R2,118,967.94	R0.00	2024/08/29	2024/11/29	Satisfactory Close monitoring the project on daily basis
59.	6/1/423-PLAN	24/10/2022	SIYATHUTHU DEVELOPMENT T/A INZUZO YE-SIZWE DEVELOPMENT CONSULTANTS	PREPARATION OF A COMPREHENSIVE LOCAL DEVELOPMENT STRATEGY	R700,000.00	R589,487.50	R110,512.50	R0.00	2023/07/01	2024/06/30	Good

60.	6/1/274 - CORP	21/08/2020	NEWCASTLE OFFICE SHOP	SUPPLY AND DELIVERY OF 2 X PRINTERS ON RENTAL ON A 3 YEAR CONTRACT FOR EXPENDITURE SECTION AND MM OFFICE	R121,993.87	R121,993.87	R0.00	R0.00	2021/01/01	2023/12/31	Good
61.	6/1/269 - FIN	06/03/2020	AMANQUHE DATA DOCTORS ANALYSIS	DATA CLEANSING AND COMPILATION OF INDIGENT REGISTER	R1,691,901.76	R1,691,901.76	R0.00	R0.00	2020/09/25	2024/06/30	Good
62.	6/1/231 - TECH	09/08/2019	ECA CONSULTING	DESIGNS AND PROJECT MANAGEMENT OF WARD 4 AND 5 COMMUNITY HALLS	R1,356,927.52	R1,356,927.52	R0.00	R0.00	2019/12/06	2021/06/30	Good
63.	6/1/103- TECH	18/06/2014	DELCA SYSTEMS	DESIGN AND MANAGE THE CONSTRUCTION OF NEW MUNICIPAL OFFICES	R147,111,600.37	R147,111,600.37	R0.00	R0.00	2014/11/03	2025/06/30	Good

64.	6/1/134 - FIN	2015/08/03	PAY AT SERVICES	BILL PAYMENT SOLUTION	R101,908.11	R101,908.11	R0.00	R0.00	2015/06/25	2023/06/30	Good
65.	6/1/216 - CORP	07/02/2019	IDOL CONSULTING FIRM	DANNHAUSER MUNICIPALITY WEBSITE UPGRADE	R250,000.00	R211,250.00	R38,750.00	R0.00	2019/04/23	2019/12/31	Good
66.	6/1/232 - CORP	22/08/2019	OCEAN DAWN TRADING AND PROJECTS	RENDERING OF SECURITY SERVICES FOR A PERIOD OF 36 MONTHS	R6,723,653.06	R6,723,653.06	R0.00	R0.00	2021/01/01	2024/12/18	Good
67.	6/1/266 - FIN	10/02/2020	RBCA AND ASSOCIATES INC	PERFORMANCE, AUDIT READINESS AND ASSETS MANAGEMENT	R4,599,468.20	R4,599,468.20	R0.00	R3,106,967.01	2020/07/21	2023/06/30	Good
68.	6/1/267 - FIN	05/03/2020	EASY PAY	BILL PAYMENT SOLUTION	R599.66	R599.66	R0.00	R976,968.20	2020/07/29	2023/07/30	Good

CONTRACT REGISTER
ANNEXURE B

DANNHAUSER MUNICIPALITY AS AT 30 JUNE 2025

No.	CONTRACT NUMBER	BID/ QUOTATION NUMBER	APPOINTED BIDDER	MUNICIPALITY DEPARTMENT	DESCRIPTION OF GOODS/SERVICES/PROJECTS	CONTRACT VALUE AS PER CONTRACT	CONTRACT AMOUNT PAID	BALANCE OF CONTRACT VALUE	CONTRACT START DATE	CONTRACT END DATE	CONTRACT DURATION IN MONTHS	CONTRACT STATUS	CONTRACT EXTENSION VALUE
1	6/1/302 - FIN	05/07/2021	INSIDEDATA SOUTH	FINANCE	PROVISION OF BULK PROCESSING, PRINTING, POSTING AND DISTRIBUTION OF MONTHLY STATEMENTS FOR 36 MONTHS	R720 083,80	R720 083,80	R0,00	2021/09/01	2025/07/31	47	EXTENDED	R102 859,87
2	6/1/307 - FIN	19/08/2021	INDWE RISK SERVICES	FINANCE	PROVISION OF SHORT-TERM INSURANCE FOR	R5 226 741,50	R4 567 719,48	R659 022,02	2022/02/01	2025/09/30	44	EXPIRED	R1 070 660,73

					THE PERIOD OF 36 MONTHS								
3	6/1/314 - FIN	24/01/2022	UMHLABA GEOMATICS INC.	FINANCE	GENERAL VALUATION AND PREPARATION OF THE VALUATION ROLL FOR IMPLEMENTATION 1 JULY 2023 AND PREPARATION AND UPDATING OF VALUATION ROLLS FOR THE PERIOD 1 JULY 2023 TO 30 JUNE 2028	R1 485 000,00	R1 303 997,88	R181 002,12	2022/08/01	2028/06/30	71	CURRENT	R0,00
4	6/1/357-TECH	15/09/2022	UMCEBO WE AFRICA TRADING AND PROJECTS	TECHNICAL SERVICES	ELECTRIFICATION PROJECT IN WARD 03, 04, 08 & 12 AND CONSTRUCTION FOR ELECTRIFICATION IN WARD 1	R3 316 913,76	R3 316 913,76	R0,00	2022/11/14	2025/11/13	36	CURRENT	R0,00

5	6/1/372-TECH	13/10/2022	BLACK SHEPERD PTY LTD	TECHNICAL SERVICES	DESIGN AND MANAGE ELECTRIFICATION PROJECT WITHIN DANNHAUSER	R1 493 681,44	R1 493 681,44	R0,00	2023/03/28	2026/03/29	36	CURRENT	R0,00
6	6/1/376-TECH	26/10/2022	BI INFRASTRUCTURE	TECHNICAL SERVICES	PROJECT MANAGER FOR REHABILITATION OF RURAL ROADS	R1 302 129,01	R1 302 129,01	R0,00	2023/06/20	2026/06/19	36	CURRENT	R0,00
7	6/1/375-TECH	26/10/2022	DLV PROJECTS MANAGERS	TECHNICAL SERVICES	PROJECT MANAGER FOR REHABILITATION OF RURAL ROADS	R1 618 276,54	R1 618 276,54	R0,00	2023/06/20	2026/06/19	36	CURRENT	R0,00
8	6/1/377-TECH	26/10/2022	MCJ ENGINEERS & PROJECT MANAGERS	TECHNICAL SERVICES	PROJECT MANAGER FOR REHABILITATION OF RURAL ROADS	R841 712,04	R841 712,04	R0,00	2023/06/20	2026/06/19	36	CURRENT	R0,00
9	6/1/378-TECH	26/10/2022	MGAZIE TRIBE CONSULTANTS	TECHNICAL SERVICES	PROJECT MANAGER FOR REHABILITATION OF RURAL ROADS	R352 045,32	R352 045,32	R0,00	2023/06/20	2026/06/19	36	CURRENT	R0,00

10	6/1/371-TECH	28/11/2022	SIKHUMBULAKWENZA TRADING	TECHNICAL SERVICES	PLANT HIRE	R7 103 304,78	R7 103 304,78	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
11	6/1/373-TECH	28/11/2022	KHANYISA CIVILS	TECHNICAL SERVICES	PLANT HIRE	R14 680 364,35	R14 680 364,35	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
12	6/1/374-TECH	28/11/2022	HARVEST HR CONSULTANTS	TECHNICAL SERVICES	PLANT HIRE	R12 403 621,00	R12 403 621,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
13	6/1/370-TECH	28/11/2022	MANATTY TRADING CC	TECHNICAL SERVICES	PLANT HIRE	R13 255 600,00	R13 255 600,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
14	6/1/387-TECH	28/11/2022	HGI INVESTMENT	TECHNICAL SERVICES	PLANT HIRE	R5 247 795,00	R5 247 795,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
15	6/1/390-TECH	28/11/2022	DLAMINI TRADING CONSTRUCTION	TECHNICAL SERVICES	PLANT HIRE	R6 115 617,00	R6 115 617,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00

16	6/1/391-TECH	28/11/2022	NOTHA AFRICA CIVILS (PTY) LTD	TECHNICAL SERVICES	PLANT HIRE	R1 507 322,50	R1 507 322,50	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
17	6/1/392-TECH	28/11/2022	WEMNTOM NYAMA TRADING	TECHNICAL SERVICES	PLANT HIRE	R0,00	R0,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
18	6/1/393-TECH	28/11/2022	ULUBANZI CONSTRUCTION AND PROJECTS	TECHNICAL SERVICES	PLANT HIRE	R298 080,00	R298 080,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
19	6/1/366-TECH	28/11/2022	SDM CONSTRUCTION	TECHNICAL SERVICES	PLANT HIRE	R399 186,56	R399 186,56	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
20	6/1/389-MM	08/05/2023	SM MBATHA INC	MUNICIPAL MANAGER	PROVISION OF LEGAL SERVICES	R1 245 298,88	R1 245 298,88	R0,00	2023/12/21	2026/12/20	36	CURRENT	R0,00
21	6/1/395-MM	08/05/2023	ZUMA & PARTNERS INCOPORATED	MUNICIPAL MANAGER	PROVISION OF LEGAL SERVICES	R450 897,16	R450 897,16	R0,00	2023/12/21	2026/12/20	36	CURRENT	R0,00

22	6/1/401-MM	08/05/2023	BUTHELEZI VILAKAZI INCORPORATED	MUNICIPAL MANAGER	PROVISION OF LEGAL SERVICES	R262 525,80	R262 525,80	R0,00	2023/12/21	2026/12/20	36	CURRENT	R0,00
23	6/1/350-MM	08/05/2023	NP MTHEMBU ATTORNEYS INC	MUNICIPAL MANAGER	PROVISION OF LEGAL SERVICES	R738 133,93	R738 133,93	R0,00	2023/12/21	2026/12/20	36	CURRENT	R0,00
24	6/1/399-COMM	DANN/01/2024	DURBAN SNAX	COMMUNITY SERVICES	PROVISION OF ANIMAL POUNDS SERVICES FOR THE PERIOD OF 36 MONTHS	R1 370 340,00	R276 000,00	R1 094 340,00	2024/06/23	2027/08/23	38	CURRENT	R0,00
25	6/1/404-CORP	15/12/2023	SBD BUSINESS SYSTEM (Pty) LTD	CORPORATE SERVICES	LEASE 10 MULTI-FUNCTION PRINTERS FOR THE NEW OFFICES FOR THE PERIOD OF 36 MONTHS	R764 249,40	R170 330,40	R593 919,00	2024/07/30	2027/07/30	36	CURRENT	R0,00

26	6/1/407-CORP	PAN/11/04/2024	SIZOWAKHA SECURITY	CORPORATE SERVICES	PROVISION OF SECURITY SERVICES (SIX SECURITY PERSONNEL) FOR THE PERIOD OF 12 MONTHS	R1 124 010,00	R749 340,00	R374 670,00	2024/11/01	2025/10/31	12	CURRENT	R0,00
27	6/1/408-FIN	DANN/00	MUNSOFT PROPRIETY LIMITED	FINANCE	PROVISION OF FINANCIAL SYSTEM FOR DANNHAUSER MUNICIPALITY FOR PERIOD OF 12 MONTHS	R3 377 546,88	R4 105 250,35	-R727 703,47	2024/07/01	2025/06/30	12	CURRENT	R0,00
28	6/1/409-FIN	DANN/8930	LSPINC (PTY)LTD	FINANCE	PROVISION OF PAYROLL SYSTEM FOR PERIOD OF 12 MONTHS	R727 475,05	R495 889,92	R231 585,13	2024/08/29	2025/08/28	12	CURRENT	R0,00
29	6/1/411-TECH	13/10/2022	GM PROJECTS AND SUPPLIERS	TECHNICAL SERVICES	DESIGN, MARKET, SURVEY AND MANAGE THE ELECTRIFICATION PROJECT IN WARD 5	R0,00	R0,00	R0,00	2025/02/25	2026/02/25	12	CURRENT	R0,00

30	6/1/412-TECH	13/10/2022	BI INFRASTRUCTURE CONSULTING	TECHNICAL SERVICES	DESIGN, MARKET, SURVEY AND MANAGE THE ELECTRIFICATION PROJECT IN WARD 10	R269 577,25	R269 577,25	R0,00	2025/02/25	2026/02/25	12	CURRENT	R0,00
31	6/1/414-TECH	PAN/28/10/2024	SIYAJULUKA TRADING ENTERPRISES	TECHNICAL SERVICES	CONSTRUCTION OF KILKEEL COMMUNITY HALL IN WARD 11	R5 084 852,44	R4 212 584,38	R872 268,06	2025/02/10	2026/10/10	20	CURRENT	R0,00

32	6/1/416-TECH	13/10/2022	BI INFRASTRUCTURE CONSULTING	TECHNICAL SERVICES	CONSULTING ENGINEER TO PROVIDE PROFESSIONAL SERVICES FOR THREE DISASTER GRANT PROJECTS (VANJAZI GRAVEL ROAD, EASTBOURNE GRAVEL ROAD AND KLIPORT CULVERT BRIDGE)	R1 076 482,59	R1 076 482,59	R0,00	2025/02/22	2026/02/20	12	CURRENT	R0,00
33	6/1/417-TECH	26/10/2022	VANGISA PROJECT CONSULTANT & E	TECHNICAL SERVICES	PROJECT MANAGER FOR REHABILITATION OF DANNHAUSER URBAN ROAD & UPGRADE OF EMAFUSINI TOWNSHIP URBAN ROAD IN WARD 2	R2 365 487,08	R2 365 487,08	R0,00	2024/07/01	2025/12/31	18	CURRENT	R0,00

34	6/1/418-TECH	26/10/2022	SPURROW INSIZA ENGINEERS CC	TECHNICAL SERVICES	PROJECT MANAGER FOR CONSTRUCTION OF FLINT COMMUNITY HALL IN WARD 06 AND HILTOP COMMUNITY HALL IN WARD 07	R1 941 697,45	R1 941 697,45	R0,00	2024/07/01	2025/12/31	18	CURRENT	R0,00
35	6/1/419-TECH	26/10/2022	LIBEKO (PTY) LTD	TECHNICAL SERVICES	CONSTRUCTION FOR DANNHAUSER TESTING GROUND	R401 861,87	R401 861,87	R0,00	2024/07/01	2025/12/31	18	CURRENT	R0,00
36	6/1/420-PLAN	26/10/2022	DIKIDA GROUP	PLANNING & DEVELOPMENT	DESIGN AND PROJECT MANAGEMENT FOR THE CONSTRUCTION OF DISASTER RELIEF SHELTERS IN	R1 951 688,21	R1 951 688,21	R0,00	2023/08/13	2025/12/31	29	CURRENT	R0,00

					WARD 1, 3, 4, 5, 6, AND 8 (TURNKEY PROJECT) ON BEHALF OF DANNHAUSER MUNICIPALITY								
37	6/1/424-TECH	DANN/06/2024	BELL EQUIPMENT SALES SOUTH AFRICA	TECHNICAL SERVICES	SUPPLY AND DELIVERY OF TLB FOR DANNHAUSER MUNICIPALITY	R1 467 125,15	R1 080 003,02	R387 122,13	2025/04/20	2028/04/20	36	CURRENT	R0,00
38	6/1/426-MM	PAN/8176	ABACWANINGI BUSINESS SOLUTIONS	MUNICIPAL MANAGER	MUNICIPAL AUDIT IMPROVEMENT AND CAPACITY BUILDING SUPPORT FOR SMART MANAGEMENT TOWARDS CLEAN AUDIT OUTCOMES	R898 000,00	R350 000,00	R0,00	2025/05/01	2025/09/30	5	CURRENT	R0,00
39	6/1/427-TECH	PAN/08/04/2025	NEAK (PTY) LTD	TECHNICAL SERVICES	CONSTRUCTION OF COMMUNITY HALL IN WARD 4	R2 870 824,24	R866 679,20	R2 004 145,04	2025/05/08	2025/07/31	3	CURRENT	R0,00

40	6/1/428-TECH	PAN/17/04/2025	SIKHUMBULAKWENZA TRADING	TECHNICAL SERVICES	UPGRADING OF VANJAZI ROAD IN WARD 12	R3 006 536,88	R1 104 695,30	R1 901 841,58	2025/05/08	2025/07/31	3	CURRENT	R0,00
41	6/1/429-TECH	PAN21/05/2025	SIQALOKUHLE CONTRACTORS AND ENGINEERS (PTY) LTD	TECHNICAL SERVICES	CONSTRUCTION OF FLINT COMMUNITY HALL IN WARD 6	R5 157 284,00	R0,00	R5 157 284,00	2025/06/09	2025/12/20	6	CURRENT	R0,00
42	6/1/430-TECH	PAN20/05/2025	SURG SUT (PTY) LTD	TECHNICAL SERVICES	CONSTRUCTION OF HILLTOP COMMUNITY HALL IN WARD 7	R4 973 324,00	R1 652 739,00	R3 320 585,00	2025/06/16	2025/12/20	6	CURRENT	R0,00
43	6/1/431-COMM	DANN/08/2025	ABAPHAFI PROJECTS	COMMUNITY SERVICES	FANCING OF LANDFILL SITE	R1 232 717,60	R0,00	R1 232 717,60	2025/05/24	2025/09/04	3	CURRENT	R0,00
44	6/1/432-TECH	PAN/18/04/2025	DLAMINI TRADING CONSTRUCTION	TECHNICAL SERVICES	UPGRADING OF EASTBORN ACCESS GRAVEL ROAD IN WARD 10	R2 133 773,86	R878 806,98	R1 254 966,88	2025/06/23	2025/12/23	6	CURRENT	R0,00

45	6/1/433- FIN	DANN/05/2025	DYNAMIC DASHING SOLUTIONS (PTY) LTD	FINANCE	IMMOVABLE ASSETS VERIFICATION AND COMPILATION OF GRAP COMPLIANT REGISTER FOR THE PERIOD OF 6 MONTHS	R849 965,00	R0,00	R849 965,00	2025/06/19	2025/12/05	6	CURRENT	R0,00
46	6/1/434 - TECH	PAN/16/04/2025	KHANYISA CIVILS AND GENERAL MAINTENANCE	TECHNICAL SERVICES	UPGRADING OF CULVERT BRIDGE IN WARD 7	R4 515 326,42	R1 101 822,67	R3 413 503,75	2025/06/25	2025/12/31	6	CURRENT	R0,00
47	6/1/435 - TECH	14/02/2022	XMOOR TRANSPORT	TECHNICAL SERVICES	PLANT HIRE	R0,00	R0,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
48	6/1/436 - TECH	13/10/2022	RSK 3 CONSULTING ENGINEERS	TECHNICAL SERVICES	DESIGN, MARKET, SURVEY AND MANAGE THE ELECTRIFICATION PROJECT IN WARD 10	R0,00	R0,00	R0,00	2025/05/03	2026/05/04	12	CURRENT	R0,00

49	6/1/437 - TECH	28/11/2022	SIKOTI INVESTMENT	TECHNICAL SERVICES	PLANT HIRE	R0,00	R0,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
50	6/1/438- TECH	14/12/2022	KHUWAIT GROUP JV ELEGANT LINE	TECHNICAL SERVICES	PLANT HIRE	R0,00	R0,00	R0,00	2023/05/03	2026/05/04	36	CURRENT	R0,00
51	6/1/439 - TECH	PAN/21/05/2025	CHICCO PROJECTS	TECHNICAL SERVICES	CONSTRUCTION OF FLINT COMMUNITY HALL IN WARD 6	R5 993 638,10	R1 624 188,24	R4 369 449,86	2025/10/10	2026/05/31	8	CURRENT	R0,00

52	6/1/440 - TECH	PAN/14/07/2025	UBUHLEBESU PROJECTS	PLANNING & DEVELPOMENT	PRE-FEASIBILITY ASSESMENT ON THE DELIVERY OF HUM,AN SETTLENT SUBSIDY PROGRAMME IN AREAS UNDER PRIVATE OWNERSHIP EXCLUDING AREAS THAT ARE VESTED UNDER THE STATE UNDER THE TRADITIONAL AUTHORITY FOR THE PERIOD OF 12 MONTHS	R629 998,75	R0,00	R629 998,75	2025/10/10	2026/09/30	12	CURRENT	R0,00
53	6/1/441 - TECH	PAN/27/09/2025	OWETHU LOMSEBENZI	TECHNICAL SERVICES	UPGRADING OF DURNACOL URBAN ROAD IN WARD 2	R8 005 347,05	R961 553,30	R7 043 793,75					
54	6/1/443 - TECH	PAN/26/09/2025	OWZA TRADING AND PROJECTS	TECHNICAL SERVICES	CONSTRUCTION OF MPUNGWINI COMMUNITY HALL IN WARD 1	R5 119 843,36	R0,00	R5 119 843,36					

55	6/1/444 - TECH	PAN/25/ 09/2025	ISKHONYANE CIVILS	TECHNICAL SERVICES	CONSTRUCTION OF WARD 9 COMMUNITY HALL	R2 865 376,80	R0,00	R2 865 376,80					

APPENDIX J: DISCLOSURE OF FINANCIAL INTEREST

APPENDIX K: REVENUE COLLECTION PERFORMANCE

APPENDIX K(I): REVENUE COLLECTION PERFORMANCE BY VOTE

2025

	Other services	Planning and development	Trading services	Total
Revenue				
Revenue from exchange transactions	74,284	7,875,985	2,469,067	10,419,336
Revenue from non-exchange transactions	24,289,172	166,871,172	8,264,662	199,425,006
Total segment revenue	**24,363,456**	**174,747,157**	**10,733,729**	**209,844,342**
Municipal revenue				**209,844,342**

APPENDIX K(I): REVENUE COLLECTION PERFORMANCE BY SOURCE

APPENDIX L: CONDITIONAL GRANTS RECEIVED: EXCLUDING MIG

26. Government grants & subsidies

Operating grants		
Equitable share	120,689,000	113,791,000
Expanded Public Works Program Grant	1,770,000	950,000
Cyber Cadet Grant	265,000	254,000
KwaMdakane Library	1,168,000	1,237,296
Library Provincialisation Grant	1,024,001	981,000
Financial Management Grant (FMG)	1,900,000	1,950,000
	126,816,001	**119,163,296**

Dannhauser Municipality
GRANT REGISTER

	Unspent Grants Register							Trial Balance	Difference
Grant name	Opening balance - Audited AFS	Correction of error	Restated Balance	Amount received	Amount spent	Amount repaid to National Treasury	Closing balance		
Municipal Infrastructure Grant (MIG)	-	-		- 17 502 000,00	12 179 377,24	-	- 5 322 622,76		- 5 322 622,76
Financial Management	-	-	-	- 1 900 000,00	1 333 856,60	-	- 566 143,40	-	- 566 143,40
Expanded Public Works Programme	-	-	-	- 1 770 000,00	972 389,50	-	- 797 610,50	-	- 797 610,50
Provincialisation of Libraries		-		- 1 024 000,00	915 165,87	-	- 108 834,13		- 108 834,13
Cyber Cadet Library Grant	-	-	-	- 265 000,00	265 000,00	-	-	-	-
Conditional grant - KwaMdakane Library	-	-	-	- 1 168 000,00	1 086 449,49	-	- 81 550,51	-	- 81 550,51
Integrated National Electrification Programme	-	-	-			-	-		-
Disaster Grant	1 636 072,66	-		- 11 250 408,40	1 552 588,50	-	- 11 166 924,24	-	- 11 166 924,24
	-	-	-	-	-	-	-	-	-
	-	-	-	-	-	-	-	-	-
30 April 2025				**- 34 879**	**18 304**		**- 18 043**		**- 18 043**

1 636 072,66	-	-	408,40	827,20	-	685,54	-	685,54

APPENDIX M:CAPITAL EXPENDITURE

APPENDIX N: CAPITAL PROGRAMME BY PROJECT CURRENT YEAR

APPENDIX O: CAPITAL PROGRAMME BY PROJECT

APPENDIX P: SERVICE CONNECTION BACKLOGS AT SCHOOLS AND CLINICS

APPENDIX Q; SERVICE BACKLOGS EXPERIENCED BY THE COMMUNITY

APPENDIX R: DECLARATION OF LOANS AND GRANTS MADE BY MUNICIPALITY

20. Other financial liabilities

At amortised cost

DBSA Loan	12,988,821

The above is funding capital project for the period of ten years and paid quarterly at the fixed interest rate of 10.685%.

LOAN #	PROJECT #	LOAN DATE	REDEMPTION DATE	PERIOD	LOAN AMOUNT	PURPOSE
61007481	12008080	31-Jul-17	31-Jul-27	10	12 988 821,00	CAPITAL PROJECTS - ELECTRICAL INFRASTRUCTURE PROGRAMME

APPENDIX S: DECLARATION OF RETURNS NOT MADE IN DUE TIME UNDER MFMA S71

APPENDIX T: NATIONAL AND PROVINCIAL OUTCOME FOR LOCAL GOVERNMENT

Volume II: Annual Financial Statements

Attached on the file will be consolidated to one report once all the comments have been finalised.

General Information

Legal form of entity	Category B Municipality in terms of section 3 of the Local Government Municipal Structures Act, 1998 (Act 117 of 1998) read with section 155 of the Constitution of the Republic of South Africa, 1996.
Nature of business and principal activities	The main business operations of the municipality is to engage in local governance activities, which includes planning, land, economic and environmental development, levying of rates and supplying of general services to the community. The municipality is also involved in demarcation and grading of land.
Mayoral committee	
Mayor	Cllr B.A. Radebe
Deputy Mayor	Cllr B.T.D. Langa
Speaker	Cllr S.W. Ndlela - Appointed as speaker from december 2024 until to date
	Cllr S.E. Myaka - Appointed as a speaker until December 2024
Councillors	Cllr C.M.F. Maphisa
	Cllr M.S. Mkhumane
	Cllr M. Kunene
	Cllr S.M. Mthembu
	Cllr R.S. Langa
	Cllr M. Nkabinde
	Cllr R.F. Simelane
	Cllr R.N. Made
	Cllr N. Mthembu
	Cllr S. Sikhakhane
	Cllr M.P. Mathebula
	Cllr K.B. Khanye
	Cllr G.V. Ngcane
	Cllr M.T. Mabaso
	Cllr X.M. Nkosi
	Cllr N.P. Kumalo
	Cllr E.N. Buthelezi
	Cllr N.D. Makhaza
	Cllr T.S. Msibi
	Cllr S. Nzuza
	Cllr S.E.C. Kunene
Chief Finance Officer (CFO)	D. Mohapi (Appointment until December 2024)
	N Majola (Appointment until to date)
Accounting Officer	M.S. Sithole - Municipal Manager
Registered office	8 Church Street Dannhauser 1 West Street Dannhauser 3080

Business address 8 Church Street
Dannhauser
1 West Street
Dannhauser

General Information

3080

Postal address	Private Bag X 1011
Dannhauser	
3080	
Bankers	ABSA Bank - Newcastle
Auditors	Auditor General of South Africa
Registered Auditors	
Attorneys	Mazibuko Z and Associates

Index

The reports and statements set out below comprise the annual financial statements presented to the Municipal Council.:

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Abbreviations used:

SARS	South African Revenue Services
DBSA	Development Bank of South Africa
GRAP	Generally Recognised Accounting Practice
MIG	Municipal Infrastructure Grant
PAYE	Pay As You Earn
VAT	Value Added Tax
MFMA	Municipal Finance Management Act

mSCOA	Municipal Standard Chart of Accounts
MM	Municipal Manager
EPWP	Expanded Public Works Program
IT	Information Technology
FMG	Financial Management Grant
CLLR	Councillor
UIF	Unemployment Insurance Fund
FV	Fair Value
PPE	Property Plant and Equipment
INEP	Intergrated National Electrification Programme

Accounting Officers' Responsibilities and Approval

The accounting officer is required by the Municipal Finance Management Act (Act 56 of 2003), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the accounting officer to ensure that the annual financial statements fairly present the state of affairs of the municipality as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and will be 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 June 30, 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 wholly dependent on government grants 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.

The accounting officer certifies that the salaries , allowances and benefits of councillors as disclosed in note 24 to these annual financial statements are within the upper limits of the framework envisaged in section 219 of the Constitution of the Republic of South Africa, read with the Remuneration of Public Office Bearers Act, Act 20 of 1996 and the Minister of Provincial and Local Government's determination in accordance with the Act.

The annual financial statements set out on pages 10 to 88, which have been prepared on the going concern basis, were approved and signed by the accounting officer on 31 August 2025 .

Accounting Officer
M.S. Sithole (Municipal Manager)

Audit Committee Report

We are pleased to present our report for the financial year ended June 30, 2025.

Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet four times per annum as per its approved terms of reference. During the current year four number of meetings were held.

Name of member	Number of meetings attended
Sithembiso Ngwenya (Chairperson)	7
Nontobeko Khambule	7
Mthembu Siboniso	7
Velaphi Moses Kubeka	7
Samson Ngwenya	6

Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from MFMA and Treasury Regulations.

The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of internal controls applied by the municipality over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King III Report on Corporate Governance requirements, Internal Audit provides the audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the annual financial statements, and the management report of the Auditor-General South Africa, it was noted that no matters were reported that indicate any material deficiencies in the system of internal control or any deviations therefrom. Accordingly, we can report that the system of internal control over financial reporting for the period under review was efficient and effective.

The quality of in year management and monthly/quarterly reports submitted in terms of the PFMA and the Division of Revenue Act.

The audit committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the internal audit of the municipality during the year under review. It was however noted that municipality has improved their internal control systems.

Evaluation of annual financial statements

The audit committee has:

- reviewed and discussed the audited annual financial statements to be included in the annual report, with the AuditorGeneral and the ;
- reviewed the Auditor-General of South Africa's management report and management’s response thereto;
- reviewed changes in accounting policies and practices (delete if not applicable); reviewed the entities compliance with legal and regulatory provisions; reviewed significant adjustments resulting from the audit.

The audit committee concur with and accept the Auditor-General of South Africa's report the annual financial statements, and are of the opinion that the audited annual financial statements should be accepted and read together with the report of the Auditor-General of South Africa.

Audit Committee Report

Internal audit

The audit committee is satisfied that the internal audit function is operating effectively and that it has addressed the risks pertinent to the municipality and its audits. **Auditor-General of South Africa**

The audit committee has met with the Auditor-General of South Africa to ensure that there are no unresolved issues.

Chairperson of the Audit Committee

Date: ______________________________

Accounting Officer's Report

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

1. Review of activities

Main business and operations

The main business operations of the municipality is to engage in local governance activities, which includes planning and promotion of intergrated development planning, land economic and environmental development, levying of rates and supplying of general services to the community.

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

2. 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.

3. Subsequent events

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

4. 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.

5. Accounting Officer

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

Name	Nationality
M.S. Sithole - Municipal Manager	South African

6. Corporate governance

General

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

The municipality confirms and acknowledges its responsibility to total compliance with the Code of Corporate Practices and Conduct ("the Code") laid out in the King Report on Corporate Governance for South Africa 2002. They discuss the responsibilities of management in this respect, at Board meetings and monitor the municipality's compliance with the code on a three monthly basis.

Accounting Officer's Report

7. Auditors

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

Accounting Officer
M.S. Sithole (Municipal Manager)

Statement of Financial Position as at June 30, 2025

	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	2	969,652	969,652
Receivables from non-exchange transactions	3	18,909,414	18,748,505
Statutory VAT receivables	7	762,151	758,396
VAT Receivable Accrual	9	3,021,718	1,887,891
Prepayments	8	-	1,034,015
Receivables from exchange transactions	4	912,376	966,715
Cash and cash equivalents	5	20,639,270	19,594,104
		45,214,581	**43,959,278**
Non-Current Assets			
Investment property	10	9,620,000	9,113,000
Property, plant and equipment	11	532,266,602	519,718,339
Heritage assets	13	106,000	106,000
		541,992,602	**528,937,339**
Total Assets		**587,207,183**	**572,896,617**
Liabilities			
Current Liabilities			
Other Financial liabilities	19	5,195,529	5,195,529
Payables from exchange transactions	14	66,283,734	40,690,656
Unspent conditional grants and receipts	12	12,259,778	1,636,173
Provision	18	1,748,417	1,552,904
Employee benefit obligation	17	954,000	547,000
VAT Output	16	86,283	817,077
		86,527,741	**50,439,339**
Non-Current Liabilities			
Other Financial liabilities	19	7,793,292	12,988,820
Employee benefit obligation	17	8,651,000	7,613,000
Provision	18	13,629,045	11,452,989
		30,073,337	**32,054,809**
Total Liabilities		**116,601,078**	**82,494,148**
Net Assets		**470,606,105**	**490,402,469**
Accumulated surplus		470,606,108	490,402,469
Total Net Assets		**470,606,108**	**490,402,469**

* See Note 64

Statement of Financial Performance

	Note(s)	2025	2024

Revenue			
Revenue from exchange transactions			
Sale of goods and rendering of services		636,319	498,057
Service charges	20	5,174,416	1,349,162
Rental of facilities and equipment	21	20,600	47,649
Interest on receivables	31	19,781	93,060
Agency services	22	875,865	1,195,434
Other revenue from exchange transactions	23	865,305	1,108,002
Interest on investment	24	2,827,050	2,079,830
Total revenue from exchange transactions		**10,419,336**	**6,371,194**
Revenue from non-exchange transactions			
Taxation revenue			
Property rates	25	42,200,907	43,410,762
Licences and permits	28	606,017	445,267
Other revenue from non exchange transactions	34	103,167	78,500
Transfer revenue			
Government grants & subsidies	26	152,363,706	147,791,944
Interest on receivables	31	1,958,310	1,290,620
Fines, Penalties and Forfeits	27	742,667	888,616
Donation received in kind and monetory		1,450,232	372,406
Total revenue from non-exchange transactions		**199,425,006**	**194,278,115**
Total revenue	39	**209,844,342**	**200,649,309**
Expenditure			
Employee related costs	29	(68,865,360)	(41,737,531)
Remuneration of councillors	30	(12,629,151)	(12,921,476)
Depreciation and amortisation	32	(21,579,115)	(28,161,266)
Finance costs	33	(3,305,685)	(3,686,676)
Lease rentals on operating lease	45	(517,945)	(575,489)
Contracted services	35	(49,423,964)	(45,705,917)
Inventory expensed		(1,036,806)	(3,179,820)
General Expenses	36	(36,922,089)	(27,954,494)
Total expenditure		**(194,280,115)**	**(163,922,669)**
Operating surplus	44	**15,564,227**	**36,726,640**
Loss on disposal of assets and liabilities		(888,136)	(1,307,695)
Fair value adjustments	37	507,000	275,000
Actuarial gain or loss	46	434,000	158,000
Impairment loss	38	(35,413,459)	(26,775,757)
		(35,360,595)	**(27,650,452)**
(Deficit) surplus for the year		**(19,796,368)**	**9,076,188**

* See Note 64

Statement of Changes in Net Assets

	Accumulated surplus / deficit	Total net assets
Balance at July 1, 2023	**486,061,757**	**486,061,757**
Changes in net assets		
Surplus for the year	9,076,188	9,076,188
Total changes	9,076,188	9,076,188
Opening balance as previously reported	495,137,941	495,137,941
Adjustments		
Prior year error adjustment 64	(4,735,465)	(4,735,465)
Restated* Balance at July 1, 2024 as restated*	**490,402,476**	**490,402,476**
Changes in net assets		
Surplus for the year	(19,796,368)	(19,796,368)
Total changes	(19,796,368)	(19,796,368)
Balance at June 30, 2025	**470,606,108**	**470,606,108**

Note(s)

* See Note 64

12

Cash Flow Statement

	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Grants		162,987,311	148,007,000
Interest income		2,827,050	2,079,830
Receipts from non exchange and exchange transactions		32,507,687	37,406,749
		198,322,048	187,493,579
Payments			
Employee costs		(79,223,094)	(52,627,750)
Suppliers		(67,342,579)	(80,173,066)
Finance costs		-	(2,353,074)
		(146,565,673)	(135,153,890)
Net cash flows from operating activities	43	**51,756,375**	**52,339,689**
Cash flows from investing activities			
Purchase of property, plant and equipment	11	(43,767,050)	(35,337,907)
Proceeds from sale of PPE	10	4,150	5
Net cash flows from investing activities		**(43,762,900)**	**(35,337,902)**
Cash flows from financing activities			
Repayment of other financial liabilities Interest income			
Net cash flows from financing activities		(5,195,528)	(5,195,527)
		(1,752,781)	-
Net increase/(decrease) in cash and cash equivalents		**(6,948,309)**	**(5,195,527)**
Cash and cash equivalents at the beginning of the year			
Cash and cash equivalents at the end of the year	5		
		1,045,166	**11,806,260**
		19,594,104	7,787,844
		20,639,270	**19,594,104**

* See Note 64

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Performance						
Revenue						
Revenue from exchange transactions						
Sale of goods	1,197,000	(782,000)	**415,000**	636,319	**221,319**	Refer to note 62
Service charges	2,063,000	-	**2,063,000**	5,174,416	**3,111,416**	
Rental of facilities and equipment	21,000	1,000	**22,000**	20,600	**(1,400)**	
Agency services	150,000	30,000	**180,000**	875,865	**695,865**	
Other income	-	34,000	**34,000**	885,086	**851,086**	
Interest received - investment	1,327,000	2,163,000	**3,490,000**	2,827,050	**(662,950)**	

Total revenue from exchange transactions	**4,758,000**	**1,446,000**	**6,204,000**	**10,419,336**	**4,215,336**
Revenue from non-exchange transactions					
Taxation revenue					
Property rates	45,039,000	-	**45,039,000**	42,200,907	**(2,838,093)**
Interest on receivables	-	1,139,000	**1,139,000**	1,958,310	**819,310**
Licences and Permits	2,250,000	(899,000)	**1,351,000**	606,017	**(744,983)**
Transfer revenue					
Government grants & subsidies	126,866,000	2,414,000	**129,280,000**	126,816,001	**(2,463,999)**
Transfers & subsidies -capital	24,921,000	11,250,000	**36,171,000**	25,547,705	**(10,623,295)**
Fines, Penalties and Forfeits	600,000	1,042,000	**1,642,000**	742,667	**(899,333)**
Donation received	-	-	**-**	1,450,232	**1,450,232**
Other revenue from nonexchange transactions	23,655,000	(23,655,000)	**-**	103,167	**103,167**
Total revenue from nonexchange transactions	**223,331,000**	**(8,709,000)**	**214,622,000**	**199,425,006**	**(15,196,994)**
Total revenue	**228,089,000**	**(7,263,000)**	**220,826,000**	**209,844,342**	**(10,981,658)**
Expenditure					
Employee related Cost					
Remuneration of councillors	(31,034,000)	(1,799,570)	**(32,833,570)**	(68,865,360)	**(36,031,790)**
Depreciation and amortisation	(12,707,000)	1,707,000	**(11,000,000)**	(12,629,151)	**(1,629,151)**
Finance costs	(41,020,000)	10,000,000	**(31,020,000)**	(21,579,115)	**9,440,885**
Contracted Services	(7,386,000)	1,422,000	**(5,964,000)**	(3,305,685)	**2,658,315**
General Expenses and leases	(34,361,000)	(22,123,000)	**(56,484,000)**	(49,423,964)	**7,060,036**
Inventory Expensed	(45,977,000)	5,095,000	**(40,882,000)**	(37,440,034)	**3,441,966**
Total expenditure		46,000	**(164,000)**	(1,036,806)	**(872,806)**
Operating surplus	(210,000)	**(5,652,570)**	**(178,347,570)**	**(194,280,115)**	**(15,932,545)**
Loss on disposal of assets and liabilities	**(172,695,000)**				
Fair value adjustments	**55,394,000**	**(12,915,570)**	**42,478,430**	**15,564,227**	**(26,914,203)**
Actuarial gain or loss	-	-	**-**	(888,136)	**(888,136)**
Impairment loss					
	-	-	**-**	507,000	**507,000**
	-	-	**-**	434,000	**434,000**
	-	(26,776,000)	**(26,776,000)**	(35,413,459)	**(8,637,459)**
	-	**(26,776,000)**	**(26,776,000)**	**(35,360,595)**	**(8,584,595)**

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Deficit / Surplus	**55,394,000**	**(39,691,570)**	**15,702,430**	**(19,796,368)**	**(35,498,798)**	
Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	**55,394,000**	**(39,691,570)**	**15,702,430**	**(19,796,368)**	**(35,498,798)**	

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Statement of Financial Position						
Assets						
Current Assets						
Inventories	4,101,000	(3,295,000)	**806,000**	969,652	**163,652**	
Receivables from exchange transactions	(24,275,000)	(3,039,000)	**(27,314,000)**	912,376	**28,226,376**	
Receivables from non-exchange transactions	18,452,000	(28,218,000)	**(9,766,000)**	18,909,414	**28,675,414**	
Statutory receivables	(504,016)	504,016	**-**	762,151	**762,151**	
VAT	3,355,000	(19,968,000)	**(16,613,000)**	3,021,214	**19,634,214**	
Other current assets	-	664,000	**664,000**	-	**(664,000)**	
Cash and cash equivalents	83,297,000	18,919,000	**102,216,000**	20,639,270	**(81,576,730)**	
	84,425,984	**(34,432,984)**	**49,993,000**	**45,214,077**	**(4,778,923)**	
Non-Current Assets						
Investment property	8,519,000	275,000	**8,794,000**	9,620,000	**826,000**	
Property, plant and equipment	572,589,000	13,563,000	**586,152,000**	532,266,602	**(53,885,398)**	
Heritage assets	106,000	-	**106,000**	106,000	**-**	
Other Non current Assets	319,000	-	**319,000**	-	**(319,000)**	
	581,533,000	**13,838,000**	**595,371,000**	**541,992,602**	**(53,378,398)**	
Total Assets	**665,958,984**	**(20,594,984)**	**645,364,000**	**587,206,679**	**(58,157,321)**	
Liabilities						
Current Liabilities						
Other Financial liabilities	5,185,000	11,000	**5,196,000**	5,195,529	**(471)**	
Payables from exchange transactions	78,358,000	9,038,000	**87,396,000**	66,283,734	**(21,112,266)**	
Trade and other payables from non exchange	1,371,000	10,032,000	**11,403,000**	12,259,778	**856,778**	
VAT payable	1,049,000	(1,049,000)	**-**	-	**-**	
Provision	10,762,000	(10,215,000)	**547,000**	1,748,417	**1,201,417**	
Employee benefit obligation	-	-	**-**	954,000	**954,000**	
VAT Output	544,861	(544,861)	**-**	86,283	**86,283**	
	97,269,861	**7,272,139**	**104,542,000**	**86,527,741**	**(18,014,259)**	
Non-Current Liabilities						
Other Financial liabilities	18,195,000	(2,853,000)	**15,342,000**	7,793,292	**(7,548,708)**	
Provision	10,090,000	10,529,000	**20,619,000**	13,629,045	**(6,989,955)**	
Other non current liability	-	7,613,000	**7,613,000**	8,651,000	**1,038,000**	
	28,285,000	**15,289,000**	**43,574,000**	**30,073,337**	**(13,500,663)**	
Total Liabilities	**125,554,861**	**22,561,139**	**148,116,000**	**116,601,078**	**(31,514,922)**	

Net Assets	**540,404,123**	**(43,156,123)**	**497,248,000**	**470,605,601**	**(26,642,399)**	

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Net Assets						
Net Assets Attributable to Owners of Controlling Entity						
Reserves						
Accumulated surplus	541,664,000	(36,593,000)	**505,071,000**	469,572,100	**(35,498,900)**	

Budget on Cash

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Cash Flow Statement						
Cash flows from operating activities						
Receipts						
	249,742,000	**20,059,000**	**269,801,000**	**198,322,048**	**(71,478,952)**	
	(108,509,000)	(78,930,000)	**(187,439,000)**	(146,565,673)	**40,873,327**	
Receipts from non-exchange and exchange transactions	47,102,000	1,139,000	**48,241,000**	32,507,687	**(15,733,313)**	
Other revenue	55,617,000	(5,700,000)	**49,917,000**	-	**(49,917,000)**	
Grants	120,775,000	11,207,000	**131,982,000**	162,987,311	**31,005,311**	
Transfer and subsidies capital	24,921,000	11,250,000	**36,171,000**	-	**(36,171,000)**	
Interest	1,327,000	2,163,000	**3,490,000**	2,827,050	**(662,950)**	
Payments						
Employee costs and suppliers						
Net cash flows from operating activities	**141,233,000**	**(58,871,000)**	**82,362,000**	**51,756,375**	**(30,605,625)**	
Cash flows from investing activities						
Capital Assets	(43,381,000)	(13,053,000)	**(56,434,000)**	(43,762,900)	**12,671,100**	
Finance costs	-	-	**-**	(6,948,309)	**(6,948,309)**	
Net cash flows from investing activities	**(43,381,000)**	**(13,053,000)**	**(56,434,000)**	**(50,711,209)**	**5,722,791**	
Net increase/(decrease) in cash and cash equivalents	97,852,000	(71,924,000)	**25,928,000**	1,045,166	**(24,882,834)**	
Cash and cash equivalents at the beginning of the year	7,788,000	11,806,000	**19,594,000**	19,594,104	**104**	
Cash and cash equivalents at the end of the year	**105,640,000**	**(60,118,000)**	**45,522,000**	**20,639,270**	**(24,882,730)**	

	Note(s)	2025	2024

1. Presentation of Annual Financial Statements

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

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise. They are presented in South African Rand. **1.1**

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.

1.2 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, held to maturity investments and loans and receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in surplus or deficit, the 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, held to maturity investments and loans and receivables is calculated on a portfolio basis, based on historical loss ratios, adjusted for national and industry-specific economic conditions and other indicators present at the reporting date that correlate with defaults on the portfolio. These annual loss ratios are applied to loan balances in the portfolio and scaled to the estimated loss emergence period.

Impairment testing

The recoverable (service) 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 tangible assets.

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 18.

Contingent provisions

Contingencies recognised in the current year required estimates and judgments, refer to note on entity combinations.

Useful lives of property, plant and equipment, and other assets

The municipality's management determines the estimated useful lives and related depreciation charges for property, plant and equipment and other assets. These estimates are based on industry norms and on the pattern in which an asset's future economic benefits or service potential in expected to be consumed by the municipality.

1.2 Significant judgements and sources of estimation uncertainty (continued)

Post-employment 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 that reflect the time value of money is with reference to market yields at the reporting date on government bonds. Where there is no deep market in government bonds with a sufficiently long maturity to match the estimated maturity of all the benefit payments, the municipality uses current market rate of the appropriate term to discount shorter term payments, and estimates the discount rate for longer maturiities by extrapolating current market rates along the yield curve.

Other key assumptions for pension obligations are based on current market conditions. Additional information is disclosed in Note 17.

Allowance for impairment

For receivables an impairment loss is recognised in surplus and deficit when there is objective evidence that could result in impairment. The impairment is measured as the difference between the receivables carrying amount and the present value of estimated future cash flows discounted at the effective interest rate, computed at initial recognition.

Provision for the Landfill Site

Estimated long-term environmental provisions, comprising rehabilitation and landfill site closure, are based on the municipality's policy, taking into account current technological, environmental and regulatory requirements. The provision for rehabilitation is recognised as and when the environmental liability arises.

1.3 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Owner-occupied property is property held for use in the production or supply of goods or services or for administrative purposes.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the municipality, and the cost or fair value of the investment property can be measured reliably.

Fair value

Subsequent to initial measurement investment property is measured at fair value.

The fair value of investment property reflects market conditions at the reporting date.

1.4 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.

1.4 Property, plant and equipment (continued)

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

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

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Major inspection costs which are a condition of continuing use of an item of property, plant and equipment and which meet the recognition criteria above are included as a replacement in the cost of the item of property, plant and equipment. Any remaining inspection costs from the previous inspection are derecognised.

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

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

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

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

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

	Depreciation	Average
l	Straigh	Indefinite
Buildings	Straight-line	20 - 50 years
Plant and machinery	Straight-line	4 - 15 years
Furniture and fixtures	Straight-line	4 - 9 years
Motor vehicles	Straight-line	4 - 9 years
IT equipment	Straight-line	4 - 5 years
Infrastructure	Straight-line	10 - 30 years
Landfill site	Straight-line	10 - 20 years

Other Vehicles	Straight-line	4 - 15 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life.

1.4 Property, plant and equipment (continued)

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.

1.5 Heritage assets

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

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 an municipality's operations that is shown as a single item for the purpose of disclosure in the annual financial statements.

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 construction or, where applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Standards of GRAP.

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.

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.

1.5 Heritage assets (continued)

Subsequent measurement

After recognition as an asset, a class of heritage assets is carried at its cost less any accumulated impairment losses.

After recognition as an asset, a class of heritage assets, whose fair value can be measured reliably, is carried at a revalued amount, being its fair value at the date of the revaluation less any subsequent impairment losses.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase is credited directly to a revaluation surplus. However, the increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit.

If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in surplus or deficit. However, the decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that 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).

1.6 Financial instruments

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

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

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

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

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

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

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.

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

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

Classification

The municipality 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:

Class	Category
Receivables from exchange transactions	Financial asset measured at amortised cost
Cash and cash equivalents	Financial asset measured at fair value

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

Class	Category
Payables from exchange transactions	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.

Initial measurement of financial assets and financial liabilities

The municipality 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.

Subsequent measurement of financial assets and financial liabilities

The entity measures all financial assets and financial liabilities after initial recognition using the amortised cost.

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

Reclassification

The municipality does not reclassify a financial instrument while it is issued or held unless it is:
- a 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 municipality 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.

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 municipality 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 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.

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.

Derecognition

Financial assets

The municipality derecognises financial assets using trade date accounting.

The municipality derecognises a financial asset only when:

- the contractual rights to the cash flows from the financial asset expire, are settled or waived;
- the municipality transfers to another party substantially all of the risks and rewards of ownership of the financial asset; or
- the municipality, 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 the municipality :

- derecognise the asset; and
- recognise separately any rights and obligations created or retained in the transfer.

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

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

Financial liabilities

The municipality 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.

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

1.7 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.

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.

1.7 Leases (continued)

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.

1.8 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 first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs. The municipality incurred expenditure during the year constructing prepaid meters in different househoulds. On completion of the prepaid meters, the Municipality will hand over these meters to Eskom and Eskom will provide the Municipality with a handover certificate. Upon project completion and final handover the municipality is required to provide Eskom with a Project Close - Out Report. The Municipality needs to complete a checklist and handover to Eskom before a handover certificate is issued. These prepaid meters are treated as inventory until a handover certificate is issued by Eskom. Once a completion certificate is issued by service provider, the inventory (prepaid meters) are then expensed. These expenses are dislosed as transfer/donation infills in the statement of financial performance.
The municipality also recognises child care facility, meter convertion and boreholes as an inventory. The portion of expenditure was funded by the Intergrated National Electrification Programme (INEP).

1.9 Construction contracts and receivables

Construction contract is a contract, or a similar binding arrangement, specifically negotiated for the construction of an asset or a combination of assets that are closely interrelated or interdependent in terms of their design, technology and function or their ultimate purpose or use.

Contractor is an entity that performs construction work pursuant to a construction contract.

Cost plus or cost based contract is a construction contract in which the contractor is reimbursed for allowable or otherwise defined costs and, in the case of a commercially-based contract, an additional percentage of these costs or a fixed fee, if any.

Fixed price contract is a construction contract in which the contractor agrees to a fixed contract price, or a fixed rate per unit of output, which in some cases is subject to cost escalation clauses.

1.9 Construction contracts and receivables (continued)

A contractor is an entity that enters into a contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The entity assesses the terms and conditions of each contract concluded with customers to establish whether the contract is a construction contract or not. In assessing whether the contract is a construction contract, an entity considers whether it is a contractor.

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by .

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected deficit is recognised as an expense immediately.

1.10 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand.

Some equity investments are included in cash equivalents when they are, in substance, cash equivalents.

1.11 Impairment of cash-generating assets

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

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

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

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

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

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

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

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

1.11 Impairment of cash-generating assets (continued)

- 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.

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

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.

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.

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.

1.12 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.

1.12 Impairment of non-cash-generating assets (continued)

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

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

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

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

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

Useful life is either:
- the period of time over which an asset is expected to be used by the municipality; or
- the number of production or similar units expected to be obtained from the asset by the municipality.

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:

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.

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

1.13 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Consideration is given to any event that could impact the funds up to end of the reporting period where the interim valuation is performed at an earlier date.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight-line basis over the average period until the amended benefits become vested.

To the extent that, at the beginning of the financial period, any cumulative unrecognised actuarial gain or loss exceeds ten percent of the greater of the present value of the projected benefit obligation and the fair value of the plan assets (the corridor), that portion is recognised in surplus or deficit over the expected average remaining service lives of participating employees. Actuarial gains or losses within the corridor are not recognised.

Gains or losses on the curtailment or settlement of a defined benefit plan is recognised when the municipality is demonstrably committed to curtailment or settlement.

When it is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation, the right to reimbursement is recognised as a separate asset. The asset is measured at fair value. In all other respects, the asset is treated in the same way as plan assets. In surplus or deficit, the expense relating to a defined benefit plan is presented as the net of the amount recognised for a reimbursement.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

Any asset is limited to unrecognised actuarial losses and past service costs, plus the present value of available refunds and reduction in future contributions to the plan.

Other post retirement obligations

The municipality provides post-retirement health care benefits, housing subsidies and gratuities upon retirement to some retirees.

The entitlement to post-retirement health care benefits is based on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment. Independent qualified actuaries carry out valuations of these obligations. . An annual charge to income is made to cover both these liabilities.

1.14 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditures expected to be required to settle the obligation.

The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when, and only when, it is virtually certain that reimbursement will be received if the municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement does not exceed the amount of the provision.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus (deficit).

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

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

A restructuring provision includes only the direct expenditures arising from the restructuring, which are those that are both:
necessarily entailed by the restructuring; and

- not associated with the ongoing activities of the municipality

No obligation arises as a consequence of the sale or transfer of an operation until the municipality is committed to the sale or transfer, that is, there is a binding arrangement.

After their initial recognition contingent liabilities recognised in entity combinations that are recognised separately are subsequently measured at the higher of:

- the amount that would be recognised as a provision; and
- the amount initially recognised less cumulative amortisation.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 49.

1.14 Provisions and contingencies (continued)

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

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

The municipality recognises a provision for financial guarantees and loan commitments when it is probable that an outflow of resources embodying economic benefits and service potential will be required to settle the obligation and a reliable estimate of the obligation can be made.

Determining whether an outflow of resources is probable in relation to financial guarantees requires judgement. Indications that an outflow of resources may be probable are:

- financial difficulty of the debtor;
- defaults or delinquencies in interest and capital repayments by the debtor;
- breaches of the terms of the debt instrument that result in it being payable earlier than the agreed term and the ability of the debtor to settle its obligation on the amended terms; and
- a decline in prevailing economic circumstances (e.g. high interest rates, inflation and unemployment) that impact on the ability of entities to repay their obligations.

Where a fee is received by the 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, an 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.

1.15 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.

1.16 Revenue from exchange transactions

Exchange transaction are transactions 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. Revenue is recognised net of indirect taxes, rebates and trade discounts, and consists primarily of service charges, rental, licences and permits, interest and other income.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, revenue is shown net of value added tax, returns rebates and discounts for the supply of services in the ordinary course of activities.

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;

1.16 Revenue from exchange transactions (continued)

- 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 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.

Interest

- Revenue arising from the use by others of municipal assets yielding interest 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 charges

Service charges relating to electricity, water and sanitation are based on consumption. Waste removal is based on the size of the bin and the number of times it is collected. Meters are read and billed on a monthly basis and revenue is recognised when invoiced. Estimates of consumption are made monthly when meter readings have not been performed. The estimates of consumption are made in the invoicing period when meters have been read. These adjustments are recognised as revenue in the invoicing period. Waste removal services are billed on a monthly basis.

Services provided on a prepaid basis

Various services are provided on a prepaid basis in which case no formal billing takes place and revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date.

Income from agency services

1.16 Revenue from exchange transactions (continued)

Income from agency services is recognised on a monthly basis, limited to the agency fees, once the income collected on behalf of the agents has been quantified. The income recognised is in terms of an agency agreement. Amounts collected on behalf of the principal are accounted for as liability in the statement of financial position.

Housing rental and instalments

Income in respect of housing rental and instalments are accrued monthly in advance. Finance income from the sale of housing by way of instalment sales agreements or finance leases is recognised on a time-proportionate basis.

Collection charges

Collection charges are recognised when such amounts are incurred/earned.

1.17 Revenue from non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an municipality either receives value from another municipality without directly giving approximately equal value in exchange, or gives value to another municipality without directly receiving approximately equal value in exchange.
Revenue from property rates is recognised when the legal entitlement to this revenue arises and that ratepayers have been duly notified. Interest unpaid rates is recognised on a time-proportionate basis with reference to the principal amount receivable and effective rate applicable.
Fines constitute both spot fines and summons. The revenue is recognised when the fine is issued. Government grants and subsidies are recognised in terms of the amount that has been received.

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.

Fines

Fines are recognised as revenue when the receivable meets the definition of an asset and satisfies the criteria for recognition as an asset.
Assets arising from fines are measured at the best estimate of the inflow of resources to the municipality.
Where the municipality collects fines in the capacity of an agent, the fine will not be revenue of the collecting entity.

Investment income

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

Donations and Contributions

Donations are recognised on a cash receipt basis or where the donation is in the form of property, plant and equipment, when such items of property, plant and equipment are available for use.

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 nonexchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

1.17 Revenue from non-exchange transactions (continued)

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the municipality.

When, as a result of a non-exchange transaction, the municipality recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Receivables that arise from statutory (non-contractual) arrangements are initially measured in accordance with this accounting policy, as well as the accounting policy on Statutory Receivables. The entity applies the accounting policy on Statutory Receivables for the subsequent measurement, derecognition, presentation and disclosure of statutory receivables.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

1.18 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.

1.19 Unauthorised expenditure

Unauthorised expenditure means any expenditure incurred by the municipality otherwise than in accordance with section 15 or 11(3) of the Municipal Finance Management Act (Act No. 56 of 2003), and includes:
- overspending of the total amount appropriated in the municipality's approved budget;
- overspending of the total amount appropriated for a vote in the approved budget;
- expenditure from a vote unrelated to the department or functional area covered by the vote;
- expenditure of money appropriated for a specific purpose, otherwise than for that specific purpose;
- spending of an allocation referred to in paragraph (b), (c) or (d) of the definition of "allocation" otherwise than in accordancewith any conditions of the allocation; or
- a grant by the municipality otherwise than in accordance with the Municipal Finance Management Act

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

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.
All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance **1.21 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).

1.22 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 cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 7/1/2024 to 6/30/2025.

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.

1.23 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.

1.24 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.

1.24 Events after reporting date (continued)

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.

1.25 Statutory receivables

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.
Statutory receivables for the Municipality constitute revenue receivable from property rates, fines, penalties, grants and fees charged in terms of legislation.
The municipality recognises statutory receivables as follows:
- if the transaction is an exchange transaction, using GRAP 9;
- if the transaction is a non-exchange transaction, using GRAP 23;
-if the transaction is not within the scope of either GRAP 9 or GRAP 23, the receivable is recognised when:
- the definition of an asset is met; and
- it its probable that future economic benefits or service potential associated with the asset will flow to the municipality and thetransaction amount can be measured reliably.

The municipality measures a statutory receivable initially at its transaction amount.
The municipality measures all statutory receivables after initial recognition using the cost method.
Under the cost method the amount recognised initially is only changed subsequently to reflect any:
- interest or other charges that may have accrued on the receivable; - impairment loss; and -
amounts derecognised.
The municipality assesses at the end of each reporting period whether there is objective evidence that a statutory receivable or group of statutory receivables is impaired.

For amounts due the the municipality, significant financial difficulties of the receivable, probability that the receivable will enter bankruptcy and default payments are all considered indicators of impairment.

If there is objective evidence that an impairment loss on statutory receivables has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the estimated future cash flows - discounted if the effect of discounting is material - 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.

The carrying amount of the asset is reduced 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 by adjusting the allowance account. The reversal does not result in a carrying amount of the statutory receivable 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.
Where statutory receivables are impaired through the use of an allowance account, the amount of the loss is recognised in surplus or deficit within operating expenses. When such receivables are written off, the write off is made against the relevant allowance account. Subsequent recoveries of amounts previously written off are credited against operating expenses.
The municipality derecognises a statutory receivable when:
- the rights to the cash flows from the statutory 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;
- the municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferredcontrol of 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 municipality:
- derecognises the receivable;
- recognises separately any rights and obligations created or retained in the transfer.

The carrying amount of the transferred asset is allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are considered for inclusion within the scope of GRAP 104 or another standard of GRAP. Any difference between the consideration received and amounts recognised and derecognised is recognised in surplus or deficit in the period of the transfet

	2025	2024

2. Inventories

Inventory	969,652	969,652
Carrying value of inventories carried at fair value less costs to sell	969,652	969,652

The municipality and mining company constructing boreholes in ward three and they will be handed over on completion as Dannhauser Municipality is not water licensed.

No Inventory pledged as security for liabilities

Opening balance	969,652	3,884,189
Inventory capitalised	-	265,284
Inventory expensed	-	(3,179,820)

	969,652	969,652

3. Receivables from non-exchange transactions

Gross balances

Rates	87,621,967	69,138,667
Fines	4,448,950	3,607,320
	92,070,917	**72,745,987**

Less: Allowance for impairment

Rates	(69,239,702)	(51,115,481)
Fines	(3,921,801)	(2,882,001)
	(73,161,503)	**(53,997,482)**

Net balance

Rates	18,382,265	18,023,186
Fines	527,149	725,319
	18,909,414	**18,748,505**

Rates

Current (0 -30 days)	2,844,922	2,483,464
31 - 60 days	2,413,682	2,075,982
61 - 90 days	2,243,861	1,974,817
91 - 120 days	2,226,690	1,895,213
121 - >365 days	77,892,811	60,709,192
Less Allowance for impairment	(69,239,702)	(51,115,481)
	18,382,264	**18,023,187**

Consumer Rates

Current (0 -30 days)	1,992,363	1,881,255
31 - 60 days	1,655,279	1,590,092
61 - 90 days	1,493,126	1,495,203
91-120 days	1,515,725	1,452,359
121 - 150 days	1,428,665	1,349,892
151- 180 days	1,401,405	1,325,872
181-365 days	8,070,316	7,497,958
> 365 days	48,198,640	37,242,120
Less Allowance for impairment	(56,515,406)	(51,024,575)
	9,240,113	**2,810,176**

3. Receivables from non-exchange transactions (continued)

Government debtors - Rates

Current (0 -30 days)	852,559	602,209
31 - 60 days	758,403	485,890
61 - 90 days	750,735	479,614
91 - 120 days	710,965	442,854
121 -150 days	692,178	418,052
151 -180 days	698,208	415,541
181- 365 days	3,548,172	1,985,847
> 365 days	13,855,227	10,473,909
Less Allowance for Impairment	(12,724,296)	(90,906)

	9,142,151	**15,213,010**

Total past due but not impaired

Current - 30days	451,944	604,823
31 - 60 days	283,355	488,493
> 61 days	7,597,976	14,270,990
	8,333,275	**15,364,306**

Fines

Current	109,850	348,000
30 days	94,600	-
60 days	153,600	-
90 days	63,100	-
120 days	106,000	-
150 + days	3,921,800	2,882,000
Less Allowance for Impairment	(3,921,800)	(2,882,000)
	527,150	**348,000**

3. Receivables from non-exchange transactions (continued)

Statutory receivable

Transactions arising from statue: Property Rates is levied in terms of the Local Government Municipality Property Rates Act No 6 of 2004, approved Property Rate policy and by-laws.

Transactions arising from statue: fines is levied in terms of the National Road Traffic Act 1996. Section 156 (1) of the Constitution states that " A municipality has executive authority in respect of, and has the right to administer – the local government matters listed in Part B of Schedule 4 and Part B of Schedule 5" Part B of Schedule 5 includes amongst others Traffic and Parking matters. Therefore, municipalities have the executive mandate over Traffic and Parking. Determination of transaction amount: Tariffs are reviewed annually as part of the MTREF process and applied as per Property Rate policy which is guided by the Local Government Property Rate Act no 6 of 2004

Determination of transaction amount property rates: Property rates will be assessed on the market value of all rateable properties in the jurisdiction of the Municipality and for the purpose of generating revenue to balance the budget after taking into account:

a) profits generated on trading and economic services; and

b) the amounts required to finance exemptions, rebates and reductions of rates as approved by council from time to time.

Determination of transaction amount fines: Based on the guidance issued to the traffic department from Local Government.

Interest and other charges levied/charged: According to the Credit Control and Debt Collection policy, interest is levied on arrear municipal debt in excess of 120 days. Interest is levied at 2.81% per month.

Interest on other charges levied/charged Traffic fines: No interest is charged on outstanding traffic fines.

Basis used to test and assess whether a statutory receivable is impaired for rate: GRAP 108 statutory receivables sets out the requirements and guidelines for the impairment of financial assets subsequently carried at mortised cost. (Refer to the impairment methodology)

Basis used to test and assess whether a statutory receivable is impaired for traffic fines: The municipality receives the schedule for all traffic fines issued for the financial year and compare these schedules with the previous years issued and the income received. Refer to detailed Impairment methodology for traffic fines.

Discount rate applied to the estimated future cash flow of traffic fines: The municipality does not estimate future cash flow. It applies an impairment rate based on past recoveries.

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivable rate: Recognition is as per GRAP 108 requirement and guidelines. Reversal will be due to the amount being settle which will automatically be excluded from future impairment calculations.

Main events and circumstances that led to the recognition or reversal of impairment losses on statutory receivable fines: There was no reversal of traffic fines impairments.

Significant impairment losses recognized rates: The impairment loss recognized for the year ended 30 June 2025 is R 69 239 702.

Significant impairment losses recognized traffic fines: The impairment loss for traffic fines recognized for the year ended 30 June 2025 is R3 921 800.

Rates	18,909,414	17,242,715
Fines	527,150	348,000

4. Receivables from exchange transactions

Gross balances

Property Rental	670,950	630,180
Refuse	8,660,120	7,424,667
Sundry Debtors	2,089,198	561,364

	11,420,268	**8,616,211**

Less: Allowance for impairment

Refuse	(8,060,179)	(6,679,334)
Property Rental	(647,458)	(490,124)
Sundry Debtors	(1,800,255)	(480,038)
	(10,507,892)	**(7,649,496)**

Net balance

Property Rental	23,492	140,056
Refuse	599,941	745,334
Sundry Debtors	288,943	81,325
	912,376	**966,715**

Refuse removal

Current (0 -30 days)	145,449	131,168
31 - 60 days	135,547	120,706
61-90 days	129,216	116,807
91 - 120 days	127,325	114,386
121 - >365 days	8,122,582	6,941,601
Less Allowance for impairment	(8,060,179)	(6,679,334)
	599,940	**745,334**

Property Rental

Current (0 -30 days)	10,802	9,540
31 - 60 days	6,515	8,370
61 - 90 days	5,432	8,360
91 - 120 days	5,419	8,350
121 - > 365 days	642,782	595,559
Less allowance for impairment	(647,458)	(490,124)
	23,492	**140,055**

Sundry Debtors

Current (0 -30 days)	49,686	2,542
31 - 60 days	48,942	2,513
61 - 90 days	47,950	2,489
91 - 120 days	47,026	2,458
121 - 365 days	1,895,593	551,362
Less allowance for impairment	(1,800,255)	(480,038)
	288,942	**81,326**

5. Cash and cash equivalents

Cash and cash equivalents consist of:

5. Cash and cash equivalents (continued)

Cash on hand	28,485	10,615
Bank balances	2,789,725	1,306,007
Short-term deposits	17,821,060	18,277,482
	20,639,270	**19,594,104**

The municipality had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2025	June 30, 2024	June 30, 2023
FNB Bank - Primary Bank Account - 62369194106	500,222	682,527	1,025,119	500,222	682,527	1,025,119
Standard Bank - Savings Account - 060032073	192,893	112,311	234,125	192,893	112,311	234,125

ABSA Bank new Primary Bank Account - 4108323641	1,519,572	182,587	51	1,517,016	182,587	51
ABSA Revenue Account 4108655193	579,597	328,580	41,482	579,597	328,580	41,482
Standard Bank - Call Account 068480520001	4,687,648	1,998,110	33,406	4,687,648	1,998,110	33,406
ABSA BANK - Housing Call Account - 9259916188	705,144	656,562	611,877	705,144	656,562	611,877
ABSA BANK - Fixed Deposit Account - 2072034421	4,869,230	4,442,694	4,116,904	4,869,230	4,442,694	4,116,904
FNB Bank -Municipal Infrastructure Grant 62392885855	46,463	43,459	1,819	46,463	43,459	1,819
FNB - Call Account 62422725682	41	40	40	41	40	40
STANDARD BANK - Call account - 268436894001	2,021,163	1,868,888	1,723,021	2,021,163	1,868,888	1,723,021
Standard Bank - Call Account 068480520-009	-	2,655,745	-	-	2,655,745	-
Standard Bank - Call Account 06880520-015	3,671,898	1,885,645	-	3,671,898	1,885,645	-
ABSA Bank - Call Account 9388225547	861,711	29,965	-	861,711	29,965	-
ABSA Bank - Call Account 9380605305	922,540	1,982,322	-	922,540	1,982,322	-
ABSA Bank - Call Account 9381556185	35,219	2,714,054	-	35,219	2,714,054	-
Total	**20,613,341**	**19,583,489**	**7,787,844**	**20,610,785**	**19,583,489**	**7,787,844**

Restricted cash balances

STANDARD BANK - Call account - 268436894001 Housing account for human settlement	2,021,163	1,868,888
ABSA BANK - Housing Call Account - 9259916188 Housing account for human settlement	705,144	656,562
ABSA BANK - Fixed Deposit Account - 2072034421 DBSA loan cessions	4,869,230	4,442,694

6. New standards and interpretations

6.1 Standards and interpretations effective and adopted in the current year

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

6. New standards and interpretations (continued)

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
GRAP 1 (amended): Presentation of Financial Statements	To be determined	Unlikely there will be a material impact
GRAP 103 (as revised): Heritage Assets	To be determined	Unlikely there will be a material impact
GRAP 104 (as revised): Financial Instruments	April 1, 2025	Unlikely there will be a material impact
GRAP 105 (as revised): Transfer of Functions Between Entities Under Common Control	To be determined	Unlikely there will be a material impact
GRAP 106 (as revised): Transfer of Functions Between Entities Not Under Common Control	To be determined	Unlikely there will be a material impact
GRAP 107 (amended): Mergers	To be determined	Unlikely there will be a material impact
IGRAP 22 (as revised): Foreign Currency Transactions and Advance Consideration	April 1, 2025	Unlikely there will be a material impact
Improvements to Standards of GRAP (2023)	To be determined	Unlikely there will be a material impact

7. Other statutory receivables [Framework related]

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:

Other statutory receivable	762,151	758,396
Additional text		
Current assets	762,151	758,396

8. Prepayments

The municipal has paid in advance the insurance premium at the amount of R 1 034 015.

9. VAT Accrual receivable

VAT Accrual Receivable	3,021,718	1,887,891

Value Added Tax is accounted for on an accrual basis and declared to SARS on a payment basis. All VAT returns were submitted throughout the year.

Statutory receivables general information: I The

VAT receivables / (payables) is attributed to

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(a) VAT Receivable - Cash portion	R 762 150.13	R 758 396.21

The VAT receivable - cash portion attributable to VAT Returs submitted to SARS awaiting payment by SARS

(b) VAT receivables(Payables) - Accrual portion	R 2 935 435	R 1 070 814

The VAT Receivable- Accrual Portion is attributable to VAT related transactions arising from debtor and creditor transactions not year actually paid or receivable and impairment transactions related to debtors.

9. VAT Accrual receivable (continued)

Transactions arising from statute:
The municipality is required to levy or pay tax at a rate of 15% as per requirements of section 7 of the No. 89 of 1991. VAT amount is based on the supply of good or service by the municipality in the company enterprises conducted by the municipality.

Determination of the transaction amount:
The transaction amount is determine by application of 15% on all taxable supplies incurred by the amount between the amount actually received from sale of taxable goods or services and acqisition services will be submitted to SARS as the amount receivable / payable. A receivable arises when VAT paid is more than output amount received from customers.

Basis used to assess and test whether statutory receivables is impaired:
Upon declaration, SARS is required by the Act to refund the municipality by the filling of the return, refunds have been made on time unless if there is an audit assessment . This guarantees recoverability of the amount declared to SARS and not impairment.

Discount Rate applied to estimate future cash flows:
No discounting applied as this amount declared to SARS represents the present value of the future received from SARS.

10. Investment property

	2025			2024		
	Cost / Valuation	Fair Value adjustment	Revalued Amount	Cost / Valuation	Fair Value Adjustment	Revalued Amount
Investment property	9,113,000	507,000	9,620,000	8,838,000	275,000	9,113,000

Reconciliation of investment property - 2025

	Opening balance	Fair value adjustments	Total
Investment property	9,113,000	507,000	9,620,000

Reconciliation of investment property - 2024

	Opening balance	Fair value adjustments	Total
Investment property	8,838,000	275,000	9,113,000

Details of property

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.

11. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Land	43,648,700	-	43,648,700	43,648,700	-	43,648,700
Buildings	510,459,374	(185,650,311)	324,809,063	485,857,994	(175,566,921)	310,291,073
Plant and machinery	2,864,088	(1,723,752)	1,140,336	3,327,328	(2,031,308)	1,296,020
Furniture and fixtures	7,093,554	(2,470,357)	4,623,197	4,678,215	(2,298,916)	2,379,299
Transport Assets	21,454,368	(14,201,802)	7,252,570	19,215,206	(13,711,433)	5,503,773
Computer Equipment	3,870,920	(1,593,695)	2,277,225	3,825,459	(1,795,137)	2,030,322
Infrastructure	439,736,821	(298,836,163)	140,900,658	424,662,240	(278,021,974)	146,640,266
Landfill site assets	13,850,544	(6,235,691)	7,614,853	13,031,879	(5,102,993)	7,928,886
Total	**1,042,978,369**	**(510,711,771)**	**532,266,602**	**998,247,021**	**(478,528,682)**	**519,718,339**

11. Property, plant and equipment (continued)

	Opening balance	Additions	Disposals	Donations	Value Adjustment	Insurance Claims	Depreciation	Impairment loss	Total
Land	43,648,700	-	-	-	-	-	-	-	43,648,700
Buildings	310,291,073	24,879,930	(30,095)	-	-	-	(5,187,886)	(5,143,959)	324,809,063
Plant and machinery	1,296,020	353,879	(272,954)	1,391	-	-	(212,626)	(25,374)	1,140,336
Furniture and fixtures	2,379,299	1,471,948	(74,011)	1,448,841	-	-	(601,808)	(1,072)	4,623,197
Transport Assets	5,503,773	3,013,853	(148,901)	-	-	-	(1,116,159)	-	7,252,566
Computer Equipment	2,030,322	1,003,231	(286,088)	-	-	78,024	(546,947)	(1,317)	2,277,225
Infrastructure	146,640,266	15,340,936	(80,237)	-	-	-	(12,780,988)	(8,219,319)	140,900,658
Landfill Site	7,928,886	-	-	-	818,665	-	(1,132,698)	-	7,614,853

519,718,339	46,063,777	(892,286)	47	1,450,232	818,665	78,024	(21,579,112)	(13,391,041)	532,266,598

Reconciliation of property, plant and equipment - 2025

11. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Donations	Value adjustment	Depreciation	Impairment loss	Total
Land	44,056,700	-	(408,000)	-	-	-	-	43,648,700
Buildings	320,925,456	8,229,956	(702)	-	-	(7,203,490)	(11,660,147)	310,291,073
Plant and machinery	1,121,785	505,055	(28,508)	-	-	(290,524)	(11,788)	1,296,020
Furniture and fixtures	719,186	1,966,027	(4,789)	7,100	-	(306,744)	(1,481)	2,379,299
Transport Assets	7,900,516	-	(629,528)	-	-	(1,767,215)	-	5,503,773
IT equipment	1,153,172	1,346,339	(2,891)	-	-	(414,083)	(52,215)	2,030,322
Infrastructure	141,368,404	23,290,534	(233,282)	-	-	(17,694,688)	(90,702)	146,640,266
Landfill site	7,444,189	-	-	-	969,223	(484,526)	-	7,928,886
	524,689,408	**35,337,911**	**(1,307,700)**	**7,100**	**969,223**	**(28,161,270)**	**(11,816,333)**	**519,718,339**

Pledged as security

No assets have been pledged with security

Capitalised expenditure (excluding borrowing costs)

Change in Estimates

The Municipality has reassessed the useful lives of property, plant and equipment which resulted in the assets remaining useful lives years on average increasing. 2104 assets over all the categories of property plant and equipment have had an increase in the assets remaining useful lives years. The effect of the change in accounting estimate has resulted in a decrease in depreciation amounting to 4,752,142.93 for the current period, which is also expected to have an effect on future periods. The table below further details the change in estimate

Other information

Classification Before Re- After ReAssessment Assessment	Depreciation	Depreciation	Change in Estimate
Buildings	156,610	51,350	105,260
Community Assets / Buiding Assets	133,972	49,569	84,403
Computer Equipment	181,821	71,997	109,824
Furniture and Office Equipment	226,322	89,457	136,865
Machinery and equipment	172,169	56,837	115,332
Roads	6,990,493	3,520,869	3,469,624
Transport Assets	1,135,709	404,874	730,835
	8,997,096	**4,244,953**	**4,752,143**

Classification Name	Asset Count	Carrying Value
Community Assets / Building Assets	28	13,894
Roads	91	92,159
Buildings	1	11,601
		117

Reconciliation of Work-in-Progress 2025

				Included within Infrastructure	Included within Buildings	Total
Opening balance				26,193,941	192,128,289	218,322,230
Additions/capital expenditure				15,340,859	24,879,930	40,220,789
Impairment				-	(1,397,906)	(1,397,906)
		(151,835,678)	(169,097,408)			
Transferred to completed items	(17,261,730)	**63,774,635**	**88,047,705**	**24,273,070**		

Reconciliation of Work-in-Progress 2024

	Included within Infrastructure	Included within Community	Total
Opening balance	12,190,483	184,426,391	196,616,874
Additions/capital expenditure	23,290,534	8,229,954	31,520,488
Other movements	-	(528,056)	(528,056)
Transferred to completed items	(9,287,076)	-	(9,287,076)
	26,193,941	**192,128,289**	**218,322,230**

Expenditure incurred to repair and maintain property, plant and equipment

Repairs and maintenance related to property plant and equipment

Repairs and Maintenance	30,351,290	27,120,854

Reason for delay projects

Project Name	**Location**	**Nature of Project**	**Reason for delay**	**Costs incurred as at 30 June 2025**	**Costs incurred as at 30 June 2024**
Testing Ground	Ward 2	Buildings	Construction of testing ground has been delayed due to poor perfomance by the first service provider. Further the project has been impaired by R 976 333.04 following physical damages to the project and the project has rolled over for multi- years due to budget constrains	(976,333)	18,998,605
Upgrading of Durnacol Sport Complex	Ward 2	Infrastructure	Dispute between the contractor and the municipality on invoice payments	-	6,679,146
Water Harvesting	Ward 1 & 3	Infrastructure	The contractor vacated the site due to disputes on the work done	-	2,629,852
Community hall	Ward 4	Buildings	The contractor requested for CPA, new appointment s made to complete the project	597,065	5,289,638
Sport Combo	Ward 11	Infrastructure	The completion of the Sport Combo Ward	-	3,835,210

11 project, involving various sports courts, experienced a delay due to financial constraints. The first phase, developing

football pitch

was completed, and despite the temporary halt,the municipality intends to resume the project upon securing funding. The WIP asset underwent impairment assessment, and no impairment was identified.

Road Link Design and the Rail Bridge	Ward 2	Infrastructure	Financial	-	2,110,183	Asset

constraints led

to temporary halts in these projects. Upon securing funding, the muncipality intends to resume them as per the original plan. Impairment assessment were conducted for each WIP asset, confirming no impairment.

LED Factory - Tsqwekelo	(Incubator)	Ward 2	Buildings	The LED	(421,573)	8,431,468

projects is near completion, but the administrative issues, including senior personnel changes within technical department, delayed the full completion of the project and issuance of the completion certificates.
The impairment assessment was conducted for 2024/ 2025 financial year.

	(800,841)	**47,974,102**

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.

12. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

Unspent conditional grants and receipts		
Municipal Infrastructure Grant	1,653,525	-
Disaster Relief Grant	10,606,253	1,636,173
	12,259,778	**1,636,173**

13. Heritage assets

	2025			2024		
	Cost / Valuation	Accumulated impairment losses	Carrying value	Cost / Valuation	Accumulated impairment losses	Carrying value
Heritage assets	106,000	-	106,000	106,000	-	106,000

Reconciliation of heritage assets - 2025

	Opening balance	Total
Heritage assets - Mayoral Chain	106,000	106,000

Reconciliation of heritage assets - 2024

	Opening balance	Total
Heritage asset - Mayoral Chain	106,000	106,000

Heritage assets

Heritage assets includes mayoral chain. Heritage assets were assessed for impairment and no impairment was considered necessary. Heritage assets are not pledged as security for liabilities.

14. Payables from exchange transactions

Trade payables	42,571,252	20,043,293
Payments received in advanced	2,564,848	2,188,873
Retention liability	17,770,517	15,473,790
Leave provision	3,377,117	2,984,700
	66,283,734	**40,690,656**

15. Statutory VAT Receivables

The VAT Receivable - Cash portion ia attributable to VAT Returns submitted to SARS awaiting payment by SARS

The municipality is required to levy or pay tax at a rate of 15% as per requirement of section 7 of the No.89 of 1991. VAT amount is based on the supply of good or service by the municipality in the company enterprises condunded by the municipality.

	2025	2024
Statutory Receivable Subtotal	762,150	758,396
	762,150	758,396

16. Output VAT Accrual

Output VAT Accrual Portion is attributable to VAT returns submitted to SARS awaiting payment from SARS

	2025	2024

16. Output VAT Accrual (continued)

	2025	2024
Output VAT Accrual	86,283	817,078
Subtotal	86,283	817,078

17. Employee benefit obligation

Defined benefit plan

The Municipality offers employees and continuation members the opportunity of belonging to one of several medical schemes, most of which offer a range of options pertaining to levels of cover.
Upon retirement, an employee may continue membership of the medical scheme. Upon a members death in services or death in retirement, the surviving dependants may continue membership of medical scheme.
Eligible employee will receive a post employment subsidy of 60% of the contribution payable should there be a member of a medical scheme at retirement. Continuation members and their eligible dependants receive a 60% subsidy.

Upon a members death in service, surviving dependants are not allowed to commence receipt of the subsidy. Upon a members death in retirement, surviving dependants are allowed to continue to receive the same subsidy. All post employment subsidies are subject to a maximun of R5 007 per member per month, for the year ending 30 June 2025. The maximum subsidy amount has been assumed to increase in future at 75% of salary inflation.

Long service awards

The municipality offers employees long service for every 5 years of service completed, from 5 years of service to 45 years years of service. The provision is an estimate of the long service award based on the historical staff turnover, taking into accounts management's estimate of the likelihood that staff may leave before the long service award become due. No other long service benefit are provided to employees.

The amounts recognised in the statement of financial position are as follows:
Carrying value

	2025	2024
Present value of long service award	3,300,000	2,754,000
Present value of the medical aid subsidy	6,305,000	5,406,000
	9,605,000	**8,160,000**

The council and its employees contribute to the National Joint Municipal Pension Fund's which constitute three funds providing retirement benefits to such employees.

The funds are subject to the Pension Funds Act 1956, self administered, defined benefit plans . Pensions are calculated on the average annual pensionable emoluments during the last years of service. Current contributions are charged against operating income on the basis of current service costs. Full actuarial valuations are performed every three years. Certain employees of the municipality belong to the Natal Joint Municipal Pension Fund (retirement). Natal Joint Municipal Pension Fund (provident) and Natal Joint Municipal Pension Fund (Superannuation) which are administered by the Province.

Changes in fair value of plan obligations are as follows

	2025	2024
Acturial gains (losses)	434,000	158,000
Contribution by employer	948,000	632,000

Contribution by plan participants	610,000	255,000
Benefit paid	234,000	197,000

17. Employee benefit obligation (continued)

Changes in the present value of the post employment medical aid subsidy liability are as follows:

	6,305,000	**5,406,000**

	(8,651,000)	(7,613,000)
	(954,000)	(547,000)
	(9,605,000)	**(8,160,000)**

	2,754,000	2,334,000
	351,000	255,000
	208,000	273,000
	300,000	246,000
	(313,000)	(354,000)
	3,300,000	**2,754,000**
Opening balance	5,406,000	5,162,000
Past service cost	259,000	240,000
Interest Cost	648,000	632,000
Benefits paid	(234,000)	(197,000)
Actuarial gain or loss	226,000	(431,000)
Carrying value		

Non - current liabilities Current liabilities

Changes in the present value of the Long service awards liability

Opening balance
Current Service Cost
Actuarial gains (losses)
Interest Cost
Expected benefit vested

The most recent actuarial valuation of plan assets and the present value of the defined benefit obligation were carried out as at 30 June 2025 by Independent Actuarial Consulting (Pty) Ltd, fellow of the Actuarial Society of South Africa. A long service award is payable after 5 years of continuous service and every 5 years of continuous service and every 5 years thereafter to employees. Futhermore a retirement gift is payable on retirement to employees with service of 5 years or more. The provision is an estimate of the long service awards based on historical staff turnover, taking into account management estimate of the likelihood that staff may leave before long service awards become due. No other long service benefits are provided to employees.

17. Employee benefit obligation (continued)

Key assumptions used

Assumptions used at the reporting date:

Discount rates used - Long service award	10.20 %	11.53 %
General inflation rate (long term)	5.20 %	6.62 %
Net discount rate	4.80 %	4.61 %
Discount rates used - Medical Aid	11.30 %	12.25 %
Health care costs inflation rate	5.30 %	7.72 %
Net of health care cost inflation discount rate	3.90 %	4.21 %
Maximum subsidy inflation rate	4.70 %	5.42 %
Net of maximum subsidy inflation discount rate	6.30 %	6.48 %
Other material actuarial assumptions	1.00 %	2.00 %

Mortality during employment (Medical)	**Age**	**Rate**
Assumed annual rates	20-24	9 %
	25-29	8 %
	30-34	6 %
	35-39	5 %
	40-44	5 %
	45-49	4 %
	50-54	3 %
	50+	- %
		40 %

Mortality during employment(Long service award)	**Age**	**Female**	**Male**
Assumed annual rates	20	9 %	9 %
	30	6 %	6 %
	40	5 %	5 %
	50	3 %	3 %
	55	- %	- %
	195	**23 %**	**23 %**

Calculation of acturial gains and losses

Actuarial (gain) losses - Plan assets	434,000	158,000

18. Provision

Reconciliation of provision for landfill site - 2025

	Opening Balance	Interest Cost	Change in discount factor	Total
Provision	13,005,893	1,552,904	818,665	15,377,462

Reconciliation of provision for landfill site - 2024

	Opening Balance	Interest Cost	Change in discount factor	Total
Provision	10,703,068	1,333,602	969,223	13,005,893

Non-current liabilities	13,629,045	11,452,989
Current liabilities	1,748,417	1,552,904
	15,377,462	**13,005,893**

Provision for rehabilitation

The Municipality engages in disposal of general waste, garden waste and garden rubbie from the residents and businesses in Dannhauser and surrounding areas.

A new Waste Management Licence for operation of Dannhauser waste disposal facility was issued in terms of section 49(1) of the National environment Management Waste Act 29 of 2008. The waste management licence was issued to Dannhauser local municipality on the second of February 2017 for continued operation of the landfill site at the above subject to the conditions stated in section 5 of the licence.The amaount of the rehabilitation on future cost technology, inflation and site consumption.

19. Other financial liabilities

At amortised cost		
DBSA Loan	12,988,821	18,184,349
The above is funding capital project for the period of ten years and paid quarterly at the fixed interest rate of 10.685%.		

The municipality has entered into a new finance loan agreement with DBSA during the 2017/ 2018 financial year. The above loan is funding capital project for the period of ten year and paid quartely at the fixed interest rate of 10.685%. The municipality expenses borrowing cost incurrred on qualifying assets only when the commencement date for the capitalisation is on or after the effective date of GRAP 5 for any assets acquired after the initial adoption of this Standard. No withdrawals may be made from the debt service reserve account by the Cedent, except only in respect of making debt service payments due to the Cessionary, as and when such payments become due and payable as per provisions of the loan agreement.

Non-current liabilities		
At amortised cost	7,793,292	12,988,820
	5,174,416	1,349,162
Current liabilities		
At amortised cost	5,195,529	5,195,529

20. Service charges

Refuse removal

21. Rental of facilities and equipment

Premises		
Rental income	20,600	47,649

	875,865	**1,195,434**
	865,305	1,108,002
	2,827,050	2,079,830
	42,200,907	43,410,762

22. Agency services

Driver's Licenses	198,743	151,414
Vehicle Registration	677,122	1,044,020

23. Other revenue from exchange transactions

Insurance Refunds claims

24. Investment received

Interest revenue

Interest on investment

25. Property rates

Rates received

Property rates

Operating grants

	126,816,001	**119,163,296**
	23,267,475	23,764,821
	2,280,230	4,863,827
	25,547,705	**28,628,648**
	152,363,706	**147,791,944**
	-	183,821
	24,921,000	23,581,000
	(23,267,475)	(23,764,821)
	1,653,525	**-**
Equitable share	120,689,000	113,791,000
Expanded Public Works Program Grant	1,770,000	950,000
Cyber Cadet Grant	265,000	254,000
KwaMdakane Library	1,168,000	1,237,296
Library Provincialisation Grant	1,024,001	981,000
Financial Management Grant (FMG)	1,900,000	1,950,000

Capital grants

Municipal Infrastructure Grant Disaster Relief Grant

Municipal Infrastructure Grant (MIG)

Balance unspent at beginning of year
Current-year receipts
Conditions met - transferred to revenue

Conditions still to be met - remain liabilities (see note 12).

The purpose of the municipal infrastructure grant is to provide basic residential infrastructure for poor households. The grant can be used for new infrastructure, upgrading bulk and connector infrastucture, or the rehabilitation of existing infrastructure. The balance of the grant whose coditions have not yet been met has been transferred to liabilities.

Kwamdakane Library

Balance unspent at beginning of year	-	1,237,296
Current-year receipts	1,168,000	-
Conditions met - transferred to revenue	(1,168,000)	(1,237,296)

Conditions still to be met - remain liabilities (see note 12).

The grant is from the Department of Arts and Culture for the library, which will incur costs of employing staff, connection of municipal services, sercurity, photocopying, cleaning services, stationery and procurement of protective clothing.

Financial Mangement Grant

Current-year receipts	1,900,000	1,950,000
Conditions met - transferred to revenue	(1,900,000)	(1,950,000)

The purpose of the community library services grant, administered by Department of Co- operative governments and traditional affairs, is to help South Aficans access knowledge and Information, so that their socioeconomic situation can be improved. The grant is allocated to the relevant provincial department and either administered by that department or through a service level agreement with municipalities.

(continued)

Expanded Public Works Program (EPWP)

Current-year receipts	1,770,000	950,000
Conditions met - transferred to revenue	(1,770,000)	(950,000)

The purpose of the grant is to incentivise municipalities to expand job creation efforts through the us of labour intensive delivery methods in the following identified focus ares, in compliance with the Expanded Public works Program (EPWP) guidelines: road maintenance and the maintenance of buildings, low traffic volume roads and rural roads, basic services infrastructure, including water and sewer reticulation, sanitation, pipelines (excluding bulk Infrastructure); other economic and solcial infrastructure.

Cyber Cadet Grant

Current-year receipts	265,000	254,000
Conditions met - transferred to revenue	(265,000)	(254,000)

The purpose of the Cyber Cadet grant, which is administered by the Department of Co- operative Governance and Traditional Affairs, is to assist in the cost of appointing the library computer assistant for the Dannhauser Community Library

Library Provincialisation Grant

Current-year receipts	1,024,000	981,000
Conditions met - transferred to revenue	(1,024,000)	(981,000)

The purpose of the grant is , administered by the Department of Co- operative governments and traditional affairs, is to help South Africans access knowledge and information, so that their socioeconomic sittuation can be improved. The grant is allocated to the relevent provincial department and either administered by that department or through a service - level agreement with municipalities.

(continued)

Disaster Relief Grant

Balance unspent at beginning of year	1,636,173	-
Current-year receipts	11,250,000	6,500,000
Conditions met - transferred to revenue	(2,279,920)	(4,863,827)
	10,606,253	**1,636,173**

Conditions still to be met - remain liabilities (see note 12).

The purpose of the Disaster Relief Grant is provide for immediate release of funds for disaster response if an occurrence cannot be adequatelty addressed in line with 2(1) (b) of the Disaster Management Act. Emergency repair of critical infrastructure and provision of critical goods and services.

27. Fines, Penalties and Forfeits

Law Enforcement Fines	737,702	883,300
Overdue Books Fines	175	226
Pound Fees Fines	4,790	5,090

	742,667	**888,616**

28. Licences and Permits

Trading Licences	17,468	-
Raad and Transport (Learners)	588,549	445,267
	606,017	**445,267**

29. Employee related costs

Basic	56,728,460	32,576,703
Bonus	2,199,005	1,758,511
Medical aid, Pension and UIF	5,853,532	4,329,050
Overtime payments	991,191	430,222
Other allowance (Travelling, Cellphone)	1,404,080	1,144,953
Housing benefits and allowances	117,495	114,680
Post retirement	1,558,000	1,373,000
Bargaining and group life	13,597	10,412
	68,865,360	**41,737,531**

Remuneration of municipal manager

Annual Remuneration	1,165,225	1,032,912
Car Allowance	289,932	269,209
Contributions to UIF, Medical and Pension Funds	2,125	1,948
Subsistence and Travel	102,259	43,108
Skills Other	14,494	13,270
	24,000	65,875
	1,598,035	**1,426,322**

29. Employee related costs (continued)

Remuneration of Chief Finance Officer

Annual Remuneration	958,771	1,241,282
Car Allowance	237,883	232,107
Bonuses	63,061	156,799
Contributions to UIF, Medical and Pension Funds	142,818	174,619
Telephone	18,017	18,000
Subsistence and travel	130,379	23,546
Leave	52,677	176,589
Skillls	12,981	14,585
Other	84	114
Housing	7,170	12,305
	1,623,841	**2,049,946**

Remuneration of Technical Services Director

Annual Remuneration	1,189,590	722,633
Car Allowance	226,411	37,735
Bonuses	-	50,559
Contributions to UIF, Medical and Pension Funds	2,125	71,003
Subsistence and Travel	83,711	30,219
Housing	-	10,664
Telephone	18,000	19,500
Other	143	6,244
Skills	13,584	8,221
Leave	87,040	1
	1,620,604	**956,778**

29. Employee related costs (continued)

Remuneration of Community Services Director

Annual Remuneration	724,913	584,731
Car Allowance	112,920	145,545
Performance Bonuses	42,132	-
Contributions to UIF, Medical and Pension Funds	36,809	1,417
Other	83	24,518
Skills	8,688	8,465
Subsistence and travel	48,221	24,572
Telephone	13,500	12,000
Leave	52,140	195,185

Remuneration of Corporate Director Services

Annual Remuneration

Car Allowance
Contributions to UIF, Medical and Pension Funds
Subsistence and travel
Skills
Telephone
Other

1,039,406	**996,433**

Remuneration of Planning and Development Director

Annual Remuneration
Car Allowance
Bonuses
Contributions to UIF, Medical and Pension Funds
Telephone
Housing
Leave
Other
Skills
Subsistence and travel

633,537	579,335
150,941	150,941
1,593	1,417
31,473	39,635
1,919	7,455
12,867	12,000
5,833	24,428
838,163	**815,211**

30. Remuneration of councillors

1,139,738	728,556
226,411	37,735
-	50,559
2,125	97,970
18,000	19,500
-	11,731
52,140	-
143	6,244
12,549	8,099
22,692	25,062
1,473,798	**985,456**

Executive Mayor	1,022,804	994,464
Deputy Executive Mayor	865,735	1,031,982
Speaker	875,859	793,382

Councillors	7,418,512	7,734,716
Executive Committee Members	2,446,241	2,366,932
	12,629,151	**12,921,476**

1 July 2024 to 30 June 2025	Annual Remuneration	Cellphone Allowance	Travel Allowance	Data Card allowance and other	Subsistence Allowance	Other	Total
Cllr: Mayor: BA Radebe	928,767	43,200	-	3,804	-	47,033	1,022,804
Cllr Deputy Mayor: BTD Langa	557,261	43,200	185,754	3,804	38,090	37,626	865,735
Cllr Speaker: SE Myaka	305,670	18,000	-	1,585	78,107	-	403,363
Cllr Speaker: SW Ndlela	423,067	25,200	3,715	2,219	-	18,296	472,496
WHIP MS Mkhumane	291,455	43,200	97,152	3,804	57,418	19,679	512,708
	2,506,220	**172,800**	**286,621**	**1**	**173,615**	**122,633**	**3,277,106**

1 July 2024 to 30 June 2025	Annual Remuneration	Cellphone Allowance	Travel Allowance	Data Card Allowance and other	Subsistence Allowance	Other	Total
Cllr XM Nkosi	220,441	43,200	73,480	3,804	56,462	14,884	412,271
Cllr ND Makhaza	220,441	43,200	73,480	3,804	58,814	8,931	408,669
Cllr FR Simelane	220,441	43,200	73,480	3,804	52,980	14,884	408,789
Cllr MT Mabaso	282,898	43,200	94,300	3,804	9,241	19,101	452,544
Cllr MJ Nkabinde	220,441	43,200	73,480	3,804	50,306	14,884	406,115
Cllr EN Buthelezi	220,441	43,200	73,480	3,804	22,923	14,884	378,732
Cllr MP Mathebula	220,441	43,200	73,480	3,804	18,239	14,884	374,048
Cllr N Mthembu	293,921	43,200	-	3,804	-	14,884	355,809
Cllr NP Khumalo	293,921	43,200	-	3,804	-	14,884	355,809
Cllr BS Sikhakhane	281,457	43,200	12,464	3,804	5,529	14,884	361,338
Cllr KB Khanye	220,441	43,200	73,480	3,804	62,649	14,884	418,458
Cllr SE Myaka	147,423	25,200	41,284	2,219	32,854	34,215	283,194
Cllr SW Ndlela	90,687	18,000	30,229	1,585	18,320	-	158,821
Cllr MS Mthembu	220,441	43,200	73,480	3,804	9,241	14,884	365,050
Cllr TS Msibi	221,371	34,135	-	3,006	-	15,376	273,887
Cllr R.S Langa	220,441	43,200	73,480	3,804	59,791	14,884	415,600
CMF Maphisa	293,921	43,200	-	3,804	-	14,884	355,809
Cllr GV Ngcane	293,921	43,200	-	3,804	-	14,884	355,809
Cllr M Kunene	220,441	43,200	73,480	3,804	9,241	14,884	365,050
	4,403,930	**768,535**	**913,077**	**6**	**466,591**	**286,002**	**6,905,804**

Cllr RN Made	522,433	43,200	174,144	3,804	42,745	35,277	821,603
Cllr S Nzuza	696,577	43,200	-	3,804	-	35,277	778,859
Cllr SEC Kunene	522,433	43,200	174,144	3,804	66,921	35,277	845,780
	1,741,443	**129,600**	**348,288**	**11,412**	**109,666**	**105,831**	**2,446,241**

Notes to the Annual Financial Statements

30. Remuneration of councillors (continued)

1 July2023- 30 June 2024	**Annual Remuneration**	**Cell Phone Allowance**	**Travel Allowance**	**Data Card Allowance**	**Subsistence Allowance**	**Other**	**Total**
Cllr Mayor BA Radebe	880,121	45,600	18,446	4,008	4,135	42,155	994,464
Cllr Deputy Mayor BTD Langa	539,141	45,600	179,714	4,008	225,054	38,466	1,031,982
Cllr Speaker SE Myaka	718,856	45,600	-	4,008	160	24,759	793,382
Totals	**2,138,118**	**136,800**	**198,160**	**12,024**	**229,349**	**105,380**	**2,819,828**

1 July 2023 - 30 June 2024	Annual Remuneration	Cell phone Allowance	Travel Allowance	Data Card Allowance	Subsistence allowance	Other	Total
Cllr XM Nkosi	213,272	45,600	71,091	4,008	42,225	98,755	474,952
Cllr ND Makhaza	78,596	14,400	18,137	1,268	-	56,201	168,602
Cllr Simelane FR	213,272	45,600	71,091	4,008	23,760	31,683	389,414
Cllr Mabaso MT	263,776	45,600	87,925	4,008	30,975	58,805	491,089
Cllr Nkabinde MJ	254,134	45,600	30,229	4,008	33,990	31,683	399,644
Cllr Buthelezi EN	213,272	45,600	71,091	4,008	34,394	31,683	400,048
Cllr Mathebula MP	213,272	45,600	71,091	4,008	28,729	31,683	394,383
Cllr Mthembu N	284,363	45,600	-	4,008	-	31,683	365,655
Cllr Khumalo NP	284,363	45,600	-	4,008	-	31,683	365,655
Cllr Sikhakhane BS	284,363	45,600	-	4,008	-	31,683	365,655
Cllr Khanye KB	213,272	45,600	71,091	4,008	29,232	31,683	394,886
Cllr Kunene SM	195,135	42,000	65,045	3,691	40,434	31,683	377,988
Cllr Ndlela SW	213,272	45,600	71,091	4,008	24,953	31,683	390,607
Cllr Mthembu MS	213,272	45,600	71,091	4,008	21,556	31,683	387,210
Cllr Langa RS	213,272	45,600	71,091	4,008	42,710	31,683	408,365
Cllr Kunene ES	114,996	20,400	38,332	1,800	23,739	76,010	275,278
Cllr Maphisa CMF	284,363	43,800	-	3,855	-	16,675	348,694

Cllr Ngcane GV	284,363	45,600	-	4,008	-	76,596	410,567
Cllr Kunene M	213,272	45,600	71,091	4,008	29,893	31,683	395,547
Cllr Mkhumane MS	270,695	45,600	90,232	4,008	43,418	76,524	530,476
Totals	**4,518,595**	**850,200**	**969,719**	**74,742**	**450,008**	**871,445**	**7,734,715**

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30. Remuneration of councillors (continued)

Executive Committee members	Annual remuneration	Cell Phone Allowance	Travel Allowance	Data card	Subsistence Allowance	Other	Total
Cllr Made RN	505,445	45,600	168,482	4,008	34,015	37,544	795,093
Cllr Nzuza S	673,927	45,600	-	4,008	-	38,466	762,001
Cllr SEC Kunene	519,279	45,600	154,647	4,008	40,857	45,448	809,834
Totals	**1,698,651**	**136,800**	**323,129**	**12,024**	**74,872**	**121,458**	**2,366,932**

31. Interest on receivables

Interest on receivables	1,958,310	1,290,620

66

32. Depreciation and amortisation

Property, plant and equipment	21,579,115	28,161,266
	3,305,685	**3,686,676**
	103,167	78,500
	-	88,752
	274,568	230,872
	57,313	59,526
	-	193,304
	1,394,407	1,318,422
	-	370,656
	1,656,942	3,396,450
	5,971,302	6,159,247
	-	(207,976)
	2,485,906	146,200
	2,334,448	3,195,717
	8,000	385,606
	2,946,958	2,232,347
	650,018	104,281
	271,959	37,829
	1,008,710	871,656
	232,696	145,484
	30,118,321	26,975,370
	12,416	2,174
	49,423,964	**45,705,917**

33. Finance costs

Non-current borrowings	1,752,781	2,353,074
Interest on landfill site	1,552,904	1,333,602

34. Other revenue from non exchange transactions

LGSETA

35. Contracted services

Outsourced Services
Administrative and Support Staff

Burial Services
Business and Advisory
Clearing and Grass Cutting Services
Internal Auditors
Personnel and Labour
Professional Staff
Security Services
Transport Services
Electrical

Consultants and Professional Services
Business and Advisory
Infrastructure and Planning
Legal Cost

Contractors
Catering Services
Employee Wellness
Fire Services (Disaster)
Maintenance of Buildings and Facilities
Repairs and maintanance- Equipment
Preservation/Restoration/Dismantling/Cleaning Services

36. General expenses

Advertising	3,466,445	2,087,262
Auditors remuneration	2,645,057	2,502,967
Bank charges	208,386	376,630
Entertainment	189,667	35,436
Communication-Licences (Radio and Television)	253,546	18,300
Insurance	2,130,030	555,603
Conferences and seminars	1,935,984	1,473,723
IT expenses	1,080,411	3,908,930
Skills Development Levy	647,858	447,642
Fuel and oil	3,042,015	1,995,254
Printing and stationery	784,905	971,208
Protective clothing	412,956	446,565
Subscriptions and membership fees	715,189	1,140,711
Telephone and fax	1,315,397	849,120
Travel - local	3,477,406	2,497,999
Electricity	4,675,068	4,269,239
Utilities - Other	9,378,719	4,107,114
Bursaries	563,050	270,791

	36,922,089	**27,954,494**

37. Fair value adjustments

Investment property (Fair value model)	507,000	275,000

38. Impairment loss

Impairments		
Property, plant and equipment	13,391,041	11,816,330
Receivables from exchange and non-exchange transactions	22,022,418	14,959,427
	35,413,459	**26,775,757**

Impairment was assessed on all assets during physical verification. This included assets in a “Poor” or “Very Poor” condition, no longer in use assets, assets with functional and performance conditions indicative of possible impairment, and impairment adjustments were prepared.

39. Revenue

Sale of goods	636,319	498,057
Service charges	5,174,416	1,349,162
Rental of facilities and equipment	20,600	47,649
Interest received	19,781	93,060
Agency services	875,865	1,195,434
Other income	865,305	1,108,002
Interest received - investment	2,827,050	2,079,830
Property rates	42,200,907	43,410,762
Licences and Permits	606,017	445,267
Interest, Dividends and Rent on Land	103,167	78,500
Government grants & subsidies	152,363,706	147,791,944
Interest on receivables	1,958,310	1,290,620
Fines, Penalties and Forfeits	742,667	888,616
Donations received in kind	1,450,232	372,406
	209,844,342	**200,649,309**

39. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	636,319	498,057
Service charges	5,174,416	1,349,162
Rental of facilities and equipment	20,600	47,649
Interest received	19,781	93,060
Agency services	875,865	1,195,434
Other income	865,305	1,108,002
Interest received - investment	2,827,050	2,079,830

	10,419,336	**6,371,194**

The amount included in revenue arising from non-exchange transactions is as follows:

Taxation revenue		
Property rates	42,200,907	43,410,762
Licences and Permits	606,017	445,267
Interest, Dividends and Rent on Land	103,167	78,500
Transfer revenue		
Government grants & subsidies	152,363,706	147,791,944
Interest on receivables	1,958,310	1,290,620
Fines, Penalties and Forfeits	742,667	888,616
Other transfer revenue	1,450,232	372,406
	199,425,006	**194,278,115**

40. Agency Services

Fee paid

Fee paid as compensation to the agent	239,524	1,195,434

Details of the arrangments are as follows:

The KwaZulu Natal Department of Transport has entered into an agreement with Dannhauser Local Municipality to act on its behalf in performing the transfer of motor vehicle registration and licensing and driving licence testing centre functions. Dannhauser Local Municipality is responsible for managing these activities and report back to the KZN Department of Transport.

Entity as agent

Resources held on behalf of the principal, but recognised in the municipality's own financial statements

All the resources held on behalf of the principal were not recognised in the municipality's own financial statements.

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are as follows:

The agent shall return all assets and stock to the department within two working days of the termination of the agreement.

The agent shall not, after the termination date, perform any further functions in terms of the agreement.

The department shall with 30 days of the termination date, make the final payment of the agent, which payment shall be equalto the fee provided for in clause 7.9.1.

In the event the agent fails to recover all assets and equipment from the agency's premises, the department shall be entitled to institutes legal action against the agent and recover all fees and costs on party and party scale.

41. Other revenue

Other income	865,305	1,108,002

42. Auditors' remuneration

Fees	2,645,057	2,502,967

43. Cash generated from operations

(Deficit) surplus	(19,796,368)	8,042,173
Adjustments for:		
Depreciation and amortisation	21,579,115	28,161,266
Gain (loss) on sale of assets and liabilities	888,136	1,307,695
Fair value adjustments	-	(275,000)
Impairment loss	35,413,459	26,775,757
Prepayments	-	1,034,015
Fair value adjustment (Incl Actuarial gain/lossess)	(941,000)	-
Leave pay accrual	392,417	-
Value adjustment	-	(969,223)
Inventory	-	2,914,537
Donation received	(1,528,763)	(7,100)
Changes in working capital:		
Receivables from exchange transactions	(1,770,042)	(830,217)
Retention	(2,296,727)	-
Receivables from non-exchange transactions	(19,324,930)	(11,787,685)
Finance Cost	1,752,781	-
Prepayments	-	(1,034,015)
Leave Pay Accrual	(392,417)	-
Payables from exchange transactions	25,593,078	(4,651,758)
VAT Payable	(1,867,872)	477,363
Unspent conditional grants and receipts	10,623,605	215,056
Provisions	1,552,904	2,302,825
Employee benefit obligation	1,879,000	664,000
	51,756,375	**52,339,689**

44. Operating (deficit) surplus

Operating (deficit) surplus for the year is stated after accounting for the following:

Operating lease charges Plant and equipment		
• Contractual amounts	414,709	493,750
Lease rentals on operating lease -		
• Contractual amounts	103,236	-
Lease rentals on operating lease - Other		
• Contractual amounts	-	81,739
	517,945	**575,489**
Loss on sale of property, plant and equipment	(888,136)	(1,307,695)
Impairment on property, plant and equipment	13,391,041	11,816,330
Impairment of other receivables from non-exchange transactions	22,022,418	14,959,427
Loss on biological assets and agricultural produce	(434,000)	(158,000)
Depreciation on property, plant and equipment	21,579,115	28,161,266
Employee costs	81,494,511	54,659,007

45. Lease rentals on operating lease

Office equipment		
Contractual amounts	414,709	493,750
Lease rentals on operating lease		
Contractual amounts	103,236	-

Lease rentals on land

Contractual amounts	-	81,739
	517,945	**575,489**

46. Actuarial gains and loss

Actuarial gains and loss	434,000	158,000

47. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At fair value	At amortised cost	Total
Cash and cash equivalents	20,639,270	-	20,639,270
Receivable from exchange transaction	-	11,420,268	11,420,268
Receivables from non exchange transactions	-	92,070,917	92,070,917
	20,639,270	**103,491,185**	**124,130,455**

Financial liabilities

	At amortised cost	Total
Other financial liabilities	12,988,820	12,988,820
Trade and other payables from exchange transactions	66,283,734	66,283,734
	79,272,554	**79,272,554**

47. Financial instruments disclosure (continued)

2024

Financial assets

	19,594,104	**81,362,198**	**100,956,302**

	At amortised cost	Total
	18,184,349	18,184,349
	40,690,656	40,690,656
	58,875,005	**58,875,005**

	At fair value	At amortised cost	Total
Cash and cash equivalents	19,594,104	-	19,594,104
Receivable from exchange transaction	-	8,616,211	8,616,211
Receivables from non exchange transactions	-	72,745,987	72,745,987

Financial liabilities

Other financial liabilities
Trade and other payables from exchange transactions

48. Commitments

Authorised capital expenditure and Operating Expenditure

Already contracted for but not provided for

36,616,859	**17,184,841**
-	14,598,148
-	2,000,000
13,600,000	23,922,850
-	5,150,000
450,000	-
14,050,000	**45,670,998**
36,616,859	17,184,841
14,050,000	45,670,998
50,666,859	**62,855,839**
9,321,512	2,964,892
9,321,512	2,964,892
50,666,859	62,855,839
9,321,512	2,964,892
59,988,371	**65,820,731**

Transport Assets	3,465,931	-
Community assets	14,272,829	3,181,328
Infrastructure	17,985,752	9,395,484
Furniture and equipment	892,347	4,608,029

Not yet contracted for and authorised by accounting officer

- Buildings
- Community Assets
- Infrastructure
- Office equipment
- Transport

Total capital commitments

Already contracted for but not provided for

Not yet contracted for and authorised by accounting officer

Authorised operational expenditure

Already contracted for but not provided for

- Operational commiments

Total operational commitments

Already contracted for but not provided for

Total commitments

Total commitments

Authorised capital expenditure

Authorised operational expenditure

49. Contingencies

Njabulo Nkosi	120,000	120,000
Royal Mndawe Holdings (Pty) Ltd	787,314	787,314
Danisile Mohapi	350,000	-
Siyabonga Khumalo	300,000	-
	1,557,314	**907,314**

Njabulo Nkosi vs Dannhauser Local Municipality

Njabulo Nkosi the applicant alleged in his paper that he was traveling within the jurisdiction of the municipality, and he drove his motor vehicle into a pothole and caused such damage to his motor vehicle. He then took the municipality to court claiming amongst others that the municipality is the cause of such an accident as municipality failed to maintain the road. The matter is ready for trial and awaiting trial date. The is a possibility that the municipality might or might not pay a sum of R120 000 depending on the result of the court's ruling.

Royal Ramndawe vs Dannhauser Local Municipality

Royal Mndawe was appointed by the municipality to construct a road they therefore claimed an unjustified amount while the services that were rendered did not justify the amount claimed. The municipality there after refused to pay such an amount, they therefore took the municipality to court. The municipality then appointed Maduma Attorneys to attend the matter. Depending on the courts ruling the municipality might pay a sum of R787 314.30

Danisile Marilyn Mohapi vs Dannhauser Local Municipalit

Mrs. D Mohapi was subjected to a disciplinary hearing and was subsequently found guilty by the tribunal. The council thereafter took a resolution to implement the findings of the presiding officers, it then dismissed Mrs. Mohapi. Mrs. Mohapi referred the matter to the Labour Court citing that she has been unfairly dismissed. The matter was heard and dismissed/ struck off the roll. She was, however, given an option in a form of leave to supplement her paper and she exercised that option as she requested information from the municipality in a form of council meeting, resolution amongst others. Depending on court's ruling the Municipality might pay a sum of R 350 000.0

Siyabonga Khumalo vs Dannhauser Local Municipality

Mr Khumalo took the municipality to a Bargaining Council citing that he was unfairly dismissed. The Bargaining Council cited that there was an unfair Labour practice by converting his permanent post to one of acting amongst others. And it ruled that he be compensated with an amount of R95 000 for an unfair labour practice. He then took the matter to the Labour Court to review the decision of the Bargaining Council. Depending on the court's ruling the Municipality might pay a sum of R300 000.00

50. Related parties

Accounting Officer	Refer to Remuneration of councillors note 30 accounting officers' report note 5

Key management information

Class	Description	Name
Community Services Director	Senior Management	Mr. MI Ngwabe
Corporate Services Director	Senior Management	Mrs. NM Shangase
Chief Financial Officer	Senior Management	Mrs. DM Mohapi
Chief Financial Officer	Senior Management	Mr N. Majola
Technical Services Director	Senior Management	Mrs. LP Gcabashe
Planning and development Director	Senior Management	Mr. SS Nkabinde
Municipal Manager	Accounting Officers	Mr. MS Sithole
Councillors	Ward councillors (acting as representatives of the community they councillors. serve , act as custodians or guardians of public finances	Refer to the general information page for full list of of

Remuneration of management

Councillors/Mayoral committee members

Refer to note 30 "Remuneration of councillor". Refer to the general infornation page for full list of Councillors.

Executive management

*Refer to note 29 "Employee related costs"

Payment of remuneration of senior managers and councillors - detail payments are set out in notes 29 and 30.

51. Accounting by principals and agents

The entity is a party to a principal-agent arrangement.

Details of the arrangments are as follows:

The KwaZulu Natal Department of Transport has entered into an agreement with Dannhauser Local Municipality to act on its behalf in performing the transfer of motor vehicle registration and licensing and driving licence testing centre functions. Dannhauser Local Municipality is responsible for managing these activities and report back to the KZN Department of Transport.

Entity as agent

Resources held on behalf of the principal, but recognised in the municipality's own financial statements

All the resources held on behalf of the principal were not recognised in the municipality's own financial statements.

Entity as principal

Fee paid

Fee paid as compensation to the agent	1,044,020	1,219,441

Resource and/or cost implications for the entity if the principal-agent arrangement is terminated

The resource and/or cost implications for the entity if the principal-agent arrangement is terminated, are as follows:

The agent shall return all assets and stock to the department within two working days of the termination of the agreement.

The agent shall not, after the termination date, perform any further functions in terms of the agreement.

The department shall with 30 days of the termination date, make the final payment of the agent, which payment shall be equal to the fee provided for in clause 7.9.1.

In the event the agent fails to recover all assets and equipment from the agency's premises, the department shall be entitled to institutes legal action against the agent and recover all fees and costs on party and party scale.

52. Risk management

Financial risk management

The municipality’s activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Due to the dynamic nature of the underlying businesses, municipality treasury maintains flexibility in funding by maintaining availability under committed credit lines.

The municipality’s risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

		30 June 2025	30 June 2024 Borowings
R12 988 821	18 184 349		
Trade payables		R 40 083 027	R 20 043 293

52. Risk management (continued)

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 counterparty.

Receivables comprise a widespread customer base. Management evaluated credit risk relating to receivables on an ongoing basis. If receivables are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the receivables, 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 management.

Financial assets exposed to credit risk at year end were as follows:

Financial instrument	2025	2024
Receivables from exchange transactions	11,420,268	8,616,211
Cash and Cash equivalent	20,639,270	19,594,104
Receivables from non exchange transactions	92,070,917	72,745,987

Market risk

Interest rate risk

As the municipality has no significant interest-bearing assets, the municipality’s income and operating cash flows are substantially independent of changes in market interest rates.

The municipality’s interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the municipality to cash flow interest rate risk. Borrowings issued at fixed rates expose the municipality to fair value interest rate risk. Municipality policy is to maintain approximately 60% of its borrowings in fixed rate instruments.

53. Going concern

The annual financial statements of the Municipality have been prepared on the assumption that the Municipality will continue to operate as a going concern for a period of at least twelve (12) months from the reporting date.

We draw attention to the fact that, as at 30 June 2025, the Municipality had an accumulated deficit for the current financial year; however, it remains in a net asset position, with total assets exceeding total liabilities.

In terms of GRAP 1, paragraph 29, the assessment of an entity’s ability to continue as a going concern requires consideration of the specific facts and circumstances applicable to the entity. This assessment is not based solely on solvency tests typically applied to private-sector business enterprises. Management has evaluated the Municipality’s ability to meet its obligations by considering both quantitative and qualitative information, as well as events known or reasonably knowable at the date on which the financial statements are issued. All relevant conditions and events whether favourable or unfavourable have been taken into account.

Financial Ratio Analysis

In assessing the financial health of the Municipality, a number of financial ratios were considered, including but not limited to:
- Acid-Test Ratio: Assesses the Municipality’s ability to settle current obligations using its most liquid current assets.
- Current Ratio: Indicates the extent to which current and short-term assets can be utilised to settle current or short-termliabilities.
- Debt Ratio: Measures the extent to which the Municipality relies on debt to finance its assets
.

Other ratios not explicitly listed above were also used in the going concern assessment.

Adverse Financial Indicators

The following adverse financial ratios and conditions were identified and may cast doubt on the Municipality’s ability to continue as a going concern:
1. The Municipality is in a net current liability position, indicating insufficient current assets to settle current liabilities astheyfall due.
2. A deficit was incurred for the current financial year.
3. Creditors’ payment period exceeds 30 days.
4. The acid-test ratio is below 1 and has deteriorated compared to the prior year.
5. The debt ratio decreased by 35% from the prior year to the current year.

Mitigating Factors Supporting the Going Concern Assumption

Despite the adverse indicators noted above, management is satisfied that the Municipality will continue to operate as a going concern due to the following mitigating factors:
1. The Municipality held cash reserves of R20 million at year-end.
2. The Municipality is in a net asset position, indicating that total assets exceed total liabilities.
3. A 12-month cash flow forecast has been prepared and reflects that total revenue is expected to be sufficient to cover totalexpenditure.
4. Although the Municipality reported an operating deficit of R19 million, this deficit results largely from non-cash items suchas Depreciation (R21 million) and Impairment Losses (R35 million). Once adjusted for these non-cash expenses, the Municipality reflects an underlying net operating surplus.
5. Revenue has increased from the prior year to the current year.
6. The Municipality has an accumulated surplus of approximately R470 million at year-end.
7. The Municipality is not under administration and is assured of receiving its equitable share allocation and variousconditional grants during the next 12 months. Normal billing for services rendered will continue.
8. The approved 2025/2026 budget reflects a projected surplus of R8 million and is both funded and formally approved anda net asset position of R552m.

9. The municipality has received feedback from Treasury regarding challenges faced in payments made to creditors after30days. A cash collection campaign has been implemented which has resulted in improved cash collections, lastly treasury provides monthly cash management support to the municipality.
10. The Municipality currently holds a government financial liability of R12 million, which is scheduled to be settled over thenext two years. Upon full settlement of this liability, the Municipality will free up approximately R5 million in cash annually, which will positively contribute to the management of operational cash flows.

53. Going concern (continued)

Having considered the adverse indicators together with the mitigating factors outlined above, management is of the view that the Municipality has adequate resources to continue operating for the foreseeable future. Accordingly, the financial statements have been prepared on a going concern basis.

54. Events after the reporting date

There are no events after reporting period that the municpality is aware of.

55. Unauthorised expenditure

Opening balance as previously reported	93,478,966	64,654,101
Add: Unauthorised expenditure - current	48,059,342	28,824,865
Less: Amount written off - current	(64,654,101)	-
Closing balance	**76,884,207**	**93,478,966**

The over expenditure incurred by municipal departments during the year is attributable to the following categories:

Non-cash	9,525,595	24,583,452
Cash	38,533,747	4,241,413

	48,059,342	**28,824,865**

Analysed as follows: non-cash

Impairment	8,637,459	23,275,757
Loss on disposal of property, plant and equipment	888,136	1,307,695
	9,525,595	**24,583,452**

Analysed as follows: cash

Remuneration for cuncillors	1,629,151	-
Finance Charges	-	1,064,676
Employee Related Cost	36,031,790	-
Contracted services Inventory expensed	-	196,917
	872,806	2,979,820
	38,533,747	**4,241,413**

Unauthorised expenditure: Budget overspending – per municipal department:

Technical services - Impairment	8,637,459	23,275,757
Finance - Finance charges	-	1,064,676
Mayor and Council	-	196,917
Technical Services - Inventory expensed	872,806	2,979,820
Finance - Loss on disposal of assets	888,136	1,307,695
Corporate Services - Employee Related Cost	36,031,790	-
Mayor & Council - Councillors Allowances	1,629,151	-
	48,059,342	**28,824,865**

56. Fruitless and wasteful expenditure

Opening balance as previously reported	116,345	34,736
Add: Fruitless and wasteful expenditure identified - current	3,645	81,609
Less: Amount written off - current	(34,736)	-
Closing balance	**85,254**	**116,345**

57. Irregular expenditure

Opening balance as previously reported	30,494,565	4,196,372
Add: Irregular expenditure - current	13,616,151	26,398,193
Less: Prior year error	-	(100,000)
Less: Amount written off - current	(4,096,372)	-
Closing balance	**40,014,344**	**30,494,565**

57. Irregular expenditure (continued)

Incidents/cases identified/reported in the current year include those listed below:

SCM process was not followed when appointing the service provider	-	409,135
Functionality criteria was incorrectly used to eliminate bidders during the compulsory evaluation stage and minimum quotations were not obtained from the panel	-	3,568,019
Bids were not advertised for minimum period (Panel of professional services for civil engineening and Planning services	5,950,568	-
Functionality criteria was incorrectly used to eliminate bidders during the compulsory evaluation stage	-	1,964,421
Awards where the SCM process was not followed	5,413,704	-
Suppliers whose Directors are under the service of the state	22,900	-
Contract between the municipality and service provider expired	2,228,979	-
Bids were not advertised for the minimum period (Panel of Contractors for Roads and Storm Water related projects) and Panel for Legal Services	-	18,962,936
The municipality awarded BID 13/10/2022, a panel contract for Electrical Engineering Consultants, to Black Shepherd (Pty) Ltd without securing or documenting the required pricing and quotation information	-	1,493,681
	13,616,151	**26,398,192**

Cases under investigation

Investigations are still in progress regarding R 30 494 565: R 13 616 151 (2024:2025) cases which all relate to noncompliance with the procurement process requirements. The amounts disclosed for irregular expenditure are inclusive of VAT.

Awards to close family members of person in the service of the state.

Company Name	**Employee Name**		
Harvest Hr & Business Consultants	Ms. SL Ngcobo (Spouse) - Employed by Dannhauser Municipality	11,703,621	8,303,621
Daleka Trading	Mr. MH Dlamini	-	6,100,000
		11,703,621	**14,403,621**

58. Awards to close family members of person in the service of the state.

	11,703,621	**14,403,621**
	646,578	500,000
	(646,578)	(500,000)
	-	-
	2,645,057	2,502,967
	(2,645,057)	(2,502,967)
	-	-
	12,385,904	6,536,549
	(12,385,904)	(6,536,549)
	-	-
	3,148,129	1,595,146
Harvest Hr and Business Consultants - Ms SL Ngcobo (Spouse) - Employed by Dannhauser Municipality	11,703,621	8,303,621
Daleka Trading - Mr MH Dlamini	-	6,100,000

59. Additional disclosure in terms of Municipal Finance Management Act

Contributions to organised local government

Current year subscription / fee Amount paid - current year

Audit fees

Current year subscription / fee Amount paid - current year

PAYE and UIF

Current year subscription / fee Amount paid - current year

VAT

VAT receivable

All VAT returns have been submitted by the due date throughout the year.

60. Deviation from supply chain management regulations

Paragraph 12(1)(d)(i) of Government gazette No. 27636 issued on 30 May 2005 states that a supply chain management policy must provide for the procurement of goods and services by way of a competitive bidding process.

Paragraph 36 of the same gazette states that the accounting officer may dispense with the official procurement process in certain circumstances, provided that he records the reasons for any deviations and reports them to the next meeting of the council and includes a note to the annual financial statements.

61. Deviation from supply chain management regulations(Deviation contiinuation

Deviation - 2024	Amount	Amount	Total
Impractical to follow normal SCM process	3,375,559	2,037,132	5,412,691
Sole supplier	294,018	31,860	325,878
Emergency procurement	631,795	2,660,050	3,291,845
	4,301,372	**4,729,042**	**9,030,414**

The reasons for the deviations include the following:

Acquisition from sole suppliers, emergency procurement and circumstances where it is impractical or not possible to follow the official procedure are assessed in terms of the SCM regulation 36.

Emergency procurement reasons why it was an emergency

61. Deviation from supply chain management regulations(Deviation contiinuation (continued)

VIP protection for the Speaker - Emergency procurement of VIP protection for the Speaker.	-	94,877
Repair Hydraulic unit or skip bin unit for NDH 1832 - Emergency procurement due to the skip bins overflowing and the skip bin trailer (hydraulic) system being broken for a week.	-	12,976
Supply with a battery for NDH 6580 - Emergency procurement since other service providers do not accept fleet cards that is why we are forced to use UD Truck as they accept fleet cards.	-	14,401
Supply with 1 x Starter and 1 x battery for NDH 3192 - Emergency procurement since other service providers do not accept fleet cards that is why we are forced to use NTT Isuzu as they accept fleet cards.	-	11,201
Supply with batteries for NDH 3436 - Emergency procurement since other service providers do not accept fleet cards that is why we are forced to use NTT Isuzu as they accept fleet cards.	-	3,263
Supply and delivery of concrete pipes - Emergency procurement of concrete pipes as they were needed urgently to respond to the disaster in Dannhauser.	-	218,926
Supply and delivery of 20x food parcels for disaster relief - Emergency procurement of food parcels for disaster relief to families that were affected by thunderstorm in Dannhauser.	-	34,602
Supply with 2x batteries and 4 tyres for NDH 2539 - Emergency procurement since Supa Quick supplies both batteries and tyres and accepts fleet cards.	-	22,749
Supply and delivery of fire truck - Emergency procurement since the fire engine is an emergency vehicle and is needed for prompt response to fire in the upcoming fire season and other related fire incidents.	-	1,998,806
Supply with 5x boxes of grease for Brush Cutters -Emergency procurement since the goods are needed for cleaning campaigns and cleaning of all Dannhauser halls, and open spaces.	-	17,250
Provision of Internet services for the period of 6 months - Emergency procurement upon switching over to the Internet service provider, we had a huge problem with Vodacom. Officials couldn't meet their deadlines due to network interruption. Therefore we recommended that we appoint another service provider to assist the Municipality.	-	231,000
Hire of marquee, mobile toilets, generator, lighting, video for Dundee Golf Day Emergency procurement as the municipality received late approval for site establishment	59,736	-
Supply with 4x armed guards for 1 day for special Council meeting on 29/11/2024 Emergency procurement for security services for Council meeting due to security threats/concerns	5,520	-
Service provider to upgrade the telephone lines for Municipal offices - Emergency Municipal telephone lines are damaged they need to be fixed as soon as possible because no calls are coming or going through	4,664	-
Supply 10 cases of water for the Mayoral Matric Awards function - This was an emergency procurement, there was no service provider to provide these items at the required time	2,900	-
Remove and fit the water tank; strip and assemble the engine and storage	130,000	-
Service provider to repair NDH3436	51,132	-
Radio interview for the Honorable Mayor at Newcastle Community Radio	6,000	-
Supply and delivery of storm water pipes (size 450MM X 32; 600MM X60; 900MM X22)	298,190	-
The maintanance of the municipality tractor	62,653	-

Eletrician to fix electricity for licensing department	11,000	-

62. Segment information General information

Identification of segments

The municipality is organised and reports to management on the basis of three major functional areas: Community and Social Services, Planning and Development, Executive and Council, Finance and Administration, Waste and Management and Environmental and Public Safety. 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.

Types of goods and/or services by segment

These reportable segments as well as the goods and/or services for each segment are set out below:

Reportable segment	Goods and/or services
Community and Social Services	Trading Services
Planning and Development	Planning and Development

Segment surplus or deficit, assets and liabilities

2025

	Other services	Planning and development	Trading services	Total
Revenue				
Revenue from exchange transactions	74,284	7,875,985	2,469,067	10,419,336
Revenue from non-exchange transactions	24,289,172	166,871,172	8,264,662	199,425,006

Total segment revenue	**24,363,456**	**174,747,157**	**10,733,729**	**209,844,342**
Municipal revenue				**209,844,342**
Expenditure				
Employee related costs	7,106,008	26,735,349	35,024,003	68,865,360
Remuneration of Councillors	-	12,629,151	-	12,629,151
Depreciation and Amortisation	4,659,171	16,816,647	103,297	21,579,115
General expenses	4,327,825	25,396,299	7,197,965	36,922,089
Contracted services	30,824,711	16,459,112	2,140,141	49,423,964
Interest	-	3,305,685	-	3,305,685
Inventory Consumed	360,273	676,533	-	1,036,806
Opearting Leases	103,236	414,709	-	517,945
Total segment expenditure	**47,381,224**	**102,433,485**	**44,465,406**	**194,280,115**
Total segmental surplus/(deficit)				**15,564,227**
Loss on Disposal				(888,136)
Fair Value Adjustments				507,000
Actuarial gain or loss Impairment Loss				434,000
				(35,413,459)
Total losses and gain				**(35,360,595)**

62. Segment information (continued)

Assets

Current Assets	-	45,214,581	-	45,214,581
Non-Current Assets	366,197,926	-	175,794,676	541,992,602

Total segment assets	**366,197,926**	**45,214,581**	**175,794,676**	**587,207,183**
Total assets as per Statement of financial Position				**587,207,183**
Liabilities				
Current liability				
	-	(67,652,319)	(18,875,422)	(86,527,741)
Non-Current Liabilities	(11,548,115)	(18,525,222)	-	(30,073,337)
Total segment liabilities	**(11,548,115)**	**(86,177,541)**	**(18,875,422)**	**(116,601,078)**
Total liabilities as per Statement of financial Position				**(116,601,078)**

2024

	Other Services	Planning and Development	Trading Services	Total
Revenue				
Revenue from exchange transactions				
Revenue from non exchange transactions	47,649	3,664,534	2,659,011	6,371,194
Total segment revenue	24,139,735	160,611,434	9,526,946	194,278,115
Municipal Revenue	**24,187,384**	**164,275,968**	**12,185,957**	**200,649,309**
Expenditure				**200,649,309**
Employee Related Cost				
Remuneration of councillors				
Depreciation and amortization	6,270,877	20,037,169	15,429,485	41,737,531
Operational Cost	-	12,921,476	-	12,921,476
Contracted Services Interest	-	28,159,444	1,822	28,161,266
Inventory consumed				
Operating leases	3,322,402	20,646,886	3,985,206	27,954,494
Total segment expenditure	26,991,789	17,000,122	1,714,006	45,705,917
Total segmental surplus/(deficit)	-	3,686,676	-	3,686,676
	-	3,179,820	-	3,179,820
Loss on Disposal	-	575,489	-	575,489
Fair value Adjustments				
Actuarial gain or loss Impairment Loss	**36,585,068**	**106,207,082**	**21,130,519**	**163,922,669**
Total losses and gain				**36,726,640**
				(1,307,695)
Assets				275,000
Current Assets				158,000
Non Current Assets				(26,775,757)
Total segment assets				**(27,650,452)**
Total assets as per Statement of financial Position				
Liabilities	-	43,959,278	-	43,959,278
Current liabilities	504,194,832	24,742,507	-	528,937,339
Non current liabilities				
Total segment liabilities	**504,194,832**	**68,701,785**	**-**	**572,896,617**
				572,896,617

62. Segment information (continued)

Total liabilities as per Statement of financial Position **(82,494,148)**				
	-	(47,192,030)	(3,247,309)	(50,439,339)
	(11,548,115)	(20,506,694)	-	(32,054,809)
	(11,548,115)	**(67,698,724)**	**(3,247,309)**	**(82,494,148)**

63. Budget differences

Budget vs Actual Comments

1. Sale of goods - The municipality under budgeted , the increase it was due to sales of items e.g tender document sales.

2. Service charges - Service charges are below the budget because there were no additional request for collection of refuseas usual from mines.

3. Rental of facilities and equipment - Not applicable.

4. Agency Services - Load reduction affected the budget amount, during the loadshedding licence office closes .

6. Property rates - More indigent applications were received.

7. Interest on receivables from non-exchange - outstanding payments for property rates.

8. Licences and and Permit - During load reduction licence office closes which affect budget and revenue

9. Government grants - Unspent grant on MIG and Disaster.

10. Fines, penaltlies and forfeits - Budget is on cash basis while actuals are on accrual basis.

11. Donation received - The municipality do not budget for donations.

12. Other transfer revenue - There were less training provided during the current year.

13. Employee related cost - There were more casual workers hired during the financial year.

14. Remuneration of councillors - increased due to upper limits permit..

15. Depreciation / Amortization - The municipality over budgeted

16. Contracted services - Application of cost containment policy

17. General Expenses - Cost containment policy strictly implemented

18. Inventory expensed - The actual expense is higher than the budgeted amount due to the childcare facility.

19. Impairment loss - Assessment was done at the end of the financial year.

64. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

64. Prior-year adjustments (continued)

2024

	Note	As previously reported	Re-classification	Restated
VAT receivable		1,829,209	-	1,829,209
Statutory VAT Receivables		-	(758,396)	(758,396)
Input VAT Accrual		-	(1,887,890)	(1,887,890)
Output VAT Accrual		-	817,077	817,077
Work-in- progress		218,322,230	-	218,322,230
Building		-	(192,128,289)	(192,128,289)
Infrastructure		-	(26,193,941)	(26,193,941)

Prepaid Expense

	220,151,439	**1,034,015**

	As previously reported	Correction of error	Re-classification	Restated
	4,564,676	-	(878,000)	3,686,676
	40,859,531	-	878,000	41,737,531
	1,589,618	(1,034,015)	-	555,603
	47,013,825	**(1,034,015)**	**-**	**45,979,810**

1,034,015

\- **(219,117,424)**

1,034,015

Statement of financial performance

2024

Note

Finance Cost
Employee related Insurance

Surplus for the year