



(AS/jcs) [2024-03-26]

**COUNCIL**  
**2024-03-26**

**(Laid on Table)**

**MUNICIPAL PUBLIC ACCOUNTS COMMITTEE**

**ETHEKWINI  
MUNICIPALITY**



**2022/2023  
OVERSIGHT REPORT**

**TABLE OF CONTENTS**

- 1. INTRODUCTION..... 3**
- 2. BACKGROUND ..... 4**
- 3. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ... 5**
- 4. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE ..... 6**
- 5. ANNUAL REPORT CHECKLIST..... 8**
- 6. AUDIT REPORT.....26**
- 7. CONCLUSION..... 40**
- 8. ANNEXURES ..... 41**

## 1. INTRODUCTION

The Municipal Finance Management Act (MFMA) assigns specific oversight responsibilities to Council with regard to the Annual Report and the preparation of an Oversight Report.

Given the processes required by Council to effectively undertake its oversight role, the establishment of the MPAC of Council provides the appropriate mechanism through which Council fulfills its oversight responsibilities.

The MPAC's primary role is to consider the Annual Report, receive input from the various role players and prepare a Oversight Report for consideration by Council.

## 2. BACKGROUND

The oversight role of Council is an important component of the financial reforms and it is achieved through the separation of roles and responsibilities between Council, the Executive (Mayor and Executive Committee) and Administration. Good governance, effective accountability, and oversight can only be achieved if there is a clear distinction between the functions performed by the different role players.

Non-executive Councillors are required to maintain oversight on the performance of specific responsibilities and delegated powers that they have given to the Executive (Mayor/Executive Committee). In other words, in exchange for the powers in which Council has delegated to the Executive, Council retains a monitoring and oversight role ensuring that there is accountability for the performance or non-performance of the municipality.

The Municipal Finance Management Act, No.56 of 2003 (MFMA) vests in Council specific powers of approval and oversight.

- ✓ Approval of budgets;
- ✓ Approval of Budget related Policies; and
- ✓ Review of the Annual Report and adoption of the Oversight Report.

### 3. FUNCTIONS OF THE MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

The functions of the MPAC are to:

- ✓ Undertake a review and analysis of the Annual Report.
- ✓ Invite, receive, and consider inputs from Councillors and Portfolio Committees, on the Annual Report.
- ✓ Consider written comments received on the Annual Report from the public consultation process.
- ✓ Conduct Public Hearing(s) to allow the local community or any organs of state to make representations on the Annual Report.
- ✓ Receive and consider Council's Audit Committee views and comments on the annual financial statements and the performance report.
- ✓ Preparation of the Oversight Report, taking into consideration, the views and inputs of the public, representative(s) of the Auditor-General, organs of state, Council's Audit Committee and Councillors.

## 4. COMPOSITION OF MUNICIPAL PUBLIC ACCOUNTS COMMITTEE

### 4.1 Membership

The Municipal Public Accounts Committee (MPAC) is a committee of Council established under section 79A of the Municipal Structures Act, 1998.

The mayor, deputy mayor, any member of the executive committee, speaker, whip and municipal officials are not allowed to be members of the Municipal Public Accounts Committee.

The Members of eThekweni Municipality's MPAC as at 30<sup>th</sup> June 2023 were:

NO.	SURNAME	NAMES	DESIGNATION	PARTY
1.	Xuma	Thamisanqa	Chairperson	EFF
2.	Dlamini	Conrad Bongumusa	Deputy Chairperson	ANC
3.	Beesley	Alan David	Member	Action SA
4.	De Boer	Shontel	Member	DA
5.	Fortein	Barbara	Member	ANC
6.	Gama	Sizeni Gladness	Member	ANC
7.	Kissoon	Alicia	Member	DA
8.	Mkhwanazi	Brenda	Member	ANC
9.	Naidoo	Jane	Member	IFP
10.	Sibisi	Siboniso	Member	DA
11.	Thusi	Muzikayise	Member	ANC

The following changes in membership took place during the 2022/2023 financial year:

1. Councillor TP Collins passed away in August 2022 and was replaced by Councillor A Kissoon who was appointed as an MPAC Member on 29<sup>th</sup> September 2022.
2. Councillor A Beetge left MPAC to join the Executive Committee on 1<sup>st</sup> October 2022. He was replaced by Councillor S Sibisi on 27<sup>th</sup> October 2022.
3. Councillor SP Ngcobo resigned from Council as of 1<sup>st</sup> November 2022 resulting in one vacancy on the Committee.
4. Councillor P Mkhize resigned from Council as of 1<sup>st</sup> March 2023 resulting in two vacancies on the Committee.
5. Councillors MR Mngonyama and B Mkhwanazi were appointed as MPAC members on 30<sup>th</sup> March 2023.
6. Councillor MA Jokweni left MPAC to join another Committee on 30<sup>th</sup> March 2023 resulting in one vacancy on the Committee.
7. Councillor MR Mngonyama left MPAC to join another Committee on 26<sup>th</sup> April 2023 and was replaced by Councillor SG Gama on even date.
8. Councillor CB Dlamini was appointed as an MPAC Member on 31<sup>st</sup> May 2023.

## 4.2 Authority & Power

The MPAC is delegated the responsibility to conduct meetings and to hold public hearings to receive and hear public submissions on the Annual Report, on behalf of Council.

Timely notice of all meetings should be given and all meetings held by the MPAC must be open to the public and minutes of the meetings must be submitted to Council.

## 4.3 Meeting Schedule

The eThekweni Municipality's Annual Report for 2022/2023 was tabled at Council's meeting on 31<sup>st</sup> January 2024 as prescribed in terms of the Local Government: Municipal Finance Management Act 56 of 2003. It also included the reports of the municipal entities *viz.* Inkosi Albert Luthuli ICC (Pty) Ltd and Durban Marine Theme Park (Pty) Ltd. The Annual Report was referred to MPAC for preparation of the Oversight Report.

After the noting of the Annual Report by Council on 31<sup>st</sup> January 2024; the report was subsequently made available for public comments as follows: Advertisements were placed in Isolezwe and the Daily News on the 8<sup>th</sup> March 2024, to inform the public of the availability of the Annual Report on the municipal website for comments/representations.

Stakeholders were required to make submissions using the email address: [Nokv.Nyasulu@durban.gov.za](mailto:Nokv.Nyasulu@durban.gov.za) by 18<sup>th</sup> March 2024.

Access to the report was made available as reflected hereunder:

- Posted on the Municipal website [www.durban.gov.za](http://www.durban.gov.za)
- The full Annual Report was made available via the following link: <http://tinyurl.com/DRAFT-2223-ANNUAL-REPORT>
- The link to full Annual Report was provided to members of the Municipal Public Accounts Committee.
- Internally, through the news flash which is accessed by Municipal employees.

Social media cards were posted on social media platforms (Facebook and X). The link to access the tabled Draft Annual Report was issued to the Auditor-General, National Treasury, KwaZulu Natal Provincial Treasury, KZN Legislature and the Department of Cooperative Governance and Traditional Affairs (CoGTA) on 6<sup>th</sup> February 2024.

## 4.4 Revisions Post Tabling

No revisions were made to the 2022/23 Annual Report after tabling the report at Full Council on 31<sup>st</sup> January 2024.



## 5. ANNUAL REPORT CHECKLIST

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p><b>I. Financial Matters – Annual Financial Statements – Section 121 (3) MFMA</b></p> <p>121 (3)(a) The annual financial statements (AFS) for the municipality and, if applicable, consolidated statements (with all entities) as submitted to the Auditor-General.</p>	<p>Financial reporting matters to be considered</p> <p>The AFS are to be in the form as required by the applicable accounting standards. MFMA Circular 18 with annexures, 23 June 2005, provides guidelines on the accounting standards for municipalities. <u>Have the required standards been met?</u></p>	<p>Yes See Clauses 1&amp;2 of the AG's Report, Page 451 of the Annual Report</p> <p>Yes See Clauses 1&amp;2 of the AG's Report, Page 451 of the Annual Report</p>
<p>121 (3)(e) 121 (4) 121 (4)(b)</p>	<p>The above applies also to the AFS of municipal entities.</p>	<p>Yes See Clauses 1&amp;2 of the AG's Report, Page 451 of the Annual Report</p>
<p>121 (3) (e) An assessment by the accounting officer on any arrears on municipal taxes and service charges, including municipal entities.</p>	<p>Has an adequate assessment been included?</p> <p>Is there sufficient explanation of the causes of the arrears and of actions to be taken to remedy the situation?</p> <p>Is any other action required to be taken?</p>	<p>Yes. See Note 5, Pages 713-715 of the Annual Report.</p> <p>Management advises that the main reason for the increase in the outstanding debtor balances is due to slow payment patterns from customers. Many factors are said to contribute to customers not being able to service outstanding debt, such as the declining state of the economy in general, tariff increases and outstanding litigation matters. The Municipality also introduced surcharges on water and sanitation services during the current year, which contributed to the increase in the outstanding debtor balances. The declining state of the economy also resulted in an increase in interest rates. The prime interest rate increased from 8.25% during the previous reporting period to 11.75% in the current year, which resulted in a significant increase in interest raised on outstanding debt as disclosed in the note relating to interest revenue</p> <p>In order to reduce the debtor balances, the Council is using measures such as disconnections, tampering investigations, appointment of debt collectors, focus on high debtors, one on one sessions with state owned entities and government departments, one on one sessions with major debtors and legal processes.</p> <p>A task team comprising of KZN CoGTA, eThekweni Municipality and Ingonyama Trust has been established to deal with the Trust's growing Ingonyama debt.</p> <p>We note with concern the increasing debt owed by Tansnat and believe that concerted efforts are required to address this debt; including debt owed by Deceased Estates which also requires more attention.</p>

**INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS**

121 (3)(g)

Particulars of any corrective action taken or to be taken in response to issues raised in the audit reports.

**COUNCIL CONSIDERATIONS AND QUESTIONS**

The conclusions of the annual audit are: -

✓ an unqualified audit opinion with or without management issues, which means that the financial statements are acceptable;

✓ The objective of the municipality should be to achieve an unqualified audit opinion.

✓ Taking into account the audit report, audit opinion and the views of the audit committee, council considered:

- To what extent does the report indicate serious or minor financial issues?

- To what extent are the same issues repeated from previous audits?

- Is the action proposed considered to be adequate to effectively address the issues raised in the audit report?

**RESPONSES/COMMENTS**

The Municipality achieved an unqualified audit with material findings.

The audit outcome of the municipality has remained stagnant for the 2022-23 period.

The lack of appropriate oversight and monitoring by leadership over the control environment resulted in material misstatements in the performance information and repeat non-compliance with legislation relating to environmental management, expenditure management, consequence management as well as procurement and contract management.

Non-compliance with legislation and the qualification of the performance report are repeat findings.

No.

We support the AG's call for accountability by undertaking the following measures:

- Set the tone at the top by shifting the culture of the municipality towards compliance with laws and regulations.
- Intensify oversight on consequence management and regularly monitor the status of material irregularities and the implementation of remedial actions in a transparent manner with quarterly reports to Full Council.
- Improve oversight on the planning for and management of infrastructure assets to improve the provision of service delivery.
- Strengthen oversight of the management of projects.
- Strengthen oversight on the implementation of the audit action plan and tracking of commitments made by key role players (MPAC, Mayor, City Manager, Internal Audit and Audit Committee).

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>121 (3)(f)</p> <p>An assessment by the municipality's accounting officer of the municipality's performance against measurable performance objectives for revenue</p>	<ul style="list-style-type: none"> <li>Has a schedule of action to be taken been included in the annual report, with appropriate due dates?</li> </ul> <p>Note that actions taken on audit issues are to be reported to the provincial legislature, the MEC for Cooperative Government &amp; Traditional Affairs to report on any omissions by municipalities in addressing issues. Council should confirm that the audit report has been forwarded to the MEC.</p>	<p>The Action Plan is attached as Annexure "B"</p> <p>The Audit Report was submitted to COGTA on 8<sup>th</sup> January 2024.</p>
<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)).</p> <p>The accounting officer must include these objectives in the annual report and report on performance accordingly.</p> <p>Has the performance met the expectations of council and the community?</p>	<p>The budget of the municipality must contain measurable performance objectives for revenue from each source and for each vote in the budget, taking into account the IDP (MFMA s17(3)(b)).</p> <p>The accounting officer must include these objectives in the annual report and report on performance accordingly.</p> <p>Has the performance met the expectations of council and the community?</p>	<p>Yes. See Appendix K: Revenue Collection Performance Appendix K(i): Revenue Collection Performance by Vote, Page 637 of the Annual Report; Appendix K(ii): Revenue Collection Performance by Source, Page 638 of the Annual Report.</p> <p>No</p> <p>The Municipality achieved a collection rate of 93.56% in 2022/2023.</p> <p>It was still recovering from the triple impact of the COVID pandemic, civil unrest and the floods. Moreover, global events such as the Russia-Ukraine conflict impacted on global supply chains and the economy. Nationally, loadshedding is having a huge impact on the economy. This has resulted in growing unemployment, rising inflation and interest rates, increasing food, fuel and oil prices, as well as a weakening currency. Economic growth (GDP growth rate) was low and even negative at times. The City did not go unscathed, as these factors impacted on the ability of customers to pay their accounts timeously as reflected in the decline in the collection rate. However, notwithstanding these huge challenges, the finances of the City remained sound.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>collection from each revenue source and for each vote in the approved budget.</p>	<p>Have the objectives been met?</p> <p>What explanations have been provided for any non-achievement?</p> <p>What was the impact on the service delivery and expenditure objectives in the budget?</p>	<p>Yes. In terms of the National Treasury norms, a variance of 10% between the budgeted and actual amounts is considered material.</p> <p>Total revenue of R51,362,423,000; compared to an adjusted budget of R52,706,099,000. Actual revenue is 97% of the overall budget; which represents a variance of -3%.</p> <p>a. The decrease in Electricity Revenue of R1,036b was due to load shedding, illegal connections as well as April 2022 floods which resulted in some of the affected businesses still not being fully operational or taking longer than expected to recover. Also, the inclusion of energy efficiency interventions (solar water heating, heat pumps, off grid technologies) by consumers have also impacted on the decrease.</p> <p>b. The decrease in Sanitation Revenue of R82m was due to damages to some sewer infrastructure assets during the April 2022 floods. As a result, the Unit was not able to account for revenue from some customers who were affected by the unrepaired infrastructure.</p> <p>Notwithstanding the extensive rollout of service delivery over the past two decades, there are still significant backlogs which are growing due to increasing urbanization. The City will continue to have high capital expenditure going forward and will continue to borrow in a responsible and prudent manner.</p>
<p>121 (3)(j)(k) Any information as determined by the municipality, the entity or its parent municipality.</p>	<p>Review any other information that has been included in regard to the AFS.</p>	<p>None.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>121 (3)(i) and 121 (4)(g)</p> <p>Recommendations of the audit committee in relation to the AFS and audit reports of the municipality and its entities.</p>	<p>Have the recommendations of the audit committee in regard to the AFS and audit reports been adequately addressed by the municipality and/or the entity?</p> <p>What actions need to be taken in terms of these recommendations?</p>	<p>Based on the processes and assurances obtained, the Audit and Risk Committee believes that the internal controls are effective in some areas; with significant areas requiring improvement having been highlighted. The Audit and Risk Committee remains concerned about the long outstanding unresolved audit findings within the Municipality.</p> <p>The Audit and Risk Committee highlighted the following areas requiring improvement:</p> <ol style="list-style-type: none"> <li>Reported irregular, fruitless and wasteful expenditure over R1b is a concern, especially the increase in the last quarter. It is important for the recoverability to be assessed as well as for decisive consequence management to be implemented. The accelerated spend in the last quarter of the year could also contribute negatively towards irregular expenditure and management should ensure better planning and spending throughout the year. Furthermore, proper proactive planning, efficient procurement processes, and transversal management and monitoring are required from all to ensure that this challenge is effectively dealt with and prevented.</li> <li>Coordinated, consistent, and persistent efforts throughout the Municipality are recommended to address the financial sustainability risk. The municipality needs to focus on the Trading Services Units to return to its previous performance to cross-subsidise the operations to ensure sustainability with minimum reliance on external funding.</li> <li>Stringent efforts are required to streamline Supply Chain Management processes for efficiencies to ensure timeous spending of Capital Budget, in order to renew and rebuild damaged infrastructure, and improve grant spending.</li> <li>Water Losses remain significantly higher at 58,2% due to ageing and deteriorating infrastructure as well as illegal connections compared to the relevant benchmarks (the norm of 15% to 30%). This exacerbates the situation because of the alarming increase in population within the Ingonyama Trust land. The Accounting Officer is encouraged to continue with diligent efforts to manage and reduce these losses. In fact, water losses are unsustainably high. Despite the various programmes being put forward the loss has continued to escalate, and urgent action is needed for a turnaround. Diligent oversight and close monitoring of the implementation and outcomes of the strategies and action plans to address the loss should be conducted by Executive Management and Council.</li> <li>The increasing Electricity losses of 10,7% is due to transmission and distribution losses as well as illegal connections. Management's attention is required to bring it back within the benchmarks. Delays in addressing this challenge may result in increased costs, dissatisfied customers and decreased revenue.</li> <li>The main challenge for the City includes organisational culture and governance, irregular expenditure, performance information, lack of consequence management, and in some cases, the internal control environment has not been effective.</li> <li>The Accounting Officer and senior management of the municipality should implement consequence management on staff members who are found to be responsible for the deliberate disregard of systems of internal control.</li> </ol>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p><b>2. Disclosures - Allocations received and made - Section 123-125 MFMA</b></p>	<p><b>Considerations</b></p>	
<p>123 (1)(a) Allocations received by and made to the municipality.</p>	<p>The report should disclose:</p> <ul style="list-style-type: none"> <li>✓ Details of allocations received from another organ of state in the national or provincial sphere.</li> </ul>	<p><b>Yes.</b> <b>Annual Report</b> <b>Table 69: Grant Performance: Pages 428-430</b> <b>Table 70: Grants Received from Sources Other Than DORA: Page 431</b> <b>Appendix L: Conditional Grants Received: Pages 639-641</b></p>
	<ul style="list-style-type: none"> <li>✓ Details of allocations received from a municipal, entity or another municipality.</li> </ul>	<p><b>Annual Financial Statements</b> <b>Note 21: Unspent Conditional Grants and Receipts): Page 742</b> <b>Note 31: Government Grants and Subsidies: Pages 753-760</b></p>
	<ul style="list-style-type: none"> <li>✓ Details of allocations made to any other organ of state, another municipality, or a municipal entity.</li> </ul>	<p><b>Yes.</b> <b>See Appendix O: Declaration of Loans and Grants made by the Municipality: Pages 658-662 of the Annual Report.</b></p>
	<ul style="list-style-type: none"> <li>✓ Any other allocation made to the municipality under Section 214(1) (c) of the Constitution.</li> </ul>	<p><b>Yes.</b></p>
	<p>Have these allocations been received and made?</p>	<p><b>Yes.</b></p>
	<p>Does the audit report confirm the correctness of the allocations received in terms of DORA and provincial budgets?</p>	<p><b>No.</b></p>
	<p>Does the audit report or the audit committee recommend any action?</p>	

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>125 (1) Information in relation to outstanding debtors and creditors of the municipality and entities.</p>	<p>Municipalities and entities are reminded of the requirement to include, in their annual financial statements, amounts owed to them and persistently delayed beyond 30 days, by national or provincial departments and public entities.</p> <p>It is also a requirement to report on whether the municipality or entity has met its statutory commitments, including the payment of taxes, audit fees, and contributions for pension and medical aid funds.</p> <p>Council should be satisfied that –</p> <ul style="list-style-type: none"> <li>✓ the information has been properly disclosed;</li> <li>✓ conditions of allocations have been met; and</li> <li>✓ that any explanations provided are acceptable.</li> </ul>	<p>See Note 5: Consumer Debtors: Pages 713-715 of the Annual Report.</p> <p>Yes. See Note 20: Employee Benefit Obligations: Pages 734-741 of the Annual Report. See Note 46: Additional Disclosures in terms of MFMA: Page 783 of the Annual Report.</p> <p>Yes.</p>
<p>123 (1)(c) Information in relation to the use of allocations received.</p>	<p>Section 123 of the MFMA and MFMA guidance circular 11, require that the municipality provide information per allocation received per vote and include:</p> <ul style="list-style-type: none"> <li>✓ The current year and details of spending on all previous conditional grants, for the previous two financial years. Information is to be provided per vote. (For example, municipalities must report on all transfers received from provincial housing departments for housing subsidy grants for three financial years, and indicate</li> </ul>	<p>Yes. Note 31: Conditional Grants and Subsidies: Pages 753-760 of the Annual Report.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<p>how such funds were spent, and for what projects.</p> <p>Information stating whether the municipality has complied with the conditions of the grants, allocations in terms of section 214(1)(c) of the Constitution and allocations received from other than another organ of state. Where there is non-compliance, details of the reasons for non-compliance are to be provided.</p> <p>Information on whether allocations under the DORA were delayed or withheld and the reasons advanced for this.</p>	<p>Yes.  <b>Note 31: Conditional Grants and Subsidies: Pages 753-760 of the Annual Report.</b></p> <p>Nation Treasury withheld a portion of the 2022/23 allocation of the Urban Settlements Development Grant (USDG) and the Public Transport Networks Grant (PTNG) as gazetted in the 2022 DoRA due to under performance of the grant allocations. Both grants were reduced by R100 million each. As the City spent its full allocation of the USDG at end of the financial year, 30 June 2023, motivation has been submitted to National Treasury for the reimbursement of the R100m taken away from the City's allocation in 2022/23.</p>
<p><b>2. Disclosures in notes to AFS</b></p> <p>Information relating to benefits paid by municipality and entity to Councillors, directors and officials.</p>	<p><b>Considerations relating to section 124</b></p> <p>Information on the following items is to be included in the notes to the annual report and AFS: -</p> <ul style="list-style-type: none"> <li>✓ salaries, allowances and benefits of political office bearers, Councillors and boards of directors, whether financial or in kind;</li> <li>✓ any arrears owed by individual Councillors to the municipality or entity for rates and services, which at any time were outstanding for more than 90 days, including the names of Councillors;</li> <li>✓ salaries allowances and benefits of the municipal manager, CEO of a municipal</li> </ul>	<p>Yes.  <b>See Note 34: Remuneration of Councillors: Pages 765-766 of the Annual Report</b></p> <p>Yes.  <b>See Note 46: Additional Disclosures in terms of Municipal Finance Management Act: Pages 784-786 of the Annual Report.</b></p> <p>Yes.  <b>See Note 33: Employee Related Costs: Page 761-765 of the Annual Report.</b></p>



**INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS**

**COUNCIL CONSIDERATIONS AND QUESTIONS**

**RESPONSES/COMMENTS**

- entity, CFO and every senior manager;
  - ✓ contributions for pensions and medical aid;
  - ✓ travel, motor car, accommodation, subsistence and other allowances;
  - ✓ housing benefits and allowances;
  - ✓ overtime payments;
  - ✓ loans and advances, and;
  - ✓ any other type of benefit or allowance related to staff.
- Council should be satisfied that –
- ✓ the information has been properly disclosed;
  - ✓ conditions of allocations have been met; and
  - ✓ that any explanations provided are acceptable.

See Note 33: Page 761 of the Annual Report.  
 See Note 33: Page 761 of the Annual Report.  
 See Note 33: Page 761 of the Annual Report.  
 See Note 33: Page 761 of the Annual Report.  
 N/A  
 See Note 33: Page 761 of the Annual Report

Yes  
 Yes  
 Yes

**3. Municipal Performance**

**Considerations**

Section 46, MSA requires municipalities to submit a performance report reflecting the performance of the municipality and each service provider, a comparison of the performance with targets set for the previous year and measures taken to improve performance. The report must form part of the annual report.

The annual performance reports of the municipality and entities.

**INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS**

**COUNCIL CONSIDERATIONS AND QUESTIONS**

**RESPONSES/COMMENTS**

Questions that may be considered are –

- ✓ Has the performance report been included in the annual report?
- ✓ Have all the performance targets set in the budgets, SDBIP, service agreements etc., been included in the report?
- ✓ Does the performance evaluation in the annual report compare actual performance with targets expressed in the budgets and SDBIP approved for the financial year?

In terms of key functions or services, how has each performed? E.g., have backlogs for water, sanitation, and electricity been reduced? What are the refuse collection volumes, library usage statistics etc.?

Yes

Yes

Yes

Unit	National Norm (%)	Actual (%)	No. of Households with Access
Basic Level of Water	92	79.08	874 072
Basic Level of Sanitation	100	70.63	1 147 228
Basic Level of Electricity	92	63.87	791 114
Basic Level of Solid Waste Removal	100	95.83	1 189 690
Basic Water delivery to Indigent Households	100	64.83	596 974
Basic Sanitation delivery to Indigent Households	100	50.12	461 141
Basic Electricity delivery to Indigent Households	100	33.19	306 938
Refuse Removal service to Indigent Households	100	94.4	827 909

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<p>✓ To what extent has performance achieved targets set by council?</p> <p>✓ Is the council satisfied with the performance levels achieved?</p> <p>✓ Is the community satisfied with performance?</p> <p>✓ Has a customer satisfaction survey been undertaken and, if so, how do the results align with the annual report contents?</p> <p>✓ What were the outcomes of public consultation and public hearings.</p> <p>✓ What actions have been taken and planned to improve performance?</p> <p>✓ Is the council satisfied with actions to improve performance?</p> <p>✓ Did the targets set in the budgets, SDBIP agree with the targets set in the performance contracts of the municipal manager and each senior manager?</p>	<p>68.99% of the key performance indicators for basic service delivery were achieved.</p> <p>No</p> <p>No. This is evident in the number of protests across the Municipality.</p> <p>The Quality of Life Survey is now undertaken every two years. Therefore, no data was collected in 2022-23.</p> <p>Refer to Annexure A</p> <p>Various interventions have been proposed by management to improve performance.</p> <p>No</p> <p>No</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	<p>✓ Does the report evaluate the efficiency of mechanisms applied to deliver the performance outcomes?</p> <p>✓ Taking into account the audit report and opinion and the views of the audit committee, is performance considered to be efficient and effective?</p> <p>✓ To what extent have actions planned for the previous year been carried over to the financial year reported upon?</p> <p>✓ Have any actions planned in the reported year been carried over to the current or future years? If so, are any explanations been provided by the municipal manager and are these satisfactory?</p>	<p>No</p> <p>No.</p> <p>The Auditor-General identified material findings over the past 3 financial years in the selected plan, Plan 3: Create a Quality Living Environment. Two (2) indicators could not be verified due to the lack of supporting evidence to validate the reported performance. Material differences between the actual and reported achievements were identified in four (4) indicators. In addition, there continues to be material adjustments to reported achievements during the audit process.</p> <p>The Municipality achieved 74,58% of the planned targets for the year against a budget spend of 94,79% in the selected plan, Plan 3: Create a Quality Living Environment. Some of the planned targets that were not achieved relate to key service delivery indicators on water, sanitation and electricity.</p> <p>The Audit and Risk Committee has urged management to commit and resolve previously reported performance management findings. The Committee further found that the alignment of the results from KPIs with what citizens can attest to as service delivery remained a challenge for the City. It being felt that the KPIs should give effect to the desired outcome and impact and not just the output.</p> <p>No actions have been carried over.</p> <p>No actions have been carried over.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>Audit reports on performance.</p>	<p>Section 45, MSA requires that the Auditor-General must audit the results of performance measurements, as part of the internal auditing processes and annually.</p> <p>Have the recommendations of internal audit been acted on during the financial year?</p> <p>Have recommendations by internal audit and/or the auditor-general been included in action plans to improve performance in the following year?</p>	<p>Some recommendations have been acted on. Others remain in progress while others are still outstanding.</p> <p>Yes</p>
<p>Performance of municipal entities and municipal service providers.</p>	<p>The annual report of the municipality should provide an assessment of the performance of the municipal entities and all contracted service providers. This is in addition to the separate annual reports of the entities. The report should evaluate the effectiveness of these services and whether alternative mechanisms should be considered.</p> <p>Is the council satisfied with the evaluation and conclusions of the municipality?</p> <p>What other actions are considered necessary to be taken by the accounting officer?</p>	<p>The assessment of contracted service providers is included in the annual report. See Appendix I: Review of External Service Provider Performance: Pages 625-632 of the Annual Report.</p> <p>No</p> <p>a. Assessments must be undertaken and reported timeously by Units to enable the proper analysis of performance.  b. The Business Support Unit should urgently intervene in instances when suppliers underperform.  c. Social issues negatively affecting the performance of projects should be addressed.  d. Interference by Business Forums prevents proper contract performance and should be addressed.  e. Contractors should be assisted to address their cash flow challenges.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p><b>4. General information</b></p> <p>Relevant information on municipal entities.</p>	<p><b>The following general information is required to be disclosed in the annual report.</b></p> <p>The municipality should disclose all information relating to the municipal entities under the sole or effective control of the municipality.</p> <p>Information to be disclosed includes names and types of entities, members of the board, addresses, and contact details for entities, the purpose of the entity, the functions, and services provided the type and term of service level agreements with the entities.</p>	<p>f. Better supervision of the performance of external service providers and proper certification of work undertaken by them before payment is authorised; including the increase of the number of contract managers to oversee contracts.</p> <p><b>Yes</b></p> <p>Durban International Convention Centre. See Pages 356-361 of the Annual Report. uShaka Marine World. See Pages 362-372 of the Annual Report.</p>
<p>The use of any donor funding support.</p>	<p>What donor funding has the municipality received?</p> <p>✓ Have the purposes and the management agreements for the funding been properly agreed upon?</p> <p>✓ Have the funds been used in accordance with agreements?</p> <p>✓ Have the objectives been achieved?</p> <p>✓ Has the use of funds been effective in improving services to the community?</p> <p>✓ What actions need to be taken to improve utilisation of the funds?</p>	<p><b>Various. See Note 31: Government Grants and Subsidies: Pages 753-760 of the Annual Report.</b></p> <p><b>Yes</b></p> <p><b>Yes</b></p> <p><b>Yes</b></p> <p><b>Yes</b></p> <p><b>None</b></p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>Agreements, contracts and projects under Private-Public-Partnerships.</p>	<p>Information similar to the details of municipal entities should be provided. Council should ensure that all details have been supplied.</p>	<p>No public private partnerships were entered into during the year.</p>
<p>Service delivery performance on key services provided.</p>	<p>This may be a high-level summary, in addition to detailed information on performance, which sets out overall performance under the strategic objectives of the municipality. Overall results on the strategic functions and services should be summarized. This should cover all services whether provided by the municipality, entities or external mechanisms.</p>	<p>See Appendix Q: Service Delivery &amp; Budget Implementation Plan: Pages 843 - 897 of the Annual Report.</p>
<p>Information on long-term contracts.</p>	<p>Details of all long-term contracts including levels of liability to the municipality should be included.</p>	<p>Not disclosed However, Appendix H reflects the Top 20 Projects: Pages 620-624 of the Annual Report.</p>
<p>Information technology and systems purchases and the effectiveness of these systems in the delivery of services and for ensuring compliance with statutory obligations.</p>	<p>Details of significant IT activities should be outlined indicating the effectiveness of the IT projects and the quality of IT services. Council should consider how effectively the IT services support and facilitate performance of the municipality and whether value for money has been obtained. Details of any future IT proposals should be summarized. Council should comment and draw conclusions on the information provided.</p>	<p>Not disclosed.</p>

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
<p>Capital plan for addressing infrastructure backlogs</p>	<p>A summary of the long-term capital plans and how these address the backlogs of services in the municipality should be provided.</p> <p>This should include details of types and scale of backlogs, projected cost implications, strategies to address the backlogs and plans proposed and/or approved. The summary here should cross reference to the performance reports in the annual report and also will be highlighted in the coming budgets.</p> <p>Council should consider whether the plans appropriately address the backlogs and are consistent with the strategic policy directions of council and needs of the community.</p>	<p><b>Not disclosed.</b></p>
<p><b>5. Other considerations recommended</b></p>		
<p>Timing of reports.</p>	<p>Was the report tabled in the time prescribed?</p>	<p><b>Yes.</b></p>
<p>Oversight committee or other mechanism.</p>	<p>What mechanisms have been put in place to prepare the oversight report?</p>	<p><b>The Municipal Public Accounts Committee was delegated the responsibility of preparing the oversight report.</b></p>
<p>Payment of performance bonuses to municipal officials.</p>	<p>Refer to Section 57 MSA as amended. Bonuses based on performance may be awarded to a municipal manager or a manager directly accountable to the municipal manager after the end of the financial year and only after an evaluation of performance and approval of such evaluation by the municipal council. Preferably such</p>	<p><b>Performance bonuses for the year under review have not yet been paid to any Section 57 Manager.</b></p>



INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS																								
	<p>evaluation should be considered along with the annual report. The basis upon which performance is evaluated for payment of bonuses should be reconciled with the municipal performance reported in the annual report.</p> <p>Have bonuses been paid based on achievements of agreed outputs and after consideration of the annual report by council?</p>	<p>Performance will be assessed based on achievements of agreed outputs and will only be paid after the adoption of the Oversight Report where applicable; subject to affordability.</p>																								
<p>Public Consultative meetings: Organisations identified, consulted and feedback documented</p>	<p>Needs to be noted and should be included in the annual report</p>	<p>Meetings to engage stakeholders on the Annual Report were scheduled as follows:</p> <table border="1" data-bbox="901 347 1268 1243"> <thead> <tr> <th>DATE</th> <th>STAKEHOLDER</th> <th>TIME</th> <th>VENUE</th> </tr> </thead> <tbody> <tr> <td>22 February 2024</td> <td>Amakhosi</td> <td>10h00</td> <td>Council Chamber, 60 Kings Road, Pinetown</td> </tr> <tr> <td>02 March 2024</td> <td>Ward Committees</td> <td>10h00</td> <td>Luthuli Hall, City Hall</td> </tr> <tr> <td>09 March 2024</td> <td>People with Disabilities</td> <td>10h00</td> <td>Umkhumbaan Community Hall, No. 60 Bramcote Road, Cato Manor</td> </tr> <tr> <td>13 March 2024</td> <td>Formal Business</td> <td>12h00</td> <td>Virtual</td> </tr> <tr> <td>16 March 2024</td> <td>Civil Society</td> <td>10h00</td> <td>Luthuli Hall, City Hall</td> </tr> </tbody> </table>	DATE	STAKEHOLDER	TIME	VENUE	22 February 2024	Amakhosi	10h00	Council Chamber, 60 Kings Road, Pinetown	02 March 2024	Ward Committees	10h00	Luthuli Hall, City Hall	09 March 2024	People with Disabilities	10h00	Umkhumbaan Community Hall, No. 60 Bramcote Road, Cato Manor	13 March 2024	Formal Business	12h00	Virtual	16 March 2024	Civil Society	10h00	Luthuli Hall, City Hall
DATE	STAKEHOLDER	TIME	VENUE																							
22 February 2024	Amakhosi	10h00	Council Chamber, 60 Kings Road, Pinetown																							
02 March 2024	Ward Committees	10h00	Luthuli Hall, City Hall																							
09 March 2024	People with Disabilities	10h00	Umkhumbaan Community Hall, No. 60 Bramcote Road, Cato Manor																							
13 March 2024	Formal Business	12h00	Virtual																							
16 March 2024	Civil Society	10h00	Luthuli Hall, City Hall																							

INFORMATION REQUIRED TO BE INCLUDED IN ANNUAL REPORTS	COUNCIL CONSIDERATIONS AND QUESTIONS	RESPONSES/COMMENTS
	Feedback	<p>The scheduled consultations with Ward Committees, People with Disabilities and Civil Society were cancelled as a precautionary safety measure, in light of the illegal industrial strike embarked on by eThekweni Municipality employees, which commenced on 27<sup>th</sup> February 2024.</p> <p>The engagements with Amakhosi and Formal Business were held as scheduled.</p>
Annual report distribution points and feedback documented	Distribution points.  Feedback	<p>The issues raised during the engagement with Amakhosi are reflected in Annexure A. The Formal Business input is still to be submitted.</p> <p>The Annual Report was posted on the Municipality's website and a link sent to all Councillors. It was also distributed internally through the 'Newsflash' which is accessed by employees.</p> <p>Submissions were received through the two stakeholder engagements.</p> <p>See Annexure A for the feedback received.</p>

## 6. AUDIT REPORT

### 1. SIGNIFICANT UNCERTAINTIES

As disclosed in note 43 to the consolidated and separate financial statements, various legal claims were lodged against the municipality. The ultimate outcome and amount of these claims could not yet be determined.

We have been advised by Management that the Municipality cannot drive the litigation process to get finality in instances where the plaintiffs/claimants fail to do so, as they are the primary drivers of the litigation process. Litigation also generally takes too long to finalise due to the congestion (number of matters) within the courts. It is this congestion which causes delays in getting matters enrolled for trial. It is not uncommon for litigated matters to take as long as five or more years to finalise and the Municipality through its Legal and Compliance Unit has no control over these time factors.

We note that contingent liability claims are reviewed annually to ensure that they are appropriately accounted and disclosed on the interim and annual financial statements. The disclosed contingencies do not have a material impact on the municipality's ability to operate as a going concern. The municipality is financially sound and has accumulated reserves to ensure that any arising debt obligation is paid when due.

Whilst there are some claims that may not have merit, there are factors such as medical negligence, unlawful arrests, unfilled potholes which may result in claims being made against the Municipality.

Therefore,

#### COMMITTEE RECOMMENDS:

That the City Manager establish the factors that contribute to legal claims against the Municipality and ensure that the necessary mitigation measures are instituted to minimise such claims.

### 2. MATERIAL DEBT IMPAIRMENTS, LOSSES AND WRITE-OFFS

#### 2.1 MATERIAL DEBT IMPAIRMENTS

As disclosed in note 5 to the consolidated and separate financial statements, the group recognised a provision for debt impairments of R13,64 billion (2021-22: R10,71 billion) on consumer debtors, as the recoverability of these amounts was doubtful.

Management advises that various strategies are being implemented to reduce the debtor balances. These include debt relief programmes, disconnection of high value debtors, tampering and investigation meetings held weekly, the appointment of external debt collectors to deal with old debt. It was further reported that one-on-one meetings with state-owned entities such as Transnet, SANRAL and uShaka Marine World have commenced and are yielding positive results.

Furthermore, we noted that a task team comprising of the KwaZulu-Natal Department of Cooperative Governance & Traditional Affairs, eThekweni Municipality and Ingonyama Trust has been established to deal with the growing Ingonyama Trust debt. The Trust's outstanding debt, we are informed, was originally R270 million.

However, some debt has fallen away through reconciliation. An amount of R40 million was undisputed by both parties and is due for payment by the Trust pending approval by its Board. The balance of the amount owed by the Trust was said to be a subject of reconciliation of the Municipality's Valuation Roll with the Trust's Fixed Asset Register.

Having noted progress made to recover debt owed to the Municipality

#### COMMITTEE RECOMMENDS:

That it be noted that quarterly progress reports will be submitted to the Municipal Public Accounts Committee to enable it monitor the effectiveness of remedial actions being taken to reduce the debt owed to the Municipality.

## 2.2 MATERIAL ELECTRICITY LOSSES

As disclosed in note 51 to the consolidated and separate financial statements, material electricity losses of 1,05 billion kilowatt hours (2021-22: 1,15 billion kilowatt hours) were incurred by the group, which resulted in losses of R1,37 billion (2021-22: R1,36 billion). These losses arose as a result of transmission and distribution losses as well as illegal connections.

We noted that the electricity losses are a combination of technical losses, which occur naturally when electrical energy is transferred from one point to another, and non-technical losses which are typically caused by the following:

- Theft and illegal bypass of meters
- Illegal recalibration of meters
- Damaged meters and faulty Voltage and Current Transformers
- Billing Errors

Management advises that the following interventions have been instituted to mitigate technical losses:

- Optimal configuration of the network
- Effective maintenance the network infrastructure
- Efficient network loading
- Implementation of a strategy to strengthen and reinforce the distribution grid

Measures aimed at reducing non-technical electricity losses have been implemented and are still ongoing:

- Improvement of meter reading management
- Implementation of meter sweep disconnections
- Implementation of credit control disconnections
- Implementation of campaigns for the disconnection of illegal connections
- Implementation of the smart metering programme
- Implementation of the 80/20 Relief Mechanism
- Undertaking a loss categorisation exercise and development of a strategy to respond to the findings of the study.

As we are concerned about the increasing electricity losses which can escalate uncontrollably if not curbed timeously,

#### COMMITTEE RECOMMENDS:

That it be noted that quarterly progress reports will be submitted to the Municipal Public Accounts Committee to enable it monitor the effectiveness of the interventions being taken to reduce electricity losses.

### 2.3 MATERIAL WATER LOSSES

As disclosed in note 51 to the consolidated and separate financial statements, material water losses of 659 478 kl/day (2021-22: 618 465 kl/day) were incurred by the municipality, which resulted in losses of R2,03 billion (2021-22: R1,99 billion). These losses arose mainly from ageing and deteriorating infrastructure, uncontrolled and unplanned rapid rural expansion, illegal connections and intermittent water supply.

We have noted the following actions which are being taken to reduce water losses:

- The newly established dedicated Water Demand Non-Revenue Water Management (WDRW) Department organogram structure will soon be approved and is finalising a robust, realistic, and practical EWS Turnaround strategy and NRW reduction initiatives implementation plan that will be rolled-out in January 2024. The plan includes all collaborative efforts from five departments within EWS namely, Water Design, Water Operations, Customer Services Technical, Admin Customer Services and Auxiliary Department.
- There are several NRW capital projects aligned to resume within EWS namely, Active leak detection and repair (4 packages), NRW reduction professional services contracts (3 packages), other projects include relays and extension, replacement of water pipes, installation and upgrade of reservoir and custody transfer meters, Sunnybrae water mains replacement, Umlazi 4 relay, domestic meter installation, informal area metering, Industrial, commercial and Institution metering.
- Another initiated drive is to meter all housing projects, informal settlements, and all rural areas within eThekweni to drastically reduce NRW. This will also involve installation of water restrictors, revision of water tariffs in all areas especially rural areas including Ingonyama Trust Board (ITB) areas.
- There is also a plan to revive a “war on leaks” campaign, this will be a greater part of the community participation project.
- There are a lot of collaborations and networking with local and international water utilities on NRW namely, City of Cape Town, Sol Plaatje Municipality and Siza Water. Japanese International Corporation Agency (JICA) has also assisted in encouraging collaboration amongst water utilities on NRW issues in Africa and internationally. Countries of collaborations include Nigeria, Zambia, Rwanda, Tanzania, Malawi, Ethiopia, Kenya, Portugal, Germany and Japan

We are however concerned that the measures being undertaken by Management appear not to be delivering the expected results. We are therefore doubtful that these are indeed the measures needed to reduce water losses. We implore Management to review their actions to determine their impact.

Therefore

#### COMMITTEE RECOMMENDS:

That the City Manager, Deputy City Manager: Trading Services and Head: Water & Sanitation urgently review the Water Loss Reduction Strategy to establish its effectiveness and to establish any further actions required to reduce water losses; with the anticipated timeframe for resolving this matter being indicated.

### 3. MATERIAL UNDERSPENDING OF THE BUDGET

As disclosed in the statement of comparison of budget and actual amounts the group materially underspent the capital budget by R541,33 million; a 90% spend having been reflected as at year end.

We are informed that Finance conducts monthly comparisons to identify any challenges faced by line departments in spending the capital budget; with the root causes of underspending being identified and controls being implemented to manage the risks. Further, line Units were requested to start supply chain management processes immediately after tabling of the draft budget at the Council meeting held at the end of March. In addition, procurement plans were monitored through the Capital Management Committee which also addressed underspending challenges.

We have noted that a Capital Investment Committee meets fortnightly at a Deputy City Manager level to oversee capital spend and manage risks. In addition, the following interventions are being implemented:

- In response to delays in procurement processes, funds were redirected to accelerate projects already underway.
- Challenges with Disaster Management Grants procurement processes were addressed by utilising existing framework contracts to expedite spending.
- Consultations with national and provincial departments were ongoing to expedite business plan approvals.
- Procedures were in place to address disruptions by business forums, including social facilitation and strengthening ward-based structures.
- Consequence management for service providers and increased monitoring of contractors were implemented to improve contractor performance.

We look forward to the implementation of the online procurement system from 1<sup>st</sup> July 2024 which is anticipated to enable online tracking of procurement processes from inception to award. Furthermore, the new system was expected to monitor spending patterns and identify bottlenecks for immediate resolution.

Having noted the measures being implemented

#### COMMITTEE RECOMMENDS:

- 3.1 That the City Manager ensures that consequence management measures are instituted against Officials whose actions or inaction results in material underspending of the capital budget.
- 3.2 That it be noted that the Municipal Public Accounts Committee would monitor the effectiveness of the interventions being taken to improve capital expenditure through the monthly section 71 reports; with Deputy City Managers being requested to submit recovery plans for any identified areas of under expenditure.

4. MATERIAL FINDINGS ON THE REPORTED PERFORMANCE INFORMATION

The plan selected for audit by the Auditor General was Plan 3: Create a Quality Living Environment, a plan that measures the municipality’s performance on its primary mandated functions and that are of significant national, community or public interest.

The material findings on the reported performance information for the selected plan are as follows:

4.1 INADEQUATE SUPPORTING EVIDENCE

The Auditor General could not determine if the reported achievements were correct, as adequate supporting evidence was not provided for auditing. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator description	Target	Reported Achievement
Percentage of wastewater treatment capacity unused	15% percentage of wastewater treatment capacity unused by 30 June 2023	50,66%
Percentage of valid customer applications for new electricity connections processed in terms of municipal service standards	60% of valid customer applications for new electricity connections processed in terms of municipal service standards by 30 June 2023	51,33%

The Auditor General reported that some supporting evidence was not provided for auditing; and, where it was, material differences between the actual and reported achievements were identified. Consequently, the achievements might be more or less than reported and were not reliable for determining if the targets had been achieved.

Indicator Description	Target	Reported Achievement
The percentage of households with access to at least a basic level of water	78,80% of households with access to at least a basic level of water by 30 June 2023	79,08%
The percentage of estimated indigent households with access to a free basic service: water	64.73% of estimated indigent households with access to a free basic service: water for the 2022/23 financial year	64,83%

Indicator Description	Target	Reported Achievement
The percentage of households with access to at least a basic level of sanitation	70,46% of households with access to at least a basic level of sanitation by 30 June 2023	70,63%
The percentage of estimated indigent households provided with free basic services: sanitation	50.02% of estimated indigent households provided with free basic services: sanitation by 30 June 2023	50,12%

In response to the Auditor General, Management advised that the Performance Monitoring & Evaluation Unit is working intensively with the Management and Officials of Units to verify results reported and supporting documentation/evidence to prevent future findings; this being an ongoing exercise.

We are concerned that Management continues to provide the Auditor General with insufficient supporting evidence which has resulted in a qualified audit outcome for the performance report.

As it appears that Officials are not being held accountable for their actions

#### COMMITTEE RECOMMENDS:

That the City Manager and Deputy City Manager: Corporate and Human Capital ensure that consequence management measures are instituted against Officials that provide the Auditor General with insufficient supporting evidence for performance information.

#### 4.2 ACHIEVEMENT OF PLANNED TARGETS

The Auditor-General reported that the Municipality achieved 74,58% of the planned targets for the year in the selected objective; Create a Quality Living Environment. Some of the planned targets that were not achieved are listed in the table below:

<i>Targets Achieved: 74,58%</i>		
<i>Budget Spent: 94,79%</i>		
Key Service Delivery Indicator Not Achieved	Planned Target	Reported Achievement
The % of non-revenue water loss.	Less than 56% non-revenue water loss by 30 June 2023	58,20%
The percentage of households with access to a basic level of electricity within the eThekweni municipal area	66.14% households with access to a basic level of electricity by 30 June 2023. (The percentage households with electricity=overall households connected to the grid @ June 2023/ overall dwelling count @January 2022)	63,87%
Percentage of valid customer applications for new electricity	60% of valid customer applications for new electricity connections processed in terms of municipal service standards by 30 June 2023	51,33%



<i>Targets Achieved: 74,58%</i>		
<i>Budget Spent: 94,79%</i>		
<b>Key Service Delivery Indicator Not Achieved</b>	<b>Planned Target</b>	<b>Reported Achievement</b>
connections processed in terms of municipal service standards (EE1.13)		
The percentage of estimated indigent households with access to a refuse removal service once a week	95% of estimated indigent households with access to a refuse removal service once a week for the 2022/23 financial year	94,40%
Number of subsidised housing units constructed using storm disaster programme	500 subsidised housing units constructed using storm disaster programme by 30 June 2023	313
Number of subsidised housing units constructed using rectification programme post 1994	368 subsidised housing units constructed using rectification programme post 1994 by 30 June 2023	342
The number of new fully subsidised housing units allocated.	2300 new fully subsidised housing units allocated by 30 June 2023	2 012
Percentage of surfaced municipal road lanes which has been resurfaced and resealed	0,99% of municipal road lanes resurfaced and resealed by 30 June 2023	0,43%
The km of surfaced municipal road lanes which has been resurfaced and resealed.	65 kms of surfaced municipal road lanes which has been resurfaced and resealed by 30 June 2023	29,44

In response to the Auditor General, Management advised that the Performance Monitoring & Evaluation Unit is working with the Management and Officials of Units to ensure that targets set are realistic and achievable; and that measures to improve performance are put in place to improve performance, where targets were previously not achieved.

We believe that the only way to improve organisational performance is to ensure its alignment with individual performance; with organisational performance being weighted high in individual performance plans.

Therefore

#### COMMITTEE RECOMMENDS:

That the City Manager and Deputy City Manager: Corporate & Human Capital ensure that consequence management measures are instituted for failure to achieve performance targets; such measures to also include the non-payment of performance bonuses.

#### 4.3 ADJUSTMENT OF MATERIAL MISSTATEMENTS

The Auditor-General identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance

information for Plan 3 – Create a Quality Living Environment. Management did not correct all of the misstatements and the Auditor-General reported material findings in this regard.

In response to the Auditor General, Management advised that the indicators, targets and evidence referred to in this finding, are being reviewed and the necessary actions are being taken to address the challenges identified.

We have noted Management’s intentions to address the finding but will need assurance that it has been resolved to prevent a repeat finding.

Consequently

**COMMITTEE RECOMMENDS:**

That the Head: Performance Monitoring & Evaluation submits a report to the Municipal Public Accounts Committee outlining the measures taken to address the finding of material misstatements in the annual performance report in order to prevent a repeat finding.

**5. NON-COMPLIANCE WITH LAWS AND REGULATIONS**

**5.1 PROCUREMENT AND CONTRACT MANAGEMENT**

We have reviewed the Auditor General’s findings with regard to procurement and contract management as well the action plans that management has implored to address the findings.

These are outlined below:

AUDIT FINDING	ACTION PLAN
<p><i>Non-compliance with Municipal Supply Chain Management (SCM) Regulation 17(1)(a) and (c), 19(a) and section 116(2) of the MFMA.</i></p> <ul style="list-style-type: none"> <li>▪ Sufficient appropriate audit evidence could not be obtained that goods and services with a transaction value of below R200 000 were procured using price quotations as required by Municipal Supply Chain Management (SCM) Regulation 17(1)(a) and (c).</li> <li>▪ Some of the goods and services of a transaction value above R200 000 were procured without inviting competitive bids, as required by SCM Regulation 19(a).</li> <li>▪ Sufficient appropriate audit evidence could not be obtained that the performance of contractors or providers was monitored on a monthly basis as required by section 116(2) of the MFMA.</li> </ul>	<ul style="list-style-type: none"> <li>▪ All procurement below R200 000 is currently undertaken electronically via SSS as of August 2022. All procurement information is therefore paperless and all audit trails maintained within the JDE system.</li> <li>▪ The city has embarked on a process to automate the procurement and contract management processes which will assist in reducing the risk of non-compliance associated with the weaknesses identified in the audit findings.</li> <li>▪ Controls have been built in the automated procurement and contract management processes to address the control weaknesses identified.</li> <li>▪ Phase 1 of the automated procurement and contract management process will be implemented in quarter 4 of this financial year.</li> </ul>

AUDIT FINDING	ACTION PLAN
<p><i>Non-compliance with 2017 Preferential Procurement Regulation 8(2) and 8(5).</i></p> <ul style="list-style-type: none"> <li>▪ Invitation to tender for procurement of commodities designated for local content and production, did not stipulate the minimum threshold for local production and content as required by the 2017 Preferential Procurement Regulation 8(2).</li> <li>▪ Some of the commodities designated for local content and production, were procured from suppliers who did not submit a declaration on local production and content as required by the 2017 Preferential Procurement Regulation 8(5).</li> <li>▪ Commodities designated for local content and production, were procured from suppliers who did not meet the prescribed minimum threshold for local production and content, as required by the 2017 Preferential Procurement Regulation 8(5).</li> </ul>	<ul style="list-style-type: none"> <li>▪ All historic contracts procured prior to the introduction of the Preferential Procurement Regulations of 2022 that were exposed to local content non-compliance have been quantified and expenditure will be disclosed as irregular expenditure. All procurement post the introduction of the PPR, 2022 do not require compliance with local content.</li> </ul>
<p><i>Non-compliance with SCM regulation 46(2)(e) and 46(2)(f).</i></p> <ul style="list-style-type: none"> <li>▪ Persons in service of the municipality whose close family members had a private or business interest in contracts awarded by the municipality failed to disclose such interest, in contravention of SCM regulation 46(2)(e) and the code of conduct for Councillors issued in terms of the Municipal Systems Act and the code of conduct for staff members issued in terms of the Municipal Systems Act.</li> <li>▪ SCM officials who or whose close family members/ partners/ associates had a private or business interest in contracts awarded by the municipality participated in the process relating to that contract, in contravention of SCM Regulation 46(2)(f).</li> </ul>	<ul style="list-style-type: none"> <li>▪ The automation of the contract and procurement processes will allow each procurement event to be vetted against CSD for any members who are in the service of the state.</li> <li>▪ Staff and Councillors are encouraged to declare any personal or close family member interests through City Manager circulars.</li> </ul>

We will monitor the effectiveness of these remedial actions.

Consequently

**COMMITTEE RECOMMENDS:**

That it be noted that the Municipal Public Accounts Committee will monitor the effectiveness of the remedial actions instituted by Management to address the Procurement and Contract Management findings.

5.2 EXPENDITURE MANAGEMENT

The Auditor General made to a number findings regarding the Management of Expenditure. We have revised these findings as well as the remedial action being undertaken by Management. These are outlined below:

AUDIT FINDING	ACTION PLAN
<p><i>Payments not made within 30 days:</i></p> <p>Money owed by the municipality was not always paid within 30 days, as required by section 65(2)(e) of the MFMA.</p>	<ul style="list-style-type: none"> <li>▪ Payments are approved when all appropriate and accurate documentation is received, the payment documentation is compliant with all internal policies and processes, and the goods and services received are validated by the authorised officials. These controls are in place to ensure that payments are effected for valid and accurate invoices.</li> <li>▪ Monthly meetings are held with departments to discuss and resolve challenges resulting in delays in payments due to documentation required to process payments not being submitted timeously.</li> <li>▪ The on-line payment process will be implemented as per the MSCOA road map and will assist with tracking invoices and all approvals, thus ensuring that payments are processed timeously in accordance with section 65(2)(e) of the MFMA.</li> </ul>
<p><i>Irregular Expenditure:</i></p> <p>The Auditor-General reported that reasonable steps were not taken to prevent irregular expenditure amounting to R2,41 billion as disclosed in note 52 to the annual financial statements, as required by section 62(1)(d) of the MFMA. The majority of the irregular expenditure was caused by non-compliance with local content legislation.</p>	<p>Non-compliance with Local Content Legislation - Processes are in place to identify and ensure full disclosure pertaining to:</p> <ul style="list-style-type: none"> <li>▪ Expenditure identified on continuing and extension of contracts were identified at the 2022/2023 financial year end;</li> <li>▪ R2,03 billion was approved for write-off by Council and a further R 609m was recommended for write-off by MPAC in the 2023/24 financial year.</li> <li>▪ The SCM Regulation was amended from 16 January 2023 whereby Local content declarations are no longer a requirement.</li> <li>▪ The identification of irregular expenditure which the AG deemed incomplete disclosure as at 30<sup>th</sup> June 2023 related to contracts awarded prior to 16<sup>th</sup> January 2023 which continue to be utilised in the delivery of services. The expenditure relating to these contracts is being quantified and reported.</li> </ul> <p>Non-compliance with MFMA S116 use of expired contracts: The automation of the tender process will have a significant impact in enforcing compliance and ensuring valid contracts are in place.</p> <p>Not obtaining 3 quotations: A Circular/ memorandum issued by SCM which prevents the overriding of deviations and instituting proper delegations/ escalations will assist with ensuring compliance with obtaining 3 quotations.</p>

AUDIT FINDING	ACTION PLAN
<p><i>Presidential Employment Programme:</i></p> <p>Reasonable steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control, including procedures for the approval, authorisation and payment of funds for expenditure relating to the Presidential Employment Programme, as required by section 65(2)(a) of the MFMA.</p>	<ul style="list-style-type: none"> <li>▪ Significant progress was made in improving controls within the administration of the Presidential Employment Programme. Onboarding protocols focused on preventing dual employment while administrative controls were improved to focus on preventing payment if services were not rendered.</li> <li>▪ Recoveries were initiated for beneficiaries who were in the program and investigation is in progress by the City Integrity and investigations Unit for those that had exited the program at the time of the discovery of the reported findings in the previous year.</li> <li>▪ Further investigations of reported control breaches during 22/23 financial year will be conducted. The results of these investigations will enable the municipality to initiate various recommended consequence management actions.</li> </ul>
<p><i>Expanded Public Works Programme:</i></p> <p>Reasonable steps were not taken to ensure that the municipality implemented and maintained an effective system of expenditure control, including procedures for the approval, authorisation and payment of funds for expenditure relating to the Expanded Public Works Programme, as required by section 65(2)(a) of the MFMA.</p>	<ul style="list-style-type: none"> <li>▪ A physical verification was done by Internal Control in between September and October 2023, therefore ensuring that no deceased employees are paid. Another verification will be done before the end of the financial year.</li> <li>▪ Controls within the administration of the EPWP will be assessed and improved.</li> <li>▪ The EPWP policy has been updated to provide clear guidelines on the implementation of the EPWP programme. The policy is currently in the approval process</li> </ul>

We will monitor the effectiveness of these remedial actions.

Consequently

#### COMMITTEE RECOMMENDS:

That it be noted that the Municipal Public Accounts Committee will monitor the effectiveness of the remedial actions instituted by Management to address the Expenditure Management findings.

### 5.3 CONSEQUENCE MANAGEMENT

Disciplinary proceedings were not instituted by the council where the report of independent investigators confirmed the financial misconduct by a senior manager, as required by disciplinary regulations for senior managers 5(6) and municipal regulations on financial misconduct procedures and criminal proceedings 6(8).

Appropriate action was not taken against officials of the municipality where investigations proved financial misconduct, as required by section 171(4)(b) of the MFMA and municipal regulations on financial misconduct procedures and criminal proceedings 6(8).

Management advises that it is undertaking the following actions to ensure that consequence management is taken against errant employees:

- The Employment Relations Department monthly engages CIIU to forward all new reports to be captured in the monitoring schedules to ensure that disciplinary processes are implemented.
- Monthly updates on Financial Misconduct cases are shared with the Human Capital Unit and are referred to the Financial Misconduct Board for investigation.
- Line Managers are requested to present themselves to the financial misconduct board to provide reasons for lack of progress in the implementation of consequence management.
- The Financial Misconduct Board also monitors non-financial misconduct cases and line management is held accountable for consequence management.
- The Employment Relations Department assigns and provides a resource to support line management to prosecute and/or preside over disciplinary matters.
- The Employment Relations Department will actively monitor all backlog cases and engage and provide support to the relevant line managers to ensure consequence management is implemented.

Having noted these actions

**COMMITTEE RECOMMENDS:**

That the Deputy City Manager: Corporate & Human Capital submits quarterly progress reports to the Municipal Public Accounts Committee on the implementation of consequence management on financial misconduct related matters.

**5.4 ENVIRONMENTAL MANAGEMENT**

The Kingsburgh, Magabeni, Umkomaas, Isipingo, Hillcrest, Mpumalanga waste water treatment works did not have valid operating licences, as required by section 22(1)(b) of the National Water Act 36 of 1998.

We have noted that Management has commenced the processes of securing operating licenses for the waste water treatment works. We are however concerned that progress is slow which will result in repeat findings in subsequent years.

As we are seriously concerned about the delays in addressing this repeat finding

**COMMITTEE RECOMMENDS:**

- 5.4.1 That the City Manager and Deputy City Manager: Trading Services expedite the processes of ensuring that the Kingsburgh, Magabeni, Umkomaas, Isipingo, Hillcrest, Mpumalanga waste water treatment works have valid operating licences.
- 5.4.2 That the Head: Water & Sanitation Unit monitors the expiry dates of operating licences for all water and waste water treatment works to ensure that renewal processes are commenced timeously.
- 5.4.3 That appropriate consequence management be undertaken against relevant officials.

## 6. INTERNAL CONTROL DEFICIENCIES

The lack of adequate oversight by the accounting officer to address prior year recommendations resulted in repeat findings in compliance with key legislation relating to environmental, expenditure and consequence management, as well as procurement and contract management.

Senior management did not perform adequate reviews and reconciliation of underlying records to ensure credible performance reporting resulting in repeat findings on performance information.

We have noted the following measures aimed at strengthening internal controls:

- The City is committed to a clean audit. An audit action plan is being finalised to address all audit issues raised.
- The implementation of action plans to correct these audit issues are closely monitored and reported to the audit committee, COGTA and National Treasury on a quarterly basis.
- The ongoing implementation of the Financial Management Capability Maturity Model (FMCMM) system introduced by National Treasury will ensure that audit action plans are monitored from initiation through to implementation so that all findings are resolved, with unresolved matters escalated to the accounting officer for intervention.
- Achievements in the annual performance report - Verification procedures have been put into place to ensure accuracy of evidence and records. Engagements are being continuously held with line management to ensure proper record keeping.

Having noted the Audit Committee also has concerns about the Municipality's internal control environment

### COMMITTEE RECOMMENDS:

That it be noted that the Municipal Public Accounts Committee will monitor the effectiveness of the measures being undertaken by Management to strengthen internal controls.

## 7. MATERIAL IRREGULARITIES

### 7.1 Current Year Irregularities

We have noted that the Auditor General identified other material irregularities during the audit and notified the accounting officer of these, as required by material irregularity regulation 3(2). By the date of this auditor's report, the Auditor General had not yet completed the process of evaluating the responses from the accounting officer. We note that these material irregularities will be included in next year's auditor's report.

Therefore

### COMMITTEE RECOMMENDS:

That it be noted that the Auditor General identified more material irregularities during the 2022/2023 audit process which will be included in the next audit report as the accounting officer's responses are still being under evaluated.

## 7.2 Prior Year Material Irregularities

We have noted that the Auditor General is still in the process of evaluating further actions to be taken to ensure resolution of the material irregularities identified in the prior year; the irregularities being in relation to the following matters:

- Procurement of Surgical Face Masks with Tie-on at Prices higher than recommended
- Procurement of N95 Masks at Prices higher than the limits in National Treasury's Circular
- Suspected Material Irregularity – Payments made to a Supplier for Services not rendered

Therefore

### COMMITTEE RECOMMENDS:

That it be noted that the Municipal Public Accounts Committee will monitor the implementation further actions to be taken to ensure resolution of the material irregularities identified in the prior year; once the Auditor General has communicated such actions to the accounting officer.



## 8. CONCLUSION

Having performed the following tasks:

- ✓ Reviewed and analysed of the Annual Report;
- ✓ Invited, received, and considered inputs on the Annual Report;
- ✓ Considered the written comments received on the Annual Report from the public consultation process;
- ✓ Conducted Public Hearings to allow stakeholders to make representations on the Annual Report;
- ✓ Received and considered Council's Audit Committee views and comments on the annual financial statements and the performance report; and
- ✓ Prepared the Oversight Report, taking into consideration, the views and inputs of stakeholders, representatives of the Auditor-General and Council's Audit Committee.

MPAC has the pleasure of presenting the Oversight Report to Council for consideration and, thereafter, forwarding to the relevant Departments and Provincial Legislature:

### COMMITTEE RECOMMENDS:

1. That Council having fully considered the Annual Report of the eThekweni Municipality for the 2022/2023 Financial Year, adopts the Oversight Report for the 2022/2023 Financial Year.
2. That Council approves the Annual Report of the eThekweni Municipality for the 2022/2023 Financial Year without reservations.
3. That the Oversight Report be made public in accordance with Section 129(3) of the Municipal Finance Management Act 56 of 2003.
4. That the Oversight Report be submitted to the Provincial Legislature in accordance with Section 132(2) of the Municipal Finance Management Act 56 of 2003.

## 9. ANNEXURES

Annexure A Report on 2022/23 Annual Report Public Participation Process

Annexure B 2022/23 Action Plan for Auditor General Findings

**Annexure A: Notes from the meeting held with Amakhosi**

Date : Thursday, 22 February 2024  
Venue : Pinetown Civic Centre, Council Chamber  
Time : 10h00  
Programme Director : Mr. Bhekinkosi Cele

- The Programme Director opened the meeting and welcomed all present.
- Mr. Victor Mkhize introduced Amakhosi present and submitted apologies for Amakhosi who were unable to attend the meeting.
- Senior Manager: Performance Monitoring and Evaluation, Ms. Nokulunga Nyasulu, outlined the purpose of the meeting; to present the draft 2022/23 Annual Report, she stated that the Annual Report was tabled to Council on the 31<sup>st</sup> of January 2024, and that it is available on the municipal website. After the consultation have been concluded, an Oversight Report will be prepared with comments from all the consultation and tabled by MPAC in the Council meeting in March 2024.
- The Head of Sizakala Customer Service, Mr. Mavuso Tshabalala, thanked the programme director and Amakhosi for allowing him to present the Annual Report. He then presented the draft Annual Report.

**Discussion:**

- Nkosi Bhengu - KwaNgcolosi Traditional Council, thanked the presenter and welcomed the presentation. He made a request that eThekweni Municipality's Roads Department and the National Department of Transport need to work together to re-install guard rails that are being stolen and find means to install them in a manner that will make it difficult for them to be stolen. There is also a cable theft problem that they are facing in places that are under his jurisdiction.

Response:

- Mr. Tshabalala stated that he will liaise with the Engineering unit to work with the Department of Transport on the issue of guard rails, after which a formal response/ update is to be sent to Mr. Victor Mkhize to share with Amakhosi.
- Nkosi Mkhize – Embo/ Thimuni Traditional Council, welcomed the report and congratulated the City on the job well done in addressing issues of shortage of water due to high population. He requested for the City to plan accordingly in respect of the increase in population and increased demand for services. He also stated that he was not aware that the municipality has a unit called Agro-Ecology and made a request for the Agri-Ecology unit to work closely with Amakhosi in respect of agriculture.

Response:

- Mr. Tshabalala welcomed the suggestion of Amakhosi working together with the City, and promised to invite the Head of Agro-Ecology (Mr. Sbusiso Chamane) to present their programmes to Amakhosi.

- He requested Amakhosi to work closely with the City in the identification of suitable areas and allocation of homes within their areas, and for the Planning unit to assist in the spatial planning issues.
- He also committed to facilitate a presentation for Amakhosi on the Spatial Development Framework through the office of the Acting DCM Mr. Lihle Phewa.



**DURBAN CHAMBER  
OF COMMERCE AND  
INDUSTRY NPC**



**ETHEKWINI MUNICIPALITY DRAFT ANNUAL  
REPORT 2022/23**

**SUBMISSION**



## DURBAN CHAMBER OF COMMERCE AND INDUSTRY NPC

The Durban Chamber of Commerce and Industry NPC welcomes the opportunity to comment on eThekweni Municipality's Draft Annual Report 2022/23. As organised business, we wish to highlight the following:

NO.	ITEM	COMMENT
1.	Final Effluent Compliance July 2022 to June 2023 (Page 87, Tabel 10)	The Durban Chamber of Commerce and Industry NPC seeks clarity as to why there is no data available for Umhlanga Wastewater Treatment Works (WWTW).
2.	Go! Durban C3 Corridor (Page 146)	The Durban Chamber of Commerce and Industry NPC has noted the delay in terms of the launch of Go! Durban C3 Route. We cannot afford to delay this large infrastructure investment any longer. As organised business we seek clarity on the "new city's approach (Tactical Adjustment)".
3.	Homelessness (Page 351)	The Durban Chamber of Commerce and Industry NPC notes the progress made on the homeless programme. We believe that the matter of homelessness needs to be a priority focus for the City. There is a growing problem of people being allowed to stand at traffic intersections and to beg from motorists in contravention of City by-laws. This also intimidates international tourists and citizens when confronted at the vehicle windows. We encourage the City to work with the private sector to address the matter. As a matter of urgency, the Durban Chamber of Commerce and Industry NPC requests the City to provide suitable accommodation preferably a halfway house for housing candidates being employed.
4.	Environmental Management (Page 476, 4)	<p><i>"The Auditor-General reported that the Kingsburgh, Magabeni, Umkomaas, Isipingo, Hillcrest, Mpumalanga waste water treatment works did not have valid operating licences, as required by section 22(1)(b) of the National Water Act 36 of 1998."</i></p> <p>This statement highlighted by the Auditor-General is a cause for concern from an environmental perspective. As organised business, we believe this should have never been a finding. With the six WWTW operating without valid use licenses, there is a high possibility that the treated discharge was released into rivers/waterbodies. The City has an entire environmental unit managing environmental polluters, environmental impact assessments (EIAs), and biodiversity</p>

		<p>matters. In our view, City departments should be auditing one another internally.</p>
5.	<p><b>Service Delivery Performance (Page 843- Specific to Plan 3A and Plan 3B)</b></p>	<p>The Durban Chamber of Commerce and Industry NPC notes the achievement rate for Plan 3A consisting of Water and Sanitation, Electricity and Cleaning, and Solid Waste is 86.21% and Plan 3B consisting of Human Settlements, Engineering and eThekweni Transport Authority is 68.00%. The City has experienced failing service delivery to communities and industries post-2020. Businesses have had to incur stand time, and independent water purchases because the City could not deliver and resolve service delivery matters timeously. Stable electricity, water provisions, safe roads, clean environments, and waste removal are services that are not guaranteed by the municipality despite paying for certain services. It is fair to state that the quality of life in eThekweni has degraded over the years from Ecoli-ridden beaches impacting tourism, through to poor service delivery to small and large businesses. In our opinion, the achievement rate for Plan 3A and 3B reflected in the report is not a true reflection of what is happening on the ground. There is sufficient motivation for eThekweni Municipality to recognise its reputation is open to destruction.</p>
6.	<p><b>Non-Revenue Water (Page 852, 3A.5)</b></p>	<p>The issue of Non-Revenue Water has not improved despite the Durban Chamber of Commerce and Industry NPC raising the issue with the City on several occasions. NRW of 58.2% is extremely high and is far above the targeted and sustained value of 25%. This is a cause of concern as many end-users such as businesses will have to bear the brunt through tariff increases. To mitigate the exponential rise in NRW business needs to see the implementation of the eThekweni Water &amp; Sanitation Turnaround Strategy. Businesses cannot afford to face water cuts from the City which leads to unplanned work stoppages and at times huge losses in production on top of missing production deadlines.</p>

<b>AUDITOR GENERAL FINDINGS - Implementation Status</b>						
<b>TRACKING OF ACTION PLANS STATUS 2022/2023</b>						
<b>As at 19 March 2024</b>						
<b>CLUSTER</b>	<b>UNIT</b>	<b>RESOLVED</b>	<b>IN PROGRESS</b>	<b>NOT YET STARTED</b>	<b>TOTAL</b>	<b>REPEAT FINDINGS</b>
Chief Operations Office	PME	1	3	-	4	-
Community and Emergency Services	Disaster		1	-	1	-
Corporate and Human Capital	Human Capital	1	2	-	3	2
Economic Development and Planning	Investment Promotion and Aftercare		1		1	1
	Development Planning, Environment & Management		1	-	1	-
Governance and International Relations	Mayoral Parlour			2	2	2
	City Administration (Office of the Speaker)			1	1	
	Communications		1	-	1	-
HSET	Engineering		8	-	8	2
	ETA	1	-		1	1
	Human Settlements			7	7	1
Office of the City Manager	IMU	2	5	42	49	7
Trading Services	Electricity	10	40		50	32
	Water and Sanitation	1	10	11	22	8
Treasury	City Fleet			1	1	1
	Expenditure			4	4	3
	Internal Control		1	-	1	-
	Revenue		1	-	1	-
	SCM		1	26	27	19
Community & Emergency Services/Trading Services/Chief Operations	Parks/Electricity/ Metro Police (Overtime)			1	1	1
<b>TOTAL</b>		<b>16</b>	<b>75</b>	<b>95</b>	<b>186</b>	<b>80</b>

35 Findings from Electricity are resolved on the FMCM system but do not have proper implementation progress and Evidence (73,75,89,95, 96,102,111,128,130, 133,137,138,139,140,141).

7 findings have been reverted back to in progress by Internal Audit (IMU-2) (ELEC-1) (IMU/ELEC-4)