



# **ANNUAL REPORT 2018/19**

**(01 April 2018 - 31 March 2019)**

**"IUCMA, YOUR PARTNER IN WATER MANAGEMENT"**





## OFFICIAL SIGN OFF

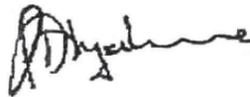
It is hereby certified that this Annual Report:

- Was developed by the Governing Board of the Inkomati-Usuthu Catchment Management Agency (IUCMA) with the assistance of its management;
- Considers all relevant legislations, policies, and other mandatory documents applicable to the IUCMA; and
- Accurately reflects the performance of the IUCMA in the 2018/19 financial year.



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**Dr TK Gyedu-Ababio**  
**CHIEF EXECUTIVE OFFICER**



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**Ms TP Nyakane-Maluka**  
**CHAIRPERSON: GOVERNING BOARD**



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# LIST OF ACRONYMS

<b>ACRONYM</b>	<b>DESCRIPTION</b>
ARA-Sul	Aqua Regional Association- South (Mozambique)
CMA	Catchment Management Agency
CME	Compliance Monitoring and Enforcement
CMF	Catchment Management Forum
CROCOC	Crocodile River Catchment Operations Committee
DSS	Decision Support System
DWS	Department of Water and Sanitation
EIA	Environmental Impact Assessment
EMPR	Environmental Management Programme Report
EXCO	Executive Committee
GA	General Authorisation
GB	Governing Board
HYDSTRA	Surface Hydrology Information System
IUCMA	Inkomati-Usuthu Catchment Management Agency





<b>ACRONYM</b>	<b>DESCRIPTION</b>
IBWiWC	Incomati Basin Women in Water Conference
IT	Information Technology
KJOF	Komati Joint Operations Forum
NWA	National Water Act, Act 36 of 1998
OHS	Occupational Health and Safety
PFMA	Public Finance Management Act 1 of 1999
RBA	River Basin Authority
REMCO	River and Environment Management Corporation
REMP	River Eco-status Monitoring Programme
WAP	Water Allocation Plan
WAR	Water Allocation Reform
WMA	Water Management Area
WMI	Water Management Institutions
WULA	Water Use License Authorisation



# MINISTER'S FOREWORD



## Introduction

South Africa is making strides in the provision of access to water for all her citizens. To continue this progress, managing our water resources effectively and efficiently is of crucial importance. Therefore, Water Management Institutions (WMIs) have a responsibility to ensure that our water resources are protected, developed, used and controlled in a sustainable manner. During 2018/19 the Department of Water and Sanitation (DWS) continued the process of institutional realignment of the Catchment Management Agencies (CMAs) but this could not be completed. It is hoped that this process will be fast-tracked in the 2019/20 financial year to enable WMIs fulfilling their important functions.

## Planning Documents

The Shareholder Compact was developed and approved for the Inkomati-Usuthu Catchment Management Agency (IUCMA) at the beginning of the 2018/19 financial year together with the annual performance plan which included the detailed budget. The timeous approval of the annual performance plan by the DWS and associated budget provided assurance that the planned projects and activities could be undertaken.

## Performance

The IUCMA managed to achieve most of its targets in the 2018/19 financial year. The financial performance as audited indicated no qualified audit opinion, which is quite impressive considering the fact that the IUCMA has achieved clean audits since inception.

The water management institutions cooperation in the Inco-Maputo trans-boundary basin involving the three Southern African Development Community (SADC) countries South Africa, Eswatini and Mozambique, represented by the IUCMA, River Basin Authority (RBA) and Aqua Regional Association-South (ARA-Sul) respectively, continued to grow. The River and Environmental Management Cooperation (REMCO) developed its constitution which was approved for implementation.

The IUCMA continued with its international collaboration relationship with the Water Boards in the Netherlands on remote sensing of water resources, especially Hydronet. IUCMA has successfully pioneered the Hydronet applications in South Africa.

The IUCMA progressed very well in the processing of water use license applications in the Inkomati-Usuthu Water Management Area. I urge them to continue in the same spirit to ensure we serve our people efficiently and effectively.

**Gratitude**

I am grateful to the IUCMA governing board, management and staff for their hard work and contribution towards the sound management of water resources in the Inkomati-Usuthu Water Management Area. Your achievements have been well noticed. Keep up the good work.

**Way Forward**

Hopefully, the establishment of CMAs, as water management institutions, will be finalised in the 2019/20 financial year. The relevant delegations - roles and responsibilities and associated resources - will be provided to the WMIs to enhance service delivery.



**L N SISULU, MP  
MINISTER OF HUMAN SETTLEMENT,  
WATER AND SANITATION**





## CHAIRPERSON'S FOREWORD

### Introduction

This Annual Report of the Inkomati-Usuthu Catchment Management Agency (IUCMA) for the year 2018/19 is submitted with great pleasure under the theme: “carpe diem” “Seize the moment”.

### Strategic Change

The review of the Catchment Management Strategy (CMS) that existed before the merger with Usuthu Catchment received attention in the year under review. The CMS review is projected to be completed in the 2019/20 financial year. The Verification and Validation (V&V) of the existing lawful water use continued in the Usuthu Catchment and is expected to be completed by the end of the 2019/20 financial year. The Water Allocation Plan

(WAP) which is to be developed and implemented as part of the Water Allocation Reforms (WAR) will depend largely on the V&V. Two sub-catchments have been earmarked for piloting in this regard, namely the White River and Kaap sub-catchments.

Challenges experienced during 2018/19 emphasised the need for the delegation of the powers and functions in Schedule 3 of the National Water Act 36 of 1998 (NWA), which inter alia, include streamflow monitoring, water management structures and water use control measures such as water use restrictions and river operating rules, to the IUCMA.

Activities were implemented to support the establishment of Catchment Management Agencies (CMAs) during the 2018/19 financial year and the IUCMA was involved. It is believed that the realignment process and/or the establishment of the CMAs will be finalised to ensure enhanced service delivery in the management of the precious water resources in South Africa. The Minister came up with good propositions for the restructuring of water management institutions. These include the establishment of a Water Resources and Water Services Authority and a Water Resources and Water Services Regulator. It is believed that if all the CMAs are operational, the regulating body will function properly.

It can be reported that the activities of the IUCMA Governing Board and its two committees, the Executive and Audit, performed their functions as expected and pledge to continue with their oversight activities in the years ahead. It must also be reported that the board fees of the IUCMA board members have remained the same since the date of their appointment.

It is the request of the board that the Minister addresses this issue to further motivate the industrious board members. The IUCMA conducted extensive strategic workshops to develop and implement organisational strategies and it is believed that the outcome-based system will be implemented progressively as per the planned activities.

### **International Relations**

The IUCMA continued with its international collaboration with the Water Boards in the Netherlands on remote sensing of water resources. There was also participation in Hydronet (inclusion of water quality on the continuous reporting dashboard) and IUCMA personnel received training so as to be able to train others in similar organisations. The IUCMA also sent two female staff members to the Netherlands for training in water sector administration organised by the Dutch Municipal Organisation (Vereniging van Nederlandse Gemeenten).

### **Planning**

The 2018/19 financial year did not witness variance from the expected performance provided for in the applicable legislative frameworks as the reporting requirements in relation to the executive authority were fulfilled. The IUCMA is working on improving the recovery rate of the debtors' book. A revenue enhancement strategy was developed and it is foreseen that improved collection from water users will be achieved. However, there is a challenge in determining water resource management charges in relation to the actual costs. In terms of Section 57 of the National Water Act (NWA), read with the Pricing Strategy for Raw Water of 16 March 2007, the IUCMA must determine the water resource management charge.

The Water Resource Management function of the IUCMA established the Compliance, Monitoring and Enforcement (CME) division in the last financial year. This division has been provided with human resources and the personnel are continuously being capacitated to promote compliance in the WMA.





### **Gratitude**

I wish to take this opportunity to sincerely express my gratitude to the Minister of Water and Sanitation and my colleagues on the IUCMA governing board for their guidance and support as well as the IUCMA management and employees for a job well done; all our stakeholders; research institutions and practitioners as well as the regional and international water resources management partners, for their contributions. Our achievements during 2018/19 financial year are attributed to your respective contributions.

Since inception, the IUCMA's strategic framework has consistently placed strong emphasis on organisational capacity building to enhance service delivery in accordance with the mandate as envisaged in the National Water Act.

On behalf of the governing board, I wish to express our profound appreciation to the management for having recorded yet another unqualified audit opinion. It is a source of inspiration to all of us.

Our stakeholders and their participation in our activities in the catchments under our jurisdiction is close to the core of our mandate. We have, during the year, engaged with them energetically to ensure that the necessary capacity and awareness on various water resources management issues are extended throughout the Inkomati-Usuthu Water Management Area. These include the setting of water tariffs which we do in consultation with our stakeholders. One of the programmes in which our stakeholders participated effectively was the “Clear Rivers” campaign during the Madiba month of July 2018.



### Way Forward

I can confidently say that the IUCMA is dealing competently with the delegations we have been given. We are therefore ready for further or full delegations. We can also act as implementing agent for other functions as well as challenges in integrated water resources management. The IUCMA will continue with its progressive water resource management by continuing with identified projects, including:

- CMS review and implementation;
- Completion of the V&V of existing lawful use of water in the entire WMA;
- Drafting of a WAP with a WAR plan;
- Prevention and remedying of water resource pollution through constructive interaction with local government regarding their wastewater treatment works;

- Joint Climate Change research project between South Africa, Eswatini and Mozambique; and
- REMCO work plan to include programmes for knowledge exchange by Governing Boards.

In closing, Honourable Minister, I would like to emphasise that it is indeed inspirational for all of us in the IUCMA to devote our energy towards serving your interests in the best way possible and we look forward to your continued support and contribution to all our endeavours in the 2019/20 financial year and beyond.

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**Ms TP Nyakane-Maluka**  
**CHAIRPERSON: GOVERNING BOARD**

# GOVERNING BOARD



Ms T.P. Nyakane-Maluka  
**Chairperson**

**QUALIFICATION:**

BA (SENIOR  
EDUCATION)

**SKILLS:**

CORPORATE  
GOVERNANCE



Mr M.S. Mthembu  
**Deputy Chairperson**

**QUALIFICATION:**

MBL  
B.COM  
(ACCOUNTING)

COMMERCIAL  
BANKING  
LICENTIATE  
DIPLOMA

**SKILLS:**

LEGAL AND RISK



Ms S.D. Wiggins  
**Member**

**QUALIFICATION:**

BSC HONS  
(TOWN & REGIONAL  
PLANNING)

**SKILLS:**

CORPORATE  
GOVERNANCE  
AND TECHNICAL



Mr N. Govender  
**Member**

**QUALIFICATION:**

BSC (MECHANICAL  
ENGINEERING)

**SKILLS:**

CORPORATE  
GOVERNANCE,  
TECHNICAL  
AND RISK



Mr J.M. Mathebula  
**Member**

**QUALIFICATION:**

BA (HUMAN  
RESOURCE)

**SKILLS:**

HUMAN  
RESOURCE  
MANAGEMENT



Mr P.A. Tshabangu  
**Member**

**QUALIFICATION:**

BCOM (COST  
MANAGEMENT  
ACCOUNTANCY)

**SKILLS:**

AGRICULTURE

Dr P.E. Molokwane  
**Member**

**QUALIFICATION:**

PHD (CHEMICAL  
TECHNOLOGY –  
ENVIRONMENTAL)

MSC (APPLIED  
RADIATION  
SCIENCE AND  
TECHNOLOGY)

BSC (PHYSICS)

**SKILLS:**

CORPORATE  
GOVERNANCE  
AND TECHNICAL

Mr P.J. Venter  
**Member**

**QUALIFICATION:**

BSC (WOOD  
SCIENCE  
MECHANICAL)

N. DIP  
(AGRICULTURE,  
ANIMAL HUSBANDRY)

**SKILLS:**

WATER RESOURCE  
MANAGEMENT AND  
TECHNICAL

Dr T.K. Gyedu-Ababio  
**Member**

**QUALIFICATION:**

PHD (AQUATIC  
EXOTOXICOLOGY)

MSC (WATER  
POLLUTION)

BSC HONS  
(BIOLOGICAL  
SCIENCE)

DIP. ED, CERT. ADV  
MANAGEMENT

**SKILLS:**

CHIEF EXECUTIVE  
OFFICER

WATER RESOURCE  
MANAGEMENT

Adv J.E. Boshoff  
**Board Secretary**

**QUALIFICATION:**

B ADMIN (UNISA)

LLB (UNISA)

IAC MANAGEMENT  
DIPLOMA

INSTITUTE OF TOWN  
CLERKS DIPLOMA  
(MUN LAW & ADMIN)

INTERNAL  
AUDITING (INTERNAL  
CONTROLS)  
CERTIFICATE (UP)

**SKILLS:**

LOCAL GOVERNMENT

GOVERNANCE

LAWYER

# EXECUTIVE COMMITTEE



Mr M.S. Mthembu  
**Chairperson**



Mr P.J. Venter  
**Member**



Ms T.P. Nyakane-Maluka  
**Member**



Ms S.D. Wiggins  
**Member**



Mr J.M. Mathebula  
**Member**

# AUDIT COMMITTEE



Mr M. Secker CA(SA)  
**Chairperson**  
**External Member**



Mr N. Govender  
**Member**



Dr P.E. Molokwane  
**Member**



Mr P.A. Tshabangu  
**Member**



Ms V.M. Maholovela  
**External Member**



## OVERVIEW BY CHIEF EXECUTIVE OFFICER

### Introduction

Under the theme “carpe diem”, a committed and dedicated staff worked hard to ensure that the set targets for the year under review were achieved, i.e. by seizing every moment to be and produce the best in relation to water resource management. This annual report comprises both the financial and non-financial performances for the financial year of 1st April 2018 to 31st March 2019.

Progress, innovations, successes as well all challenges are highlighted. Due to the commitment and positive teamwork from our governing board, employees as well as stakeholders, we were able to turn challenges into lessons that will be realised in the next 2019/20 financial year.

As the entity grows and additional functions delegated, additional capacity is being developed, including the addition of new personnel. This explains the current IUCMA operational positions as discussed below:

- The filling of critical posts in the core and support divisions to ensure efficiency in the Compliance, Monitoring and Enforcement (CME), River Systems Operations and Planning (RSOP) as well as the Water Resource Utilisation (WRU);
- The expansion of the support services division to cater for the SAP system which demanded separation of duties to improve internal control and ensuring accountability and to prevent fraud in the finance and supply chain divisions;
- The taking over of the billing (water resource management charges) function from the DWS in the last financial year warranted the increase in personnel in the revenue section; and
- Technology -
  - o Improvement in the information systems of the IUCMA and links to those of the DWS. The Hydronet has been made to provide online water quality data to enhance decision making through a continuous dashboard operation; and
  - o Implementation of a Master Systems Plan (MSP) and related policy to enhance information technology applications in the IUCMA.

### **Catchment Management Strategy**

The review and update of the Catchment Management Strategy (CMS) for the IUCMA – including the vision and mission - was started during the 2018/19 financial year. The IUCMA saw a positive response from stakeholders during the workshops conducted for CMS review. The review of the CMS will be completed in the 2019/20 financial year.

### **Building partnerships for sustainable IWRM**

It is a pleasure to report that over the years, the IUCMA has remained steadfast in its commitment to generate value for all stakeholders. The IUCMA subscribes to a vision that sees water resources as an integral part of the ecosystem, a natural resource and a social and economic good. Hence, in delivering on its mandate, the IUCMA strives to work in collaboration with strategic partners and stakeholders to promote and strengthen cooperation across all levels and sectors to ensure sustainable Integrated Water Resources Management (IWRM). As per the

Annual Performance Plan, IUCMA was able to participate in the trans-boundary water management initiatives, international programmes beneficial to IUCMA, IWRM related projects, forums and conferences. The IUCMA continues to be a key member of an international trans-boundary River and Environmental Management Cooperation (REMCO). The IUCMA contributes in terms skills (technical and non-technical). The committee is functioning well and convenes regularly.

Our stakeholder empowerment as a result of capacity building and stakeholder interactions improved greatly in the 2018/19 financial year. The IUCMA continues to add more stakeholders to and maintain the existing stakeholder base. Capacity building workshops targeting HDIs and other emerging water users were conducted in the financial year under review. These workshops focused on the National Water Act, Water Use License applications, Resource Protection as well as Water Conservation and Water Demand Management. The cooperation with the municipalities within the Inkomati-Usuthu WMA has also greatly improved and many interactions at strategic level took place.





### **Accomplishing reporting requirements**

Even though there were some financial setbacks, which affected the performance of the organisation in different ways, the IUCMA managed to achieve most of its targets. As in previous years, the IUCMA achieved all the target related to its legislative requirements. The Annual Performance Plan (APP) for 2018/19, all the quarterly reports (2018/19) and the Annual Report for 2017/18 were submitted as required. We complied with all other regulatory requirements during the year under review. The IUCMA also received an unqualified audit, thanks to the management and staff members of the IUCMA.

### **Equitable allocation of the resource**

Rainfall has been well below annual average for the past three years. Even though water levels increased in the year under review (as compared to 2016/17 and 2017/18) in the IUCMA WMA, water users were cautioned to use water sparingly. The IUCMA River Operations Committee which has the DWS, Irrigation Boards and the Komati Basin Water Authority (KOBWA) as members, managed to provide all water users with an equitable share of the resource. This included neighbouring countries, Mozambique and Eswatini. The IUCMA is a partner in the provincial and basin-wide climate change adaptation strategy and planning task team.



### Management of risks

The IUCMA Governing Board established a Risk Management Committee and is chaired by an Independent Member to assist the Accounting Authority to fulfil its risk management and control responsibilities in accordance with and in terms of the Sections 51(1)(a)(i) of the PFMA. The Accounting Authority must ensure that the institution has and maintains effective, efficient and transparent systems of financial and risk management and internal control.

In 2018/19, the Risk Management Committee was able to perform its oversight role in ensuring that monitoring, control and

implementation of the risk management strategy is effectively and efficiently implemented. Quarterly reviews and reports were made available to the Audit Committee and the Governing Board, and most resolutions from these oversight committees were implemented. Most of the planned annual activities were achieved. However, no progress was made on the Business Continuity Management Plans. This is mainly attributed to lack of internal capacity, and as a result the plan to procure the services was deferred to the 2019/20 financial year. Quarterly updated risk registers were submitted to the Audit Committee and subsequently the governing board, addressing areas of importance as listed above.



## Water Quality

The problems affecting water quality in the Inkomati-Usuthu WMA are largely attributed to industrial and mining activities as well as the poor state of water service authorities' infrastructure.

The common cases in the financial year under review include:

- raw water (water resources) contamination by sewage; and
- mining effluents getting into the water resources.

Enforcement measures were taken to mitigate the pollution incidents and positive outcomes were realized from the actions. However, room exists for improvement in this area as microbial pollution remains a human health risk, especially to the vulnerable rural communities that at times must use the river water for domestic, religious, cultural and recreational purposes.

## Human Capacity Development and Redress

The IUCMA has made focussed efforts to ensure that there is human capacity development for the institution and the sector. Three external bursaries were given to needy (HDI) but intelligent matriculants and 19 internal bursaries were awarded. Twenty-one (21) new employees were recruited in the year under review. Approximately 50% of our workforce are women. There was improvement in terms of work awarded to BBBEE (BBBEE spend) which exceeded the set targets.

## Way Forward

The finalisation of the CMS review and the completion of the V&V will provide further impetus to the WAP including WAR which needs to be prioritised. The cleaning of the stakeholder database and the debtors' book inherited from the DWS will be continued to ensure stability in our revenue stream. Thus, the IUCMA will improve IWRM by ensuring that the necessary resources are in place. These include human capital, information and communication technologies (ICT) and other related systems in our domain of operations. The IUCMA will continue with the processing of WULAs and attention will also be given to pollution remediation in the IUCMA WMA.

The leadership of the governing board and support from DWS as well as the dedication of IUCMA employees are highly appreciated.



---

**Dr TK Gyedu-Ababio**  
**CHIEF EXECUTIVE OFFICER**



# IUCMA MANAGEMENT



Dr Thomas Gyedu-Ababio  
**Chief Executive Officer**



Dr Jennifer Molwantwa  
**Executive: Water Resource  
Management**



Ms Thembelihle Mbatha CA(SA)  
**Executive: Corporate  
Services**



## OFFICE OF THE CEO



Ms Remofilwe Morekisi  
**Office/Planning Manager:**  
Office of the CEO



Ms Sylvia Machimana  
**Manager: Marketing and**  
Communications

## WATER RESOURCE MANAGEMENT



Ms Felicia Nemathaga  
**Manager: Water**  
Resource Utilization



Mr Marcus Selepe  
**Manager: Resource**  
Protection and Waste



Dr Tendai Sawunyama  
**Manager: River Systems**  
Operations and Planning



Mr Joseph Mabunda  
**Manager: Institutions**  
and Participation



Mr Andrew Mbhalati  
**Manager: Compliance**  
Monitoring and Enforcement

## CORPORATE SERVICES



Mr Christopher Sewela  
**Manager: Human Resource**



Mr Gary Robbertze  
**Manager: Finance**



Ms Zakithi Zwane  
**Manager: Supply**  
Chain Management



Mr Lington Skhosana  
**Manager: Information**  
Technology

# MINISTER

## GOVERNING

### Chief Executive

Board  
Secretary

Legal  
Advisor

Committee  
Secretary

**Office/Planning Manager**  
Internal Audit Specialist  
Personal Assistant

#### Executive: Water Resource Management

Executive Secretary  
Administration Officer

##### Resource Protection and Waste Manager

Specialist  
Scientist:  
River Eco-Status  
Monitoring  
Programme

**4X Scientists  
(Geomorphology,  
Fish, Macro-Invert  
and Vegetation)**

Control  
Environmental  
Officer: Chemical  
and Microbiological  
Monitoring

**Control  
Environmental  
Officer**

8X Chief Auxiliary  
Service Officers

##### River Systems Planning and Operations Manager

Specialist  
Scientist/  
Engineer:  
River Systems  
Planning and  
Operations  
(RSP & O)

**Hydrologists  
RSP & O**

2X Engineering/  
Scientific  
Technicians

**Geohydrologist**

GIS and  
Information  
Coordinator

##### Water Resource Utilization Manager

**Assistant Manager:  
WULAS**

Geohydrologist

**Control  
Environmental  
Officer**

3X Environmental  
Officers

**Scientist:  
Systems Modeler**

Scientist/  
Technologist:  
Water Quantity

**2X Scientific/  
Engineering  
Technicians:  
Water Quantity**

Technologist:  
Dam Safety

**2X Engineering  
Technicians:  
Dam Safety**

WARMS  
Coordinator

**3X WARMS  
Information  
Officers**

##### Compliance Monitoring and Enforcement Manager

**4X Control  
Environmental  
Officers**

8X Environmental  
Officers

**Geohydrologist**

**Scientist/  
Engineering  
Technologist**

2X Scientific  
Technicians/  
Engineering  
Technicians

##### Institutions and Participation Manager

**Assistant  
Manager: I&P**

8X Community  
Officers

# BOARD

## Officer

**Marketing and Communications Manager**  
Graphic Designer  
Communications Officer

### Executive: Corporate Services

Executive Secretary  
Risk and Compliance Management Specialist  
Occupational Health and Safety Officer

#### Human Resource Manager

Human Resource Practitioner

#### Human Resource Officer

#### Organisational Development Specialist

Employee Relations Specialist

#### 3X Receptionists

4X General Office Assistant

#### Finance Manager

#### Accountant: Financial Accounting

2X Senior Accountant Officers

#### Payroll Officer

Asset Management Officer

#### Accountant: Management Accounting

3X Revenue Officers

2X Senior Accountant Officers

#### Records Supervisor

Messenger

2X Records Officers

#### Supply Chain Management Manager

2X SCM Specialists

2X SCM Officers

#### Information Technology Manager

2X IT Technicians

# STRATEGIC OVERVIEW

The Vision, Mission and Values of the IUCMA are depicted in the visuals below.



**VISION**

Sufficient, equitable and quality water resources for all in the Inkomati-Usuthu Water Management Area

**MISSION**

To efficiently manage water resources by empowering our stakeholders in our quest to contribute towards transformation by promoting equal access to water and protecting our environment

**VALUES**

- Integrity
- Customer Orientation (Batho pele)
- Efficiency
- Accountability
- Diversity
- Transparency

## IUCMA Existence

The IUCMA exists within the Inkomati WMA with the purpose to:

- Manage the water resources according to the National Water Act. We will achieve this through the development and implementation of a Catchment Management Strategy with all stakeholders, balancing the utilisation, development and protection of the water resource.
- Manage all water uses to promote equity and efficiency. We will achieve this through appropriate authorisation, pricing, control and enforcement of water use together with programmes to promote water conservation and pollution control.
- Protect the water resources to support biodiversity and local use by communities. We will achieve this through setting objectives through a consensus seeking process that balances the need to protect and sustain, with the need to develop and use the water resources.
- Involve stakeholders in water resources decision making. We will achieve this through mobilising, empowering and consulting water users and stakeholders, focusing on expanding participation by communities, women and rural poor.
- Facilitate co-operation between water related institutions to promote political credibility within the Inkomati WMA.

We will achieve this through building strong relationships, advising, supporting and monitoring the water related activities of private and public-sector bodies.

- Contribute towards redressing of the past imbalances, including social and economic development in the Water Management Area. We will achieve this through allocation of water and creative initiatives in support of government objectives and strategies.
- Support the co-operative management of the Inkomati basin as an internationally shared water course. We will achieve this by supporting the Department of Water and Sanitation (DWS) to implement international agreements.

## IUCMA Strategic Objectives

The five (5) Strategic Objectives of the IUCMA described below are linked to the outputs of the IUCMA for the 2018/19 financial year.

### **Ensure Effective, Efficient and Sustainable Management of Water Resources**

- Develop/implement empowerment programmes that promote strategic and consensual decision making across the stakeholder base.
- Develop/implement systems and strategies (e.g. the





CMS and river operating systems) that facilitate improved and equitable access to the resource being mindful of the constitutional imperative to redress the results of racial and gender discrimination in performing the functions of the IUCMA.

- Develop/implement cost effective early warning and monitoring programmes that serve strategic, adaptive and consensual decision making.
- Ensure integrated planning and operation of systems.

#### **Ensure Collaborative and Co-Ordinated IWRM for Wise Socio-Economic Development**

- Grow multi-level, multi-sectoral (Private, NGO and Gov.) governance networks and engagement processes that keep IUCMA agendas at the forefront, taking advantage of existing structures wherever they can achieve this purpose.
- Structure the IUCMA's advisory function, within resource constraints, to ensure IUCMA needs are served alongside those who are requesting advice.
- Support the development, and where appropriate, transformation of other WRM institutions (WUA, CMC, IBs etc.).
- Develop and implement rules and procedures for operational river management.

#### **Promote and Pursue an International Developmental Agenda**

- Improve cross-boundary stakeholder relationships and understanding of current agreements.
- Strategically improve understanding of local catchment conditions and IWRM needs to inform decision-making about international obligations under changing circumstances (i.e. do not wait for a crisis or demand from a neighbour).
- Exchange of knowledge and expertise.
- Sharing of resources to optimise trans-boundary water resource management in respect of inter alia flow monitoring, reporting, early warning systems, etc.

#### **Promote Knowledge Generation and Distribution**

- Design and implement a system of data and meta-data management, pertinent to participative IWRM in the Inkomati-Usuthu WMA that is accessible to all stakeholders.
- Identify, collect and collate data/information for the system and map the stakeholder network, including the distribution of STEEP competencies, activities, needs, decision making mandates, etc.
- Develop a strategic plan for knowledge acquisition that will guide future partnerships with stakeholders, and with other knowledge/skills providers.

- Develop/implement strategic empowerment programmes that are explicit about the transfer and diffusion of knowledge/skills across the stakeholder network.
- Statutory reporting to the Minister of Water and Sanitation and National Treasury.
- Interact strategically with stakeholders in the WMA.

### **Ensure Effective and Efficient Management of IUCMA Resources**

- Ensure an effective, relevant and enabling financial and corporate environment.
- Explore and internalise the characteristics and processes of an enabling environment for pioneering IWRM in an emerging African democracy.
- Ensure appropriate capacity is built within the IUCMA for participative IWRM.
- Co-ordinate and align the adaptive systems that serve the IUCMA objectives.
- Improve internal and external networking.
- Improve internal service infrastructure, e.g. the computer network.



# LEGISLATIVE FRAMEWORK

The IUCMA has the following initial functions in terms of Section 80 of the NWA:

- Investigate and advise interested persons on water resource management;
- Compilation of the CMS;
- Co-ordinate related activities of water users and WMIs;
- Promote co-ordination of implementation of any applicable water services development plan; and
- Promote community participation in water resource management.

Section 80(b) must be read with Section 8 to 11 of the NWA. In terms of Section 8, the IUCMA must by notice in the Gazette, establish a catchment management strategy for the protection, use, development, conservation, management and control of water resources within its water management area. A catchment management strategy or any component of that strategy may only be established with the written consent of the Minister.

In addition to Section 80 above, the IUCMA also has the following inherent functions:

- Prevention and remedying effects of water resource pollution as stipulated in Section 19 of the NWA; and
- Control of emergency incidents in respect of water resource pollution as stipulated in Section 20 of the NWA.

The powers and functions in the following provisions of the National Water Act have been delegated to the Inkomati-Usuthu Catchment Management Agency:

- Section 33 – Declaration of water use as existing lawful water use;
- Section 34 – Authority to continue with existing lawful water use, including request to register such use;
- Section 35 – Verification of existing water uses;
- Section 40 – Application for license;

- Section 41 – Procedure for license applications;
- Section 42 – Reasons for decisions;
- Section 44 – Late applications;
- Section 51 – Successors in title (adjudication of conflict claims);
- Section 52 – Procedure for earlier renewal or amendment of licenses;
- Section 53 – Rectification of contraventions;
- Section 54 – Suspension or withdrawal of entitlements to use water;
- Section 55 – Surrender of license;
- Section 57 – Application of pricing strategy (making and receiving of water use charges);
- Section 58 – Recovery of water use charges (directive to water management institution);
- Section 66 – Condonation of failure to comply with period;
- Section 141 – Provision of information [Sub-par (a) and (b)];
- Section 145(2) – Establish early warning system in respect of floods, droughts, water works, risk by a dam, levels of flood water, risk posed by water quality and any matter connected to water/ water resources the public need to know.

The IUCMA appeals to the Minister to delegate Schedule 3 to the IUCMA to ensure that the IUCMA has the power to manage, monitor, conserve and protect water resources and to implement catchment management strategies; to make rules to regulate water use; to require establishment of management systems; to require alterations to water works and to temporarily control, limit, or prohibit use of water during periods of water shortage. To make the exercising of the delegations practical, the Minister should give written consent in terms of Section 63(3) of the National Water Act to the IUCMA for sub-delegation.

### **Other Original Functions**

In terms of Section 25(1) of the National Water Act, the Inkomati-Usuthu Catchment Management Agency may as a water management institution on request authorise the temporary use of existing authorised irrigation water for a different use on the same property or for the same use or similar use on another property in the vicinity. The Inkomati-Usuthu Catchment Management Agency may as a water management institution, appointed in terms of Section 124 Authorised Persons, perform inspection and remedy duties in respect of water resources in terms of Section 125(1) – (3). In terms of Section 57(2) of the NWA, water resource management charges within a specific water management area may be made by and are payable to the relevant water management institution. In the case of the Inkomati-Usuthu WMA the IUCMA is the relevant water management institution and has taken up this responsibility accordingly (since November 2017).



## Social Responsibility

The main activities of the IUCMA in respect of social responsibilities are the capacity building of historically disadvantaged individuals (HDIs) by means of workshops being part of the performance objectives of the Institutions and Participation (I&P) division. When boreholes are drilled for testing of groundwater, where practical it is done in such a way that schools, institutions and communities in the remote and rural areas can benefit from such boreholes.

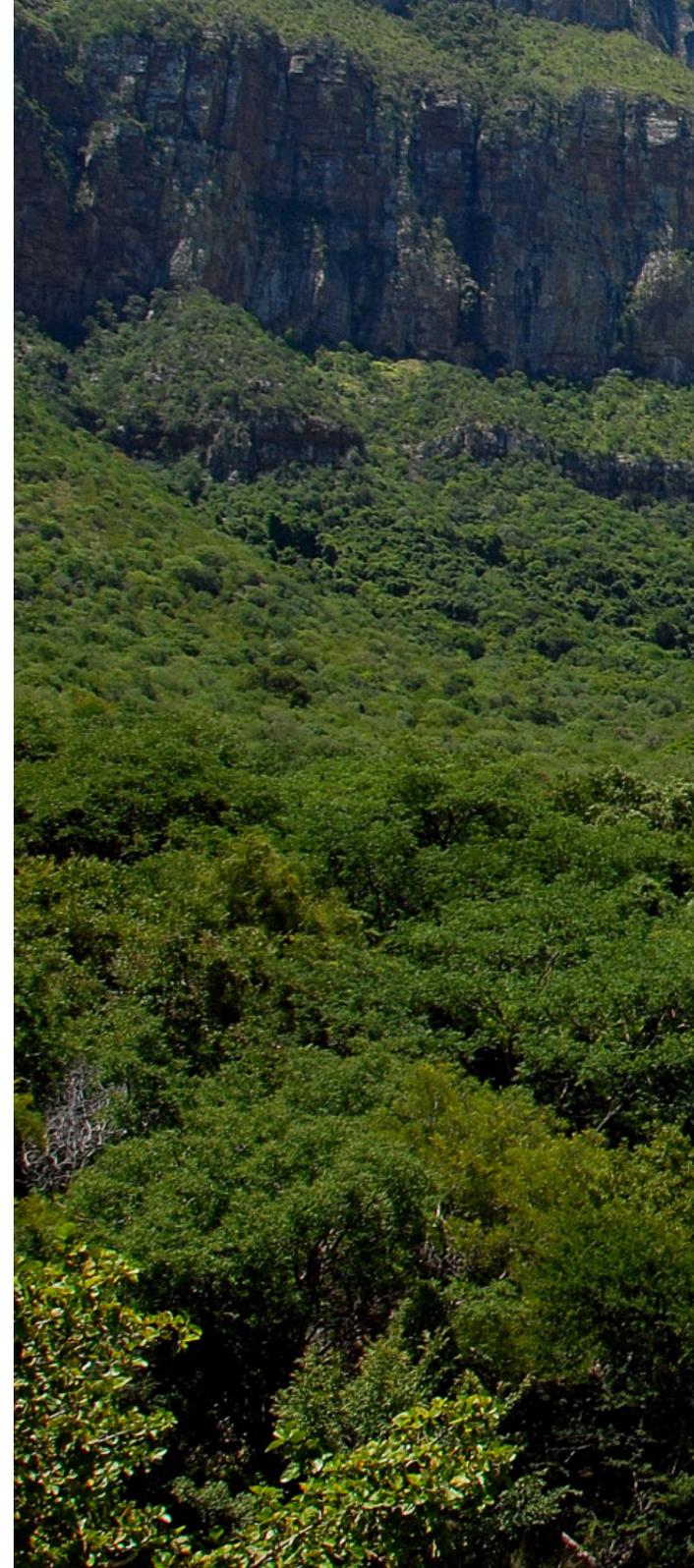
Social responsibility investment can be enhanced if DWS appoints the IUCMA as implementing agent for providing assistance to poor farmers in areas such as rainwater harvesting and simple water purification where communities are still dependent on raw water directly from the rivers or streams.

### SUMMARY OF ORGANISATIONAL PERFORMANCE

PROGRAMME	% ACHIEVEMENT	CODE
GOVERNANCE	100	Green
OFFICE OF THE CEO	100	Green
WATER RESOURCE MANAGEMENT	73	Yellow
SUPPORT SERVICES	83	Green
OVERALL	89	Green

#### Legends/Colour code

Green	Achieved Performance Indicators
Yellow	Partially achieved Performance Indicators
Red	Not Achieved Performance Indicators





# GOVERNANCE

## Good Corporate Governance

There were no negative deviations from the governance expected performance which includes legal services, committee work for the Governing Board and its Committees. The same applies to advisory services regarding ensuring compliance with legislation and policies and also with risk management.

The Governing Board has two committees to assist with its decision and policy making powers and functions, namely the Executive Committee and the Audit Committee. The attendance of the meetings of the Governing Board and its Committees by Members is shown in the tables below.



**Table 1: Governing Board attendance**

<b>GB MEMBER</b>	<b>26.04.2018 GB</b>	<b>25.07.2018 GB</b>	<b>17.08.2018 (Spec)</b>	<b>07.09.2018 CMS Visioning W/S</b>	<b>25.10.2018 GB</b>	<b>24.11.2018 (Spec)</b>	<b>31.01.2019 GB</b>	<b>27.03.2019 SPEC</b>	<b>TOTAL</b>
<b>Ms TP Nyakane-Maluka (Chairperson)</b>	1	1	1	1	1	1	1	1	8
<b>Mr MS Mthembu (Deputy Chairperson)</b>	1	1	1	1	1	1	1	1	8
<b>Mr N Govender</b>	1	1	1	1	1	1	1	1	8
<b>Dr PE Molokwane</b>	1	L	1	L	1	L	1	1	5
<b>Ms SD Wiggins</b>	1	1	1	1	1	1	L	1	7
<b>Mr PA Tshabangu</b>	1	1	1	1	1	1	1	1	8
<b>Mr PJ Venter</b>	1	1	1	1	1	1	1	1	8
<b>Mr JM Mathebula</b>	1	1	1	1	L	1	1	L	6
<b>Mr M Secker (ext. Audit Committee)</b>	1	1	N/A	1	1	N/A	1	N/A	5
<b>Ms VM Maholovela (ext. Audit Committee)</b>	1	1	N/A	1	1	N/A	1	N/A	5
<b>Dr T Gyedu-Ababio (Ex-Officio)</b>	1	1	1	1	1	1	1	1	8

**Table 2: Executive Committee attendance**

MEMBER	12.04.2018	12.07.2018	11.10.2018	11.01.2019	Total:
Mr MS Mthembu	1	1	1	1	4
Ms TP Nyakane-Maluka	1	1	1	1	4
Ms SD Wiggins	1	1	1	1	4
Mr PJ Venter	1	1	1	1	4
Mr J Mathebula	1	1	1	L	3

**Table 3: Audit Committee attendance**

MEMBER	26.04.2018	28.05.2018 (SPEC)	16.07.2018	27.07.2018 (SPEC)	08.08.2018 (Close-Up Meeting Nexia SAB&T)	15.10.2018	21.01.2019	Total:
Mr M Secker (External member - Chairperson)	1	1	1	1	1	1	1	7
Mr N Govender	1	1	1	1	1	1	1	7
Dr PE Molokwane	1	1	1	L	1	Via skype	1	6
Mr PA Tshabangu	1	1	L	1	1	1	1	6
Ms VM Maholovela (External member)	1	1	1	1	1	1	1	7

**Table 4: Ad-Hoc Committee attendance**

<b>MEMBER</b>	<b>29.04.2018 (Meeting on the near deadlock between IUCMA and Union)</b>	<b>05.07.2018 (GB Delegation with the Union Delegation)</b>	<b>17.07.2018 (Performance Appraisals of CEO 1<sup>st</sup> Quarter)</b>	<b>31.07.2018 (S/H Consultation Usuthu)</b>	<b>01.08.2018 (S/H Consultation Inkomati)</b>	<b>02.08.2018 (Performance Moderation for CEO, BS and Executives)</b>	<b>23.11.2018 (CEO's Performance Agreement Finalisation and Quarter 1&amp;2 Review)</b>	<b>21.01.2019 (S/H Consultation Usuthu on CMS Final Visioning, APP)</b>
Ms TP Nyakane-Maluka	1	1	1	-	1	-	1	1
Mr MS Mthembu	1	1	-	-	-	1	-	-
Ms SD Wiggins	-	-	1	-	-	-	-	-
Mr PJ Venter		-	-	1	-	1	-	1
Mr N Govender	-	-	-	-	1	-	-	-
Mr PA Tshabangu	-	-	-	1	1	-	1	-
Mr JM Mathebula	-	-	-	-	-	1	1	1



**Table 5: Stakeholder Consultation attendance**

<b>MEMBER</b>	<b>24.01.2019 (S/H Consultation Inkomati on CMS Final Visioning, APP)</b>	<b>Total</b>
Ms TP Nyakane-Maluka	1	7
Mr MS Mthembu	-	3
Ms SD Wiggins	1	2
Mr PJ Venter	-	3
Mr N Govender	-	1
Mr PA Tshabangu	1	4
Mr JM Mathebula	-	3

**GLOSSARY:**

- GB ORD – Ordinary Governing Board Meeting
- GB SPEC – Special Governing Board Meeting
- GB W/S – Governing Board Workshop
- GB S/H – Governing Board Stakeholders Meeting
- AUDIT – Audit Committee
- EXCO – Executive Committee

**GOVERNING BOARD MEETINGS:**

Ordinary	:	4
Special	:	3
W/Shop	:	1
<b>TOTAL</b>	:	<b>8</b>

**COMMITTEE MEETINGS:**

Audit Committee	:	4
Special Audit Committee	:	3
Executive Committee	:	4
Special Executive Committee	:	0
<b>TOTAL</b>	:	<b>11</b>

**AD-HOC MEETINGS:** : 9



# OFFICE OF THE CHIEF EXECUTIVE OFFICER

## REPORTING REQUIREMENTS

The 2018/19 financial year did not witness any variance from the expected performance provided for in the applicable legislative frameworks as the following reporting requirements in relation to the executive authority were fulfilled:

- Annual Performance Plan was submitted;
- 2017/18 Annual Report submitted to the National Treasury, Auditor-General and Office of the Minister and subsequently to the parliament;
- 2019/20 Annual Performance Plan and Shareholders Compact were also submitted to the DWS; and
- All four (4) quarterly reports, namely performance report, revenue and expenditure report and PFMA Compliance Checklist were submitted to the DWS in time.

## MARKETING AND COMMUNICATIONS

The IUCMA continues to strengthen its brand and image by use of various forms of promotional material and information booklets. The institution prides itself by producing most of its documents in-house, and only outsources printing for bulkier documents and in instances where mass printing is required. This has improved the turn-around time tremendously. Through information newsletters and brochures/ booklets, the Marketing & Communications unit strives to convey technical information

generated by the institution in a simple and reader-friendly manner.

### Corporate Image

It has been three years since a corporate uniform has been introduced. This has significantly improved and enhanced the image of the institution. The uniform is generally worn 3 days in a week and to all important events of the IUCMA and the Water Sector. The IUCMA is committed to continuously use developed branding material in all events in which the IUCMA participates.

### Media usage

IUCMA continues to use both local Print and Electronic media to enhance public awareness of the IUCMA by the stakeholders and the public. It has also vigorously made use of proportional material to strengthen its corporate image and awareness. The website use is extensive and Facebook is also effectively utilised to promote events, especially live events.

Nationally, the IUCMA continues to use several media outlets to help strengthen its online and media presence beyond the Water Management Area. These are the likes of Impumelelo Top Empowerment, Mpumalanga business, Alive2green and other local Media online advertising platforms. Due to intense advertising, the IUCMA has been named one of SA's top

empowered companies, particularly in the women empowerment category. It was through this exposure that Ms Thembelihle Mbatha, Executive Corporate Services was nominated and recognised as one of the Impumelelo top empowered young professionals in South Africa.

### **Affiliations**

The IUCMA continues to be a patron member of the Water Management Institute of Southern Africa (WISA). The patron membership is the most prestigious form of membership offered by WISA, which seeks to promote professional excellence in the water sector, through building expertise, sharing knowledge, and improving quality of life.

At the international level, for the past three years, the IUCMA is affiliated to three water management organisations: the International Water Association (IWA), the International Network of Basin Organisations (INBO) and the Global Water Partnership (GWP). IWA members are situated in 130 countries worldwide, forming the largest international network of water professionals focused on solutions for water and wastewater management<sup>1</sup>. The INBO has the following objectives (i) to develop lasting relations between the organizations interested in comprehensive water resource management at the river basin level, and favour exchanges of experiences and expertise among them; (ii) to promote the principles and means of sound water management in cooperation programs to reach sustainable development; (iii) to facilitate the implementation of tools suitable for institutional and financial management, programming, organization of databanks, and for models adapted to the needs; (iv) to promote information and training programs for basin organizations; (v) to encourage education of the population; and (vi) to evaluate ongoing actions

and disseminate their results<sup>2</sup>. The GWP has been established to advocate for the implementation of integrated water resources management (IWRM), the coordinated development and management of water, land and related resources to maximise economic and social welfare without compromising the sustainability of vital environmental systems within the water sector internationally<sup>3</sup>.

The IUCMA continues to identify relevant institutions which could be meaningful to relate with, both nationally and internationally in the SADC region. This might see a few added to the list in the near future.

### **EXPOS**

The IUCMA has also participated in several EXPOs for more exposure and brand strengthening. To mention but a few, the IUCMA participated in the EXPO of Tshikovha Graduate and Entrepreneur Conference that took place at Kahlushwa in the lower Komati sub-catchment. This initiative was the first of its kind in the water management area and it seemed to have been beneficial to young people and new graduates who are preparing for the corporate world. IUCMA also participated in a few other Local Career expos to complement the services of the Department of Education and other local institutions that strive to enhance the lives of our local learners, particularly those from rural communities. This includes the annual Mondi Science week that took place in the Usuthu Catchment. The IUCMA supports and participates in this initiative to add value to the livelihoods of learners in the Usuthu Catchment.

<sup>1</sup> <https://iwa-network.org/about-us/>

<sup>2</sup> [https://www.inbo-news.org/sites/default/files/IMG/pdf/Pres\\_INBO\\_2016-2.pdf](https://www.inbo-news.org/sites/default/files/IMG/pdf/Pres_INBO_2016-2.pdf)

<sup>3</sup> <https://www.gwp.org/en/About/why/the-need-for-an-integrated-approach/>



# WATER RESOURCE MANAGEMENT

## River Systems Planning and Operations

### Hydrological status and effective river operations

#### Highlights

The water availability situation in the Crocodile and Sabie/Sand catchments is still below normal when compared to previous hydrological years, while the water availability situation in the Komati and Usuthu catchments is normal. Consequently, the river flow levels in the main rivers (Crocodile, Sabie and Sand) and its tributaries are also extremely low. Historical rainfall analysis for the Crocodile catchment shows that for the 2018-2019 hydrological year, monthly rainfall received was below historical averages, except for January and April 2019 (Figure 1). This is the main reason for the low water availability in the Kwena Dam (Figure 2) and the rivers in the Crocodile catchment.

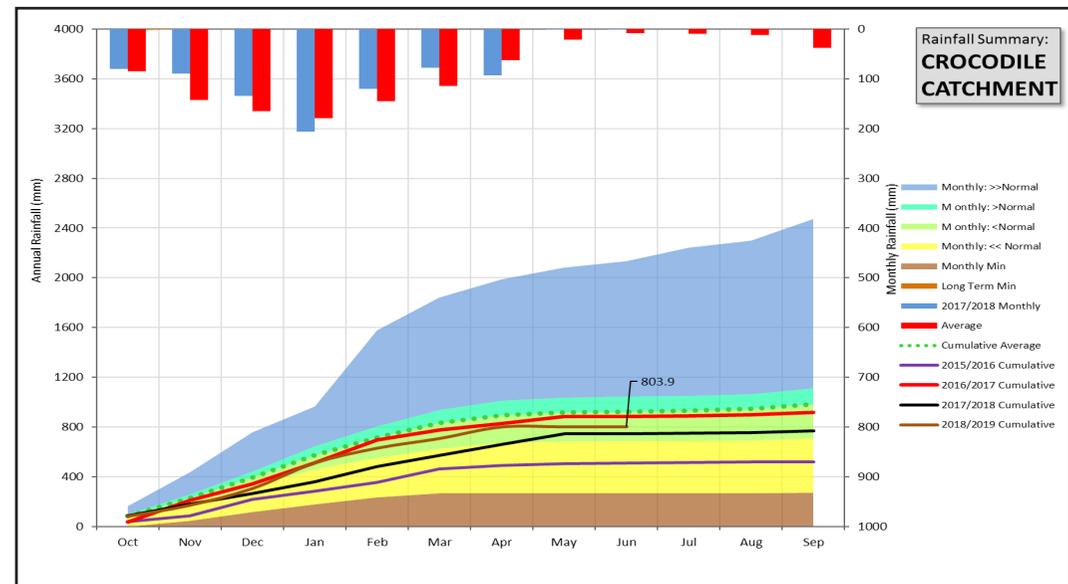
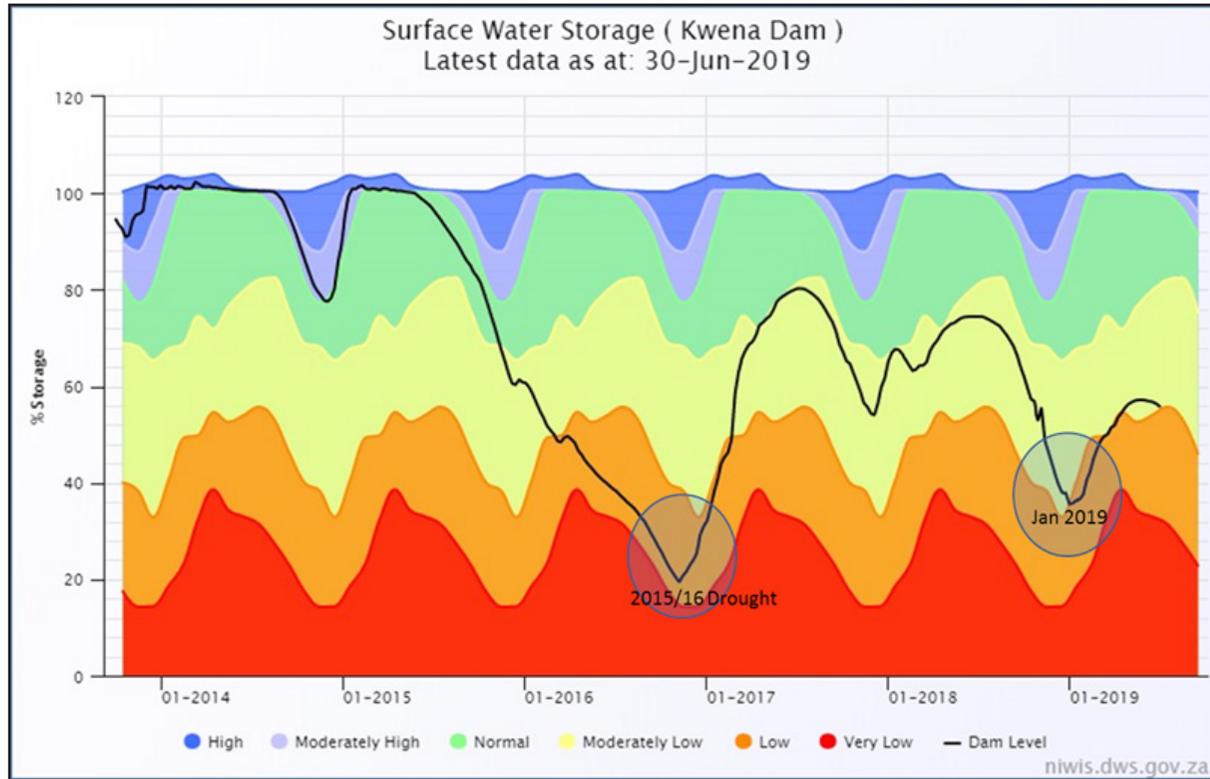


Figure 1: Crocodile Catchment Rainfall Analysis



**Figure 2: Kwena Dam Storage volume historical analysis (Oct 2013 – June 2019)**

The Decision Support Systems (DSS) are currently in place in the Crocodile and Sabie-Sand catchments and enable the IUCMA to manage the levels of dams and river flows. The IUCMA in the 2018/19 (October - September) hydrological year experienced a mid-summer drought, whereas in the Crocodile catchment the rainfall received in November-December 2018 was below normal when compared to historical information. The El Niño induced drought in 2015/16 severely affected the water availability in the Inkomati-Usuthu WMA. Water restrictions initiated in

2015 were lifted again in May 2017. The water situation in the Crocodile and Sabie-Sand catchments, however, necessitated the imposition of water use restrictions in October 2018 and the situation worsened in February 2019 (see Figure 3 and Figure 4). Presently, there is a 20% and 60% restriction on domestic and irrigation use respectively in the Crocodile River catchment, and 10% and 40% restriction on domestic and irrigation use respectively in the Sabie-Sand River catchment.

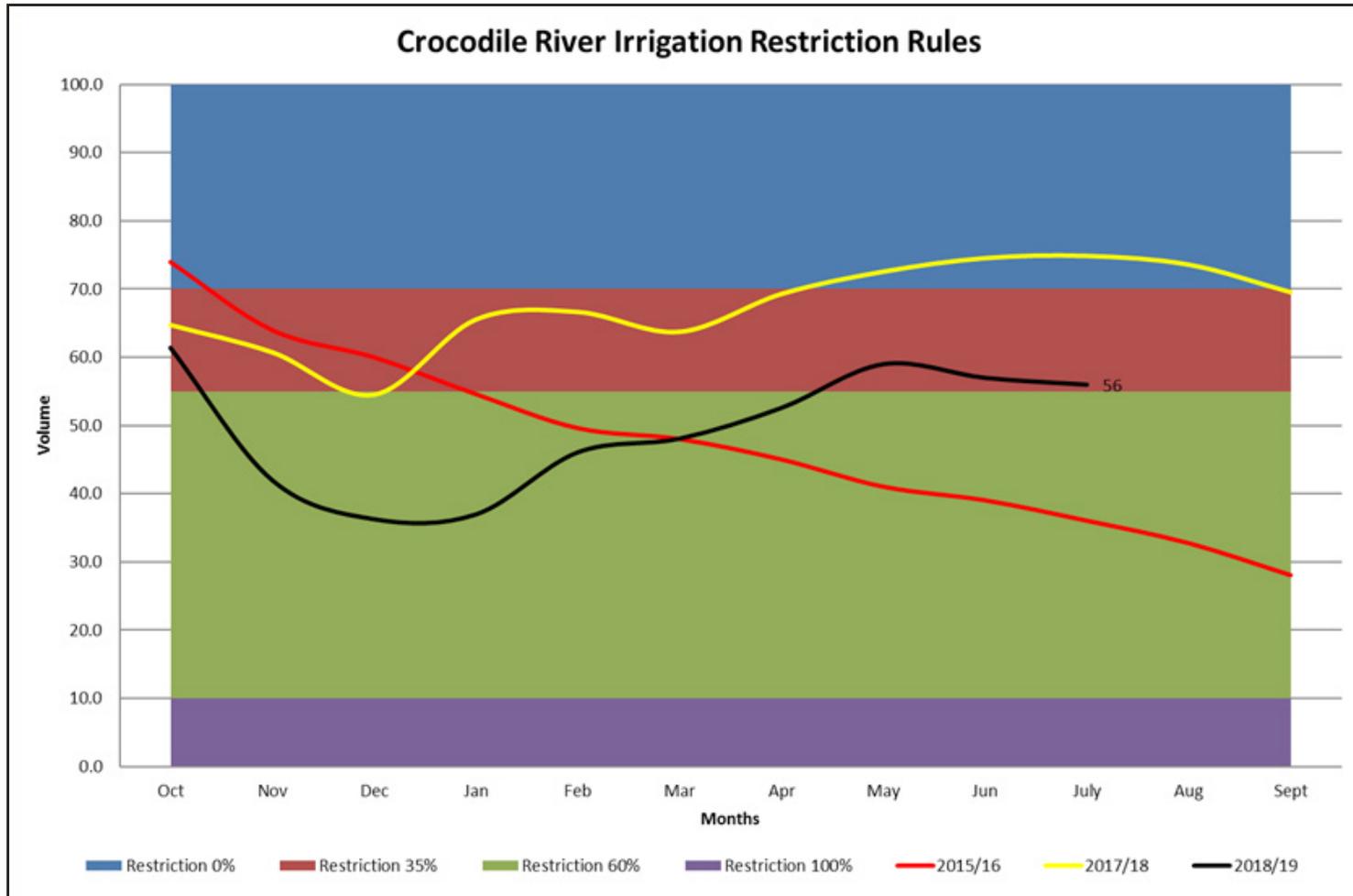


Figure 3: Crocodile River Irrigation Operating Rule

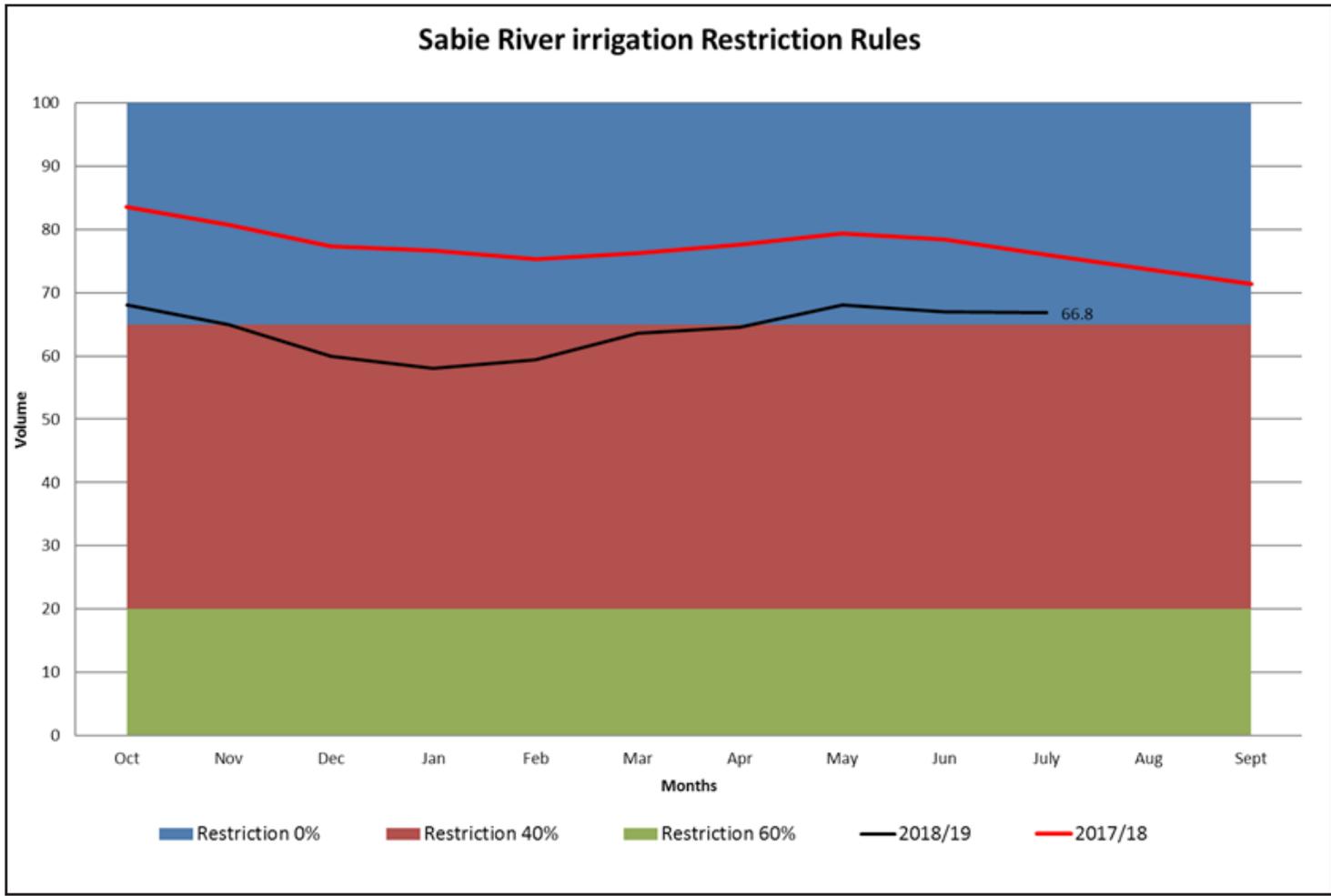


Figure 4: Sabie Sand River Irrigation Operating Rule



The below normal to normal rainfall in the Inkomati-Usuthu WMA from October 2018 to June 2019 affected the water availability in the major dams, and the international obligation flows to Mozambique at Komatipoort were also impacted; hence more water was released from the upstream dams, especially in the Crocodile and Sabie-Sand catchments. The releases from the Kwena dam in the Crocodile River catchment varied from 0.5cumecs to 10cumecs: since the start of April 2018 to 31 March 2019, about 84.8Mm<sup>3</sup> of water was released from the Kwena Dam in total compared to 83.9Mm<sup>3</sup> released in the 2017/18 financial year, while releases from the Inyaka dam in the Sabie catchment were constant (approximately 1cumec). Table 6 shows the number of days the international obligations were not met in a year, with compliance decreasing from 90% in 2017/2018 to 82% in 2018/2019 - a 8% decrease.

**Table 6: Komati River at Komatipoort X2H036 Riverflow into Mozambique Compliance**

Annual International Obligation Compliance (No. of. days)		
	2017/18	2018/19
Oct	13	12
Nov	13	19
Dec	0	9
Jan	8	10
Feb	0	0

Mar	0	0
Apr	0	0
May	0	15
Jun	0	0
Jul	0	0
Aug	0	0
Sep	4	0
<b>TOTAL</b>	<b>38</b>	<b>65</b>
<b>Non-Compliance</b>	<b>10%</b>	<b>18%</b>
<b>Compliance</b>	<b>90%</b>	<b>82%</b>

The dams in the Lower Komati catchment are managed by the Komati River Basin Authority (KOBWA) and IUCMA participates in all the Komati Joint Operations Forum (KJOF) meetings to ensure effective management of the resources. The dams in the Usuthu and Upper Komati catchments are operated by the Department of Water and Sanitation (DWS) as part of the Integrated Vaal River System and IUCMA participates in the Vaal River System Annual Operating Forum. In the 2018/2019 financial year, IUCMA installed flow data loggers in the Usuthu River to monitor ecological flows and cross border flows to Eswatini.

The effective implementation of the river system operating rules and the availability of water in the dams has enabled the IUCMA and other institutions to effectively meet the international

obligations into Mozambique and Eswatini. IUCMA is continuing to maintain and expand the real-time monitoring network (rainfall and river flow) as per APP within the WMA to support DWS functions in flood and drought management.

### Groundwater strategy

A groundwater strategy for IUCMA was developed in the 2018/2019 financial year and six (6) monitoring boreholes were drilled in the Usuthu catchment. The purpose of conducting the groundwater level monitoring is to determine the variations of water levels to comprehend the impacts of rainfall (recharge) and abstraction on the storage of the aquifer systems. During the 2018/2019 financial year, groundwater monitoring was conducted for twelve (12) monitoring boreholes; 7 were drilled in the 2017/2018 financial year (W5N0001, W5N0002, W5N0003, W5N0004, W5N0005, W5N0006, W5N0007) and 5 newly drilled boreholes in the 2018/2019 financial year (MP08-00445, MP08-00446, MP08-00444, MP010-00030 and MP10-00029). Groundwater levels were measured using manual dip meters. Figure 5 shows the trend in groundwater levels of borehole W5N0001 for the period

of July 2016 to June 2019. Borehole W5N0001 is located in the quaternary catchment W55D in Mayflower. In 2016, the groundwater level recorded for the borehole was low, probably due to the 2015/2016 drought and the water level started to recover in 2017. In 2017/2018, the groundwater level further declined during the dry months, increased during summer months and started again to display a decreasing trend from January 2019. The boreholes are registered on the National Groundwater Archive (NGA) and groundwater monitoring data are available in the Hydstra database. In addition to the IUCMA monitoring boreholes, there are seven (7) monitoring boreholes currently being monitored by the Department of Water and Sanitation (DWS) which show a serious depletion of groundwater resources within the WMA, especially in the northern part of the WMA. There is a need to conduct a hydrocensus to verify groundwater use within the WMA.

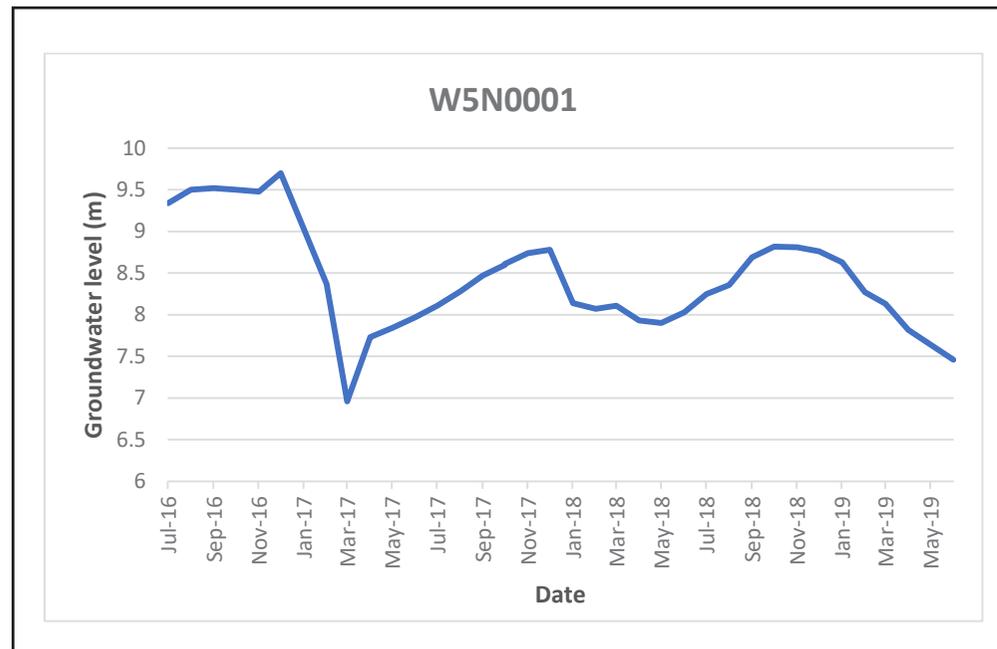


Figure 5: Groundwater level trend for borehole W5N0001

As part of giving back to the community, the IUCMA handed over a borehole (Figure 6) to the Jericho farm community. The community of approximately 50 dwellers did not have another source of potable water supply. Hence, IUCMA donated one of its monitoring boreholes as it is committed to support the community to have access to potable water.



**Figure 6: Borehole donated by IUCMA**

## **Water Allocation Plan**

### **Highlights**

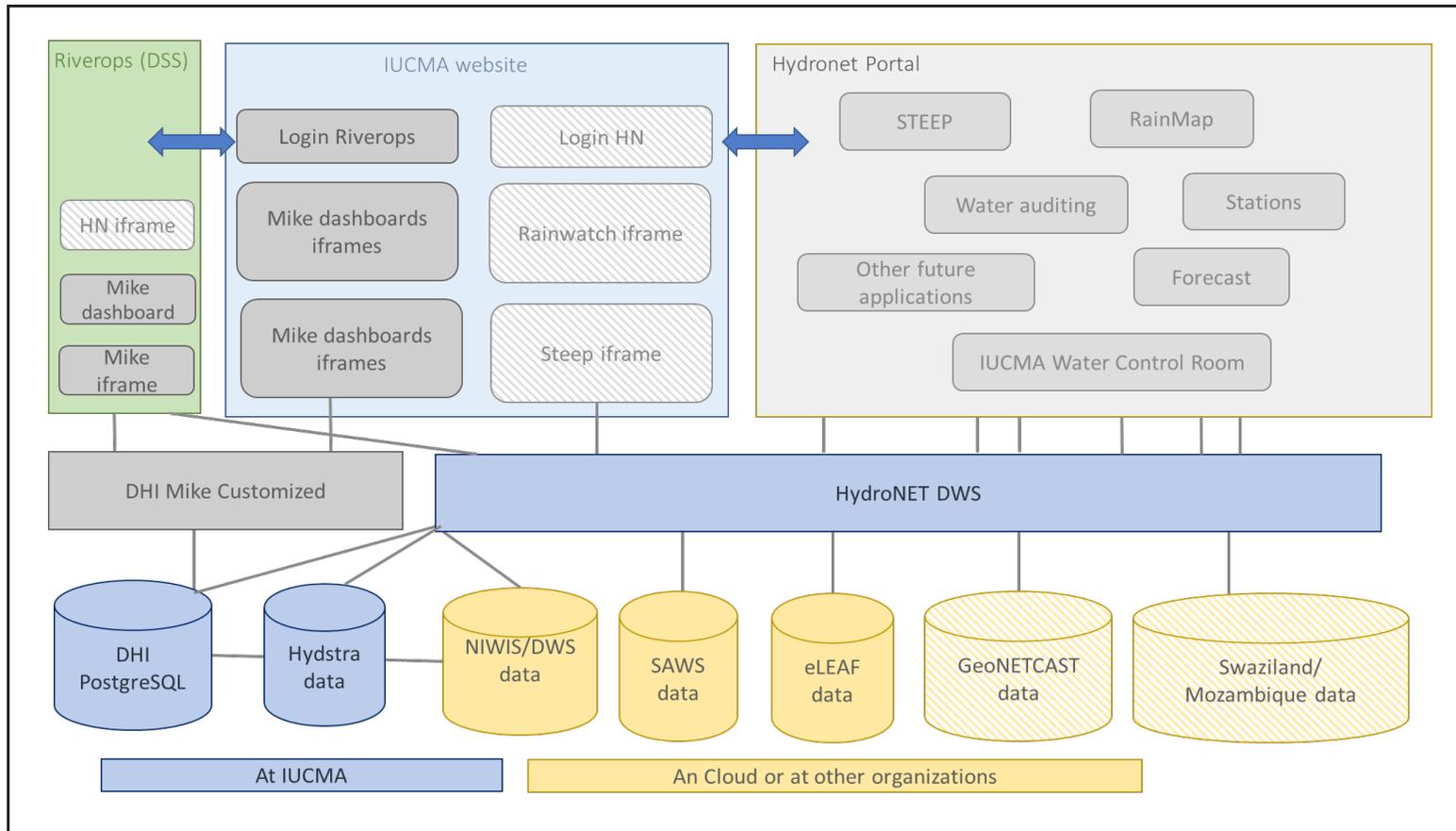
The National Water Act requires that the Catchment Management Agency develops a Water Allocation Plan (WAP) which indicates to which sectors water is allocated and how this will change in the future to meet growing water demands. The WAP must be done for the whole Water Management Area and will require intense stakeholder consultation. Since a WAP has not yet been done elsewhere in South Africa due to many issues related to the completion of relevant studies such as validation and verification, updated hydrology as well as institutional arrangements, the division decided to pilot the process initially for the White River System and Kaap River System. The process for a water allocation plan is to develop a range of development scenarios for the catchment from a 'do nothing' scenario to various development options. This was done in the 2018/2019 financial year. The scenarios were evaluated using a water resources model and outcomes were presented in terms of water supply (volume and assurance of supply) for the various water use sectors in the catchment. The findings from both catchments showed that additional sources of water (construction of dams) are required to meet future water allocations in addition to the water conservation and demand management measures that was advocated for.

## Data & Information Management Systems

The IUCMA has a Geographical Information System (GIS) centre responsible for managing GIS data and information from different divisions and other sector departments (e.g. monitoring data, land cover datasets, etc). The Water Resources Planning models are available for water quantity/availability assessments and long-term planning as well as implementation of ecological requirements. The IUCMA during the 2018/19 financial year continued to maintain the Information Management Systems. The IUCMA has three integrated Information Management Systems: Hydstra, Hydronet, and Riverops (DHI DSS) (Figure 7), to support integrated water resources management:

- The **Hydronet** application provides easy access to a wealth of essential external hydrological, meteorological and water quality data to support IUCMA functions and operations. There is easy access of remote sensing data, satellite data and South African Weather forecasting products as well as simple extraction of reports for presentation to stakeholders.
- **Hydstra database** stores, verifies and archives the IUCMA collected surface water, groundwater and water quality data into a single database.
- **DHI postgres** (Riverops) manages real time operations: short term releases, the riverops website, sends a daily email to stakeholders and downloads data from external stakeholders.





**Figure 7: IUCMA Information Management Systems**

## Water quality and compliance

### Highlights

The water resources of the former Inkomati Water Management Area were classified and gazetted in December 2016. As part of setting the management class, the resource quality objectives (RQOs) were also defined for various parameters of concern at specific monitoring points referred to as ecological water requirement (EWR) sites. These (RQOs) are numerical values which must not be exceeded.

The setting of the management classes and associated RQOs presented the IUCMA with an opportunity to compare the resource quality with the set RQOs. The Usuthu Catchment, which was merged with the Inkomati Water Management Area at a later stage, has not been classified and therefore does not have RQOs. The implementation of the management class commenced in the 2017 financial year and was reported on in the 2017/18 annual water quality status report. It was not possible to compare compliance to the RQOs from year to year since it was the first time the IUCMA compared the water quality to the set RQOs in the 2017/18 report.

Compliance to the RQOs for the 2018/19 year has been compared to compliance for 2017/18, and the 2018/19 annual water quality status report shows an improvement in the compliance status to the RQOs when compared to the compliance for 2017/18. The improvement occurred for the major part of the water management area. On the contrary, the Usuthu catchment

showed a deteriorating trend when compared to the Target Water Quality Guideline limits, which are used in areas where the management class and the RQOs have not been set.

The problems affecting water quality in the Inkomati-Usuthu Water Management Area are still largely attributed to industrial and mining activities as well as the poor state of water service authorities' infrastructure. The common causes during the financial year under review included:

- Raw water (water resources) contamination by sewage (e.g. because of overflows or spills and leakages or by discharging of untreated sewage); and
- Decant from old mining activities or leachate into the water resources.

For every non-compliance observed, there has been an enforcement action taken to mitigate the pollution incidents including the non-compliance to the condition of authorization or regulations. The improvement in the resource quality reported above is attributed to the compliance monitoring and enforcement efforts and measures against non-compliant water users. The IUCMA will continue to act against non-compliance in a manner that is consistent, transparent and proportional.

To complement the results generated through monthly chemical and microbial water quality monitoring, the IUCMA also conducts a River Eco-status Monitoring Program (REMP). In the year under review, a comprehensive REMF study was conducted in





the Komati Catchment. There were sixteen (16) river reaches monitored in the main tributaries, and only three (3) of the 16 did not comply with the target ecological category (TEC) that had been set. The three reaches failed to comply with the TEC of category B and their present ecological state (PES) is category C. The PES of six sub-quaternary reaches is higher than the TEC. For example, the TEC for sub-quaternary reach X12K-01316 is category D while the PES is category C. The remainder of the sub-quaternary reaches showed that the PES was the same as the TEC.

Seven (7) sub-quaternary reaches were monitored in the tributaries of the Komati River and out of the seven, five maintained the PES at the same level as the TEC while one site recorded the PES of category C compared to the TEC of BC and the other reach recorded a PES of BC compared to the TEC of C which was higher than the target ecological category.

It should be mentioned that compliance to the management class and the associated RQOs is an indication that the IUCMA is achieving its objective of protecting the water resources within its jurisdiction. The state of the resource report will be produced in 2020, which is the period when comprehensive studies have been conducted in all the catchments. This will allow the IUCMA to compare the first study in each specific catchment and the subsequent studies to assess if there is an improvement or deterioration based on biological indicators. The report will cover the whole water management area.

## **Water Resource Utilization**

The division managed to meet all its Annual Performance Plan targets and managed to submit the whole portfolio of evidence for audit purposes. The division has a dedicated team of specialists, scientists and technicians who fully commit themselves to ensure that sustainable water resources management (regulate flows and dam levels) is achieved in the Water Management Area. The key areas of interest that division had major impacts include inter alia, the water resource management, water allocation reform plans, data and information management systems as well as human resources and skills development.

## **Highlights**

The authorising of water use provides the WRU division the opportunity to rectify the past imbalances between the Historical Advantaged Individuals (HAIs) and the Historical Disadvantaged Individuals (HDIs) in terms of access to water where HAIs enjoyed the benefits of using water and the HDIs on the other hand suffered or had little or no access to water. Very little has changed to the HDIs who are still marginalised and are still having little or no access to water.

## **Validation and Verification**

The declaration of water use verification outcome for Existing Lawful Use (ELUs) was implemented by employing Section 33 and Section 35 of the NWA. Section 33(2) was used to declare irrigation water uses within the Irrigation Board (IB), whereas

Section 35(4) water use verification was used to declare ELU irrigation water uses outside the IB, water abstraction and storage within and outside the IB, and for industrial and domestic water supply and Stream Flow Reduction (SFR) plantations.

The Inkomati catchment (Upper & Lower Komati, Crocodile and Sabie) water uses are comprised of taking water for irrigation within and outside the IB, taking water for domestic; industrial and mining as well as SFR. The dominant water use is the taking of water for irrigation purposes in the former Inkomati catchment.

The V&V project achieved to complete roughly 62% of the project instead of the planned 90% as 10% was for retention. The dominant outstanding work was Section 35 verification for companies and individual water users compared to Section 33 verification of water users within the IB.

The project verified 2227 properties with Section 33(2) and 834 properties with Section 35(4). The project close-out report indicated that the cause of failure to reach the desired target was mainly due to non-response by the water users.

Since the lapse of the project contract in January 2017, limited staff of the IUCMA has been doing the maintenance of the project with an intent to achieve 100% of the project. It is worth noting that maintenance has turned into a programme where past declared water uses constantly require reworking of already finished work after the properties are sold to new water users.

### **Usuthu catchment**

The Usuthu catchment does not have an IB. The water uses that were identified to be declared are taking of water for irrigation, domestic, industrial and mining purposes as well as Stream Flow Reduction (SFR). The dominant water use in the Usuthu catchment is SFR.

Due to a lack of delegation of powers, the Usuthu catchment V&V was divided into two phases: validation and verification. The validation was completed in 2018. The verification phase commenced in March 2019 is progressing as planned. Regarding the application letters, the absence of registered mail stamps is a risk to the progress of the project. Overall project verification phase progress is 56.5% as at the end of March 2019 (in terms of budget).

### **IUCMA Data & Information Management Systems**

The frequently used systems in the WRU Division for data management and information management is the electronic Water Use Licence Application and Authorisation System (e-WULAAS) and Water Authorisation and Registration Management System (WARMS). The e-WULAAS system is used for water use authorisation applications. The system is used mostly to facilitate the licensing process from the date of application to the finalisation date. The system also assists in streamlining the licencing process as well as data management.





After the decision on the water use authorisation applications has been made, such an authorisation is incorporated into the WARMS system. WARMS incorporate the issued water use authorisation and registers the billable water volume. It then feeds finance (revenue) with information for billing purposes. Currently, the capturing is being done manually, but the DWS is working on integrating the two systems such that once the authorisation is issued, the details of the water use authorisation can be extracted from the e-WULAAS to the WARMS system. Although only limited resources are available, WARMS received a clean audit during this period.

### **Institution and Participation**

Chapter 7 of the National Water Act (Act 36 of 1998) espouses one of the main functions of the Catchment Management Agency (CMA), which is to promote community participation in the protection, use, development, conservation, management and control of the water resources in its water management area. Public participation constitutes the cornerstone of democracy by way of creating platforms through which the society at large will have input on services and activities that affect them. This principle is also applicable in the management of natural resources, in this instance the management of water resources.

Institutions and Participation is a dedicated division in the IUCMA organogram responsible for the fulfilment of the above-mentioned function. Therefore, the coordination of stakeholders' participation in all programmes of the IUCMA is within the functional area of responsibility of this division.

### **Strategic objectives**

The strategic objective of this division is to position the IUCMA as a local and an internationally recognized Water Resource Management Institution (WRMI) with respect to participative management of water resources. This is achieved through adaptively generating and distributing data, coordinating knowledge, skills and management systems and approaches among water users in the management area. In an endeavour to realise this overarching objective, the following programme areas and activities were undertaken during the financial year under review.

### **Interactions with Catchment Management Forums**

Under this primary strategic objective, the IUCMA through the I&P division has established six functional CMFs in all the sub-catchments. The I&P conducted the first Stakeholder Satisfaction Survey and out of the inputs and recommendations, the CMF meetings are being held on a quarterly basis whereby broad water use related issues are discussed by the different stakeholders within their respective areas. The IUCMA had continuously provided administrative support to all the six sub-catchment committees in the facilitation of the quarterly CMF meetings. The private sector is continuing to host and fund the CMFs' meetings by providing for venues and catering for stakeholders. This is viewed as another achievement towards building water stewardship among stakeholders.

## Highlights of achievements

The annual target for the 2018/19 financial year was to have 24 CMF meetings in all six sub-catchments (Crocodile, Lower Komati, Sabie, Sand, Upper Komati and Usuthu), and all the meetings were successfully facilitated by the I&P division through the coordination of the Community Officers, the Assistant Manager and the Manager of the division. In these meetings, matters around water quality, water availability, river operations, water allocation and compliance monitoring and enforcement were discussed.

## Stakeholder interactions and empowerment

Stakeholder interactions is another key priority and the IUCMA continues to ensure that all stakeholders actively and effectively participate in Integrated Water Resources Management (IWRM) issues affecting the water management area. In promotion of the Intergovernmental Relations (IGR) Framework, the IUCMA continuously interacts with other institutions and government entities involved in environmental and water related activities. This is a platform created to share vital information and raise awareness on environment protection and other related interventions.

## Highlights

The IUCMA facilitated the signing of a lease agreement between Mswati CPA and a potential investor through the assistance of Pegasys Institute. This initiative will help emerging farmers to break through and embark on commercial opportunities.

The IUCMA through the I&P had a successful Schools Career Expo held in partnership with the Department of Education (Ehlanzeni District), a total of 96 schools, 401 educators and 8241 learners were participated, and learners were assisted with online applications for the 2019 academic year in different scientific fields.

The IUCMA has initiated collaborations with the University of Mpumalanga and the City of Mbombela where memorandums of understandings (MOUs) will be entered into. The IUCMA wants to collaborate with the University of Mpumalanga on the development of water related qualifications to close the skills gap in the sector and the water management area. The IUCMA is collaborating with the City of Mbombela on operating their dams and undertaking pollution control measures to protect the water resources.

The IUCMA participated in the Water Seminar coordinated by the University of Mpumalanga from the 9th to the 10th of July 2018. The IUCMA exhibited and Dr Tendai Sawunyama, Manager of River Systems Planning and Operations, made a presentation during the seminar.





IUCMA is in collaboration with the City of Mbombela, Working on Fire, DWS, Sembcorp Silulumanzi, Crocodile forum/ Dormehl Technology and coordinated the River Clean-up campaign in celebration of Mandela Day on the 18th of July 2018. Other stakeholders who participated were Manganese Metal Company and Spark the Extended Public Works Programme (EPWP) from the City of Mbombela.

The I&P conducted a number of Career Exhibitions at various schools in the water management area. Learners were assisted to make online applications at different institutions of higher learning for the 2019 academic year. The I&P facilitated 6 regional science schools competitions that were held during the National Water week at all sub-catchments in preparation of the main provincial inter sub-catchments competitions. 18 schools participated in the finals. This event is part of the Education and Awareness Initiatives in the sub-catchments that led to science school's competitions at provincial level. The IUCMA participated in the Wetlands celebrations and the clean-up campaign at various places in the water management area in collaboration with Municipalities, and other World Wetlands Day celebrations at Amon Nkosi Primary School in Barberton. The Institution and Participation division also represented the IUCMA at the Water Show in the Sandton Convention Centre.

The IUCMA hosted the Incomati Basin Women in Water Conference 2019 (IBWIWC) held at the Nuttinghouse Conference Centre in Mbombela. The IUCMA successfully hosted/conducted 32 Agricultural Workshops with HDI users including some Traditional Authorities. The IUCMA successfully conducted 32 awareness initiatives in all sub-catchments during the whole 2018/19 financial year. These included career guidance and science school competitions in water purifications, in order to entice the youth to pursue water related careers in life or at tertiary level.

The IUCMA through the I&P had a successful School Career Expo held in partnership with the Department of Education (Ehlanzeni District), a total of 96 schools, 401 educators and 8241 learners who participated and assisted with online applications for the 2019 academic year in different science fields. The I&P in collaboration with Communications and Marketing participated in the Sustainability Week 2018 which was hosted by the CSIR in Pretoria and the WISA Conference in Cape Town. The IUCMA successfully collaborated with 44 external stakeholders, including sector departments and other sector partners in IWRM related forums (Figures 8 – 10).



**Figure 8: Mr. M Selepe: Manager Resources Protection and Waste presenting the Water Quality Status at the Sand CMF on 09/09/2018 in Thulamahashe**



**Figure 10: River Cleaning Exercises in the Sand sub-catchment 31/05/2018**



**Figure 9: Community members during the River Cleaning Campaign in Phelendaba in the Sand sub-catchment 31/05/2018**



# CORPORATE SERVICES

The role of the corporate services section of the IUCMA is to provide support services in terms of Finance, Human Resources, Information Technology, Records management, Supply Chain management, Risk Management and outsourced internal Audit services to the core operations departments to ensure that they meet their operational and strategic objectives.

The key strategic objective related to Corporate Services is to ensure effective and efficient management of IUCMA resources. The key activities carried out during the financial year included ensuring compliance with financial regulations, treasury regulation implementation and risk management among others.

## FINANCE AND COMPLIANCE

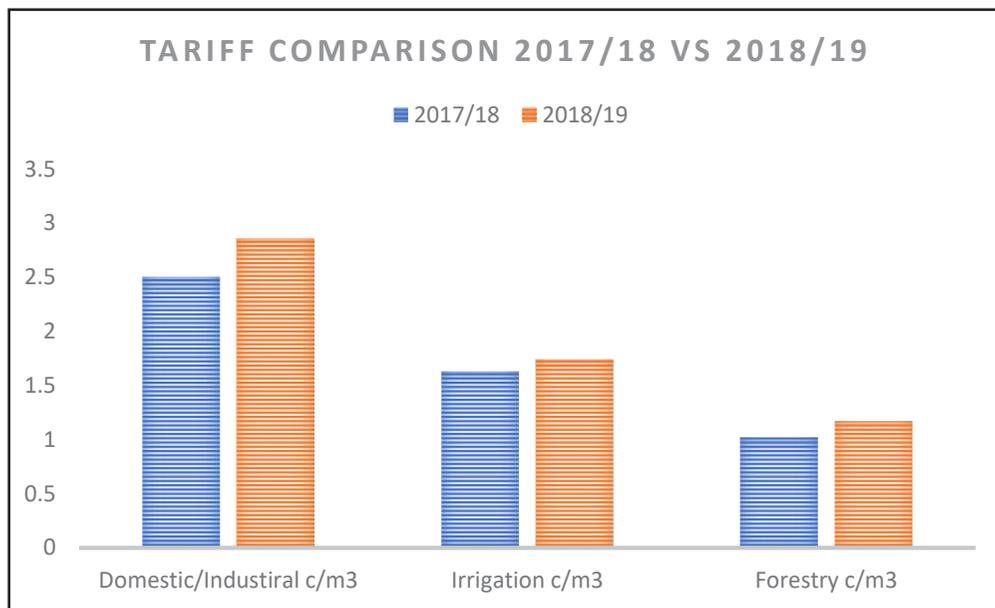
The year under review saw a continued enforcement of Cost Containment Measures as directed by National Treasury, which has seen the organisation realising cost savings. The Supply Chain policy of the IUCMA has been reviewed to continuously improve on mechanisms or measures and best practices in line with the latest treasury instructions and notices.

The IUCMA has once again achieved an unqualified audit opinion. The IUCMA continues to comply with all regulatory and compliance requirements. However, the IUCMA took over the

billing function from DWS WTE from 1 November 2017. This included the transfer of outstanding debtors of R199million. DWS WTE did not provide for any impairments on the balance as at the date of transfer to the IUCMA resulting in the IUCMA adopting an accounting approach in line with GRAP 105, whereby, any additional assets or liabilities would be recognised and adjusted for, during the measurement period of 2 years. The IUCMA has adopted this approach and should there be any material changes during this transitional period, such adjustments will be processed on the provisional debtors balance amounts received in November 2017. The current year audit opinion has not been impacted. However, this transferred debtors book requires some major reconciliation exercise with the customers to get it to the most accurate form.

## Tariffs

The IUCMA had two successful tariff consultation sessions during the year under review, one in the Inkomati and the other in Usuthu. A trend analysis is provided below. It is important to note that the tariffs are still not representative of a full cost recovery of work undertaken by the IUCMA towards water resource management in the catchment as they are still partly subsidised through augmentation by the department of Water and Sanitation considering the affordability and current economic conditions.



**Figure 11: Tariff Comparison**

D&I tariffs rose from 2.50 c/m3 to 2.86c thereby resulting in an increase of 14.4% from 2017/18 to 2018/19. IRR increased from 1.63c/m3 to 1.74c translating to a 7% increase from the previous year. Affordability of tariffs in the IRR sector has far reaching implications towards the greater economy and food security. SFRA increased from 1.02c/m3 to 1.17c translating to a 14.7% increase.

### Human Capital Highlights for 2018/19

The institution has made focussed efforts ensuring that there is human capacity building for the institution and the sector. Five (5) external bursaries were awarded to qualified applicants who meet the requirements as per the Institution’s external bursary policy and 18 internal bursaries were awarded. Six (6) new employees were recruited in the year under review. Approximately 50.54% of our workforce are female.

### Challenges

The following challenges were identified:

- The institution does not have employees with a disability (physical or disclosed);
- There are no Indians in the current workforce profile to comply with the employment equity act; and
- Few applications for external bursaries were received for matriculants for the 2019 academic year.

### Mitigation for Challenges

The above-mentioned challenges will be mitigated as follows:

- The employment equity plan to be finalised during third quarter of the 2019/20 financial year so that other positions can be earmarked for underrepresented race(s);
- External bursaries will be advertised twice in 2019. The closing date will be extended to January 2020 after matric results are out to allow matriculants to apply after they have received their results.



## **Information Technology and Records Management**

### **Master System Plan (IT Strategy)**

The Master System Plan, IT policies and procedures, IT Structure, and IT turnaround strategy have been developed independently, in-line with the organization strategic objectives and complement the necessary information systems required in achieving the set objectives, governance framework, and the IT Steering committee formed to provide oversight on IT governance activities in relation to best practices.

### **Information Management Systems**

Water resource management systems such as HydroNet, Hydstra, WARMS, WMS have been a vanguard for our information management by ensuring readily availability of information for decision making processes.

## **Digitizing Satellites Offices**

IUCMA satellite offices have been equipped with Local Area Networks, a Virtual Private Network, and Network Security, and the Piet Retief office is in the process of installing a Biometric and Close Circuit Television System.

### **B-BBEE**

At an industry level, although much still needs to be done, we have seen improvement in terms of work awarded as depicted in the corporate services performance tables in terms of BBBEE spend which exceeded the set targets. Within the IUCMA, we continuously review our procurement systems and processes such that we ensure that they are effective, efficient, economical, transparent and ethical, in line with the prescripts of the Framework for Supply Chain Management.

## Employment Equity

**Table 7: Employment Equity statistics for 2018/19 financial year**

Occupational Level	AM	CM	IM	WM	AF	CF	IF	WF	FOREIGN M	FOREIGN F	TOTAL
Top Management	1				2						3
Senior Management	5			2	2						9
Professionally qualified and experienced specialists & mid Management-D band	10				8						18
Skilled technical & Academically qualified workers (Jnr management, supervisors, foreman & superintends-C Band	25			1	24	1		1			52
Semi-skilled & discretionary decision making-B Band	2				6						8
Unskilled & defined decision making-A Band					3						3
<b>TOTAL</b>	<b>43</b>			<b>3</b>	<b>45</b>	<b>1</b>		<b>1</b>			<b>93</b>



# CONSOLIDATED ANNUAL PERFORMANCE TABLES

Consolidated Annual Performance Report  
2018/19 Financial Year



## GOVERNANCE

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Target 2018/19	Actual 2018/19	#	Reasons for Variance	Corrective action
Ensure Effective and Efficient Management of IUCMA resources	Effective Corporate Governance	Number of Governing Board and committee meetings	6 X Governing Board  4 X EXCO  5 X Audit Committee  2 X Stakeholder Consultation	5 X Governing Board  4 X EXCO  5 X Audit Committee  2 X Stakeholder Consultation	<b>Achieved</b>  7 X Governing Board  4 X EXCO  7 X Audit Committee  2 X Stakeholder Consultation  1 X Governing Board CMS workshop		2 additional GB meetings were held in the 3 <sup>rd</sup> and 4 <sup>th</sup> quarter.  2 additional A.C during the 1 <sup>st</sup> and 2 <sup>nd</sup> quarter	None

## OFFICE OF THE CHIEF EXECUTIVE OFFICER

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual Performance 18/19	#	Reason for Variance	Corrective Action
Ensure Effective and Efficient Management of IUCMA resources	Legislative reporting requirements effectively complied with	Number of Approved Plans (APP, SHC) submitted to the Minister of Water and Sanitation within the legislative timeframes	1 X APP	1 X APP	<b>Achieved</b>  1 X APP		None	None
			1 X SHC	1 X SHC	<b>Achieved</b>  1 X SHC		None	None
		Number of Statutory reports submitted to the Minister of water & Sanitation and National treasury within the legislative timeframes	4 X Quarterly Performance Reports	4 X Quarterly Performance Reports	<b>Achieved</b>  4 X Quarterly Performance Reports		None	None
			4 X SHC quarterly report	4 X SHC quarterly report	<b>Achieved</b>  4 X SHC quarterly report		None	None
			1 X Annual Report	1 X Annual Report	<b>Achieved</b>  1 X Annual Report		None	None



Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual Performance 18/19	#	Reason for Variance	Corrective Action
	IUCMA projects and programmes effectively marketed	Number of newsletters produced per annum	2	2	<b>Achieved</b> 2		None	None
		Number of advertisements in print media (Executive profile, IUCMA profiles, CMS, NWM, Mandela Day)	4	4	<b>Achieved</b> 7		Demand Driven	None
		Number of projects/programs articles in print and online media	4	4	<b>Achieved</b> 6		Demand driven	None
		Number of Radio/TV interviews per annum	0	4	<b>Achieved</b> 14		Demand driven	None
		Number of EXPOs/Exhibitions participated in (WISA, WRC, YWP, EDM, Career EXPO, RCL, DoE)	-	6	<b>Achieved</b> 7		Demand driven	None

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual Performance 18/19	#	Reason for Variance	Corrective Action
	Corporate Social Responsibility initiatives	Number of CSI initiatives implemented	1 Borehole	2 Boreholes	<b>Not achieved</b> 0		Demand driven	None
			0	2 water storage facilities	<b>Not achieved</b> 0		Demand driven	None



## OFFICE OF THE EXECUTIVE: WATER RESOURCE MANAGEMENT

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective Action
Ensure Effective, Efficient and Sustainable Management of Water Resources	Water allocation Reform	Hydrology reports produced to update the Inkomati hydrology	0	Sabie /Sand and Upper Komati River Hydrology reports	<b>Not Achieved</b> 0		There were delays in achieving these targets as the work is being conducted internally. The new methods are being developed and hence the delay.	To be concluded at end of Q1 19/20 FY.
		Water Allocation Plan (WAP) per catchment	0	Crocodile Catchment: White River and Kaap River sub- catchments	<b>Not Achieved</b> 0		There were delays in achieving these targets as the work is being conducted internally. The new methods are being developed and hence the delay.	To be concluded at end of Q1 19/20 FY.
		Water Allocation Reform (WAR) plan submitted to DWS	1	1	<b>Achieved</b> 1		None	None
		Number of quarterly WAR reports for the WMA submitted to WAR Office	2	4	<b>Achieved</b> 4		None	None

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective Action
	Effective River Operations	Number of quarterly operational DSS reports produced per annum (crocodile and Sabie)	8 quarterly reports produced	8	<b>Achieved</b> 8		None	None
		Number of sustainable stream flow decisions on the river operating rules resulting from operating committee meetings	4	4	<b>Achieved</b> 4		None	None
		Integrated Water Quantity and Quality Systems Assessment Model (WQSAM) pilot study research report	0	WQSAM report	<b>Achieved</b> WQSAM report		None	None
	Effective data acquisition and management	Number of quarterly routine maintenance performed on the installed river flow data loggers	28x4	31x4	<b>Not Achieved</b> 114		28 stations were maintained in Q1, and Q2. 29 stations in Q3 (Komati River @ Lebombo was installed in Q3). 30 stations in Q4 (Assegai River@ Zanbank was installed in Q4), due to delay in receiving the instrument from the supplier.	1 remaining River flow data logger to be installed in Usuthu in Q1 of 2019/2020 financial year



Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective Action
		Number of routine quarterly inspections and maintenance of 19 installed rainfall gauges	19x4	23x4	<b>Achieved</b> 25x4		2 More rainfall stations were installed in Breyten (Upper Komati) and Westoe Dam (Usuthu)	Inclusion of these stations in the APP happen in the next financial year.
	Water Resource Protection	Number of water quality samples analyzed to update the water quality database	3075	3132	<b>Not Achieved</b> 3069		63 points were not sampled due to No access or No flow.	None
		River ecosystem monitoring program (REMP) catchment data collection	Crocodile catchment data collected	Usuthu, Crocodile and Sabie/Sand catchments	<b>Achieved</b> Usuthu, Crocodile and Sabie/Sand catchments		None	None
		River ecosystem monitoring program (REMP) comprehensive catchment report (MTPA)	Crocodile Catchment	Komati Catchment	<b>Achieved</b> Komati comprehensive report		None	None
	Full compliance with S19 and 20, S53 of the National Water	Number of planned compliance inspections conducted in terms of S19 and S53 of the NWA	305	292	<b>Not Achieved</b> 276		16 inspections not conducted due to capacity constraints within the division	None

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective Action
	Act including all regulations	Number of planned license compliance audit inspections reports	9	16	<b>Achieved</b>  16		None	None
		Percentage water resource pollution incidents resolved out of the identified incidents within 24 hours	0	100%	<b>Not Achieved</b>  61% (22/33)		None	Follow-up activities will be conducted.
		Percentage of compliant water users of the planned inspections with respect to quantity	0	30%	<b>Not Achieved</b>  0%		Lack of capacity in the Institution	Personnel will be recruited in the 2019/20 financial year
		Percentage of compliant water users of the planned inspections with respect to quality	0	30%	<b>Achieved</b>  34%		Demand Driven	None



Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective Action
	Authorized water Use	Percentage of water use authorizations applications processed and submitted to DWS within the regulated 300 days turn-around time out of the number received	100% (10 of 10)	100%	<b>Not Achieved</b>  80% (39/49)		Demand Driven	None
		Percentage of captured data received (authorizations amendments and queries) on the WARMS database	0	100%	<b>Achieved</b>  100% (257/257)		Demand Driven	None
	Expanded ground water monitoring network	Number of drilled boreholes to expand the groundwater monitoring network (Usuthu catchment)	7	6	<b>Achieved</b>  6		None	None
Ensure collaborative and coordinated IWRM for wise socio-	Co-operative governance	Percentage of EIAs/EMP received commented on within the prescribed timeframes	100% (15/15)	100%	<b>Achieved</b>  100% (19/19)		None	None

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective Action
economic development		Percentage of EMPRs and prospecting applications received commented on within 60 days for the DMR	100% (0/0)	100%	<b>Achieved</b> 100% (3/3)		None	None
Promote and pursue international agenda	Effective and sufficient transboundary interactions	Number of meetings attended whereby advisory inputs are made at international level (e.g. KJOF, REMCO, Ara Sul, WiWiBC)	30	14	<b>Achieved</b> 14		None	None
Promote knowledge generation and distribution	Strengthened IWRM knowledge sharing networks	Number of resource status reports produced for information dissemination (quality, quantity)	6	4 Quarterly reports 1 Annual report	<b>Achieved</b> 4 Quarterly reports 1 Annual report		None	None
		Sector specific meetings convened to support catchment management forums and IUCMA planning	0	Mining Agriculture forestry municipalities	<b>Achieved</b> Mining Agriculture forestry municipalities		None	None
		Number of meetings where the IUCMA collaborates with/provides advisory	29	30	<b>Achieved</b> 34		Demand driven	None

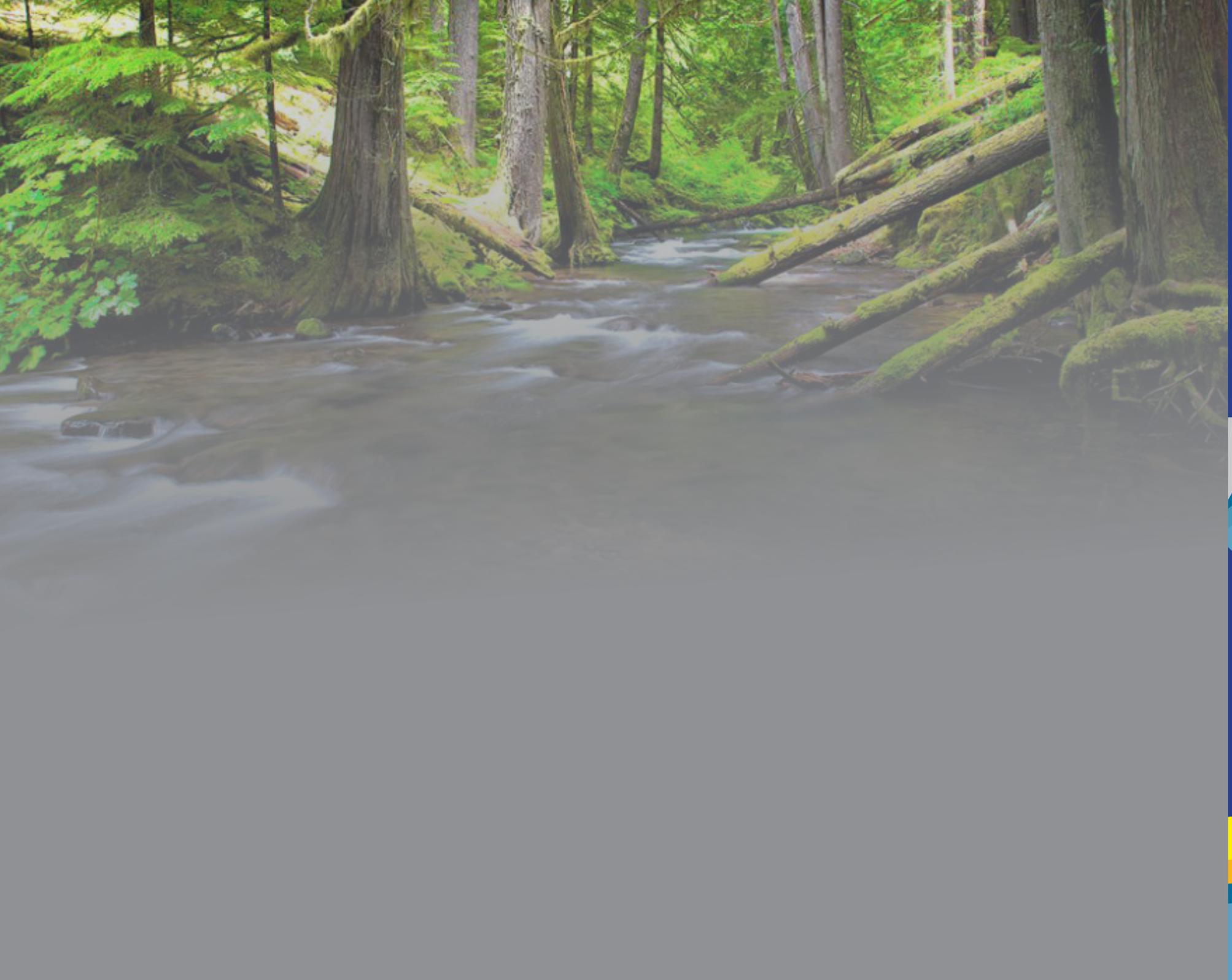


Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective Action
		services to external stakeholders including government departments and other sector partners (presentations and submissions.)						
	Stakeholder interactions and empowerment	Number of agricultural workshops conducted to empower the HDI with duly submitted reports	36	8x4	<b>Achieved</b> 32		None	None
		Number of I&P river cleaning exercises conducted to support adopt a river campaign with duly submitted reports	63	8x4	<b>Achieved</b> 32		None	None
		Number of function specific education and awareness initiatives conducted with duly submitted report	12	8x4	<b>Achieved</b> 32		None	None
	Interactions with Catchment Management Forums	Number of CMF meetings coordinated	36	24	<b>Achieved</b> 24		None	None

## OFFICE OF THE EXECUTIVE: CORPORATE SERVICES

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective action
Ensure effective and efficient management of IUCMA resources	Effective internal control	Percentage compliance to audit recommendations	100%	100%	<b>Achieved</b> 100%		None	None
	Effective risk management	Number of risk assessment reports considered by the Audit Committee	4	4	<b>Achieved</b> 4		None	None
	Occupational health and safety	Number of OHS committee reports produced quarterly	4	4	<b>Achieved</b> 4		None	None
	Increase in BBBEE spend	Percentage of factual expenditure on BBBEE	37%	40%	<b>Achieved</b> 67% (R 4 933 716.82 /R 67 246 588.4)		Accelerated spending in Q4 due to cash flow constraints in Q3	None
	Effective and reliable IT management	Quarterly IT Governance reports considered by the Executive committee	4%	4	<b>Achieved</b> 4		None	None
	Training and skills development	Percentage of approved trainings arranged	All staff (68/68)	100%	<b>Achieved</b> 100% (50/50)		None	None

Outcomes/ Impact	Performance Objective	Indicators	Baseline	Annual Target 18/19	Actual performance 18/19	#	Reason for Variance	Corrective action
		Percentage of internal bursary applications awarded	100%	100%	<b>Achieved</b> 100% (18/18)		None	None
		Number of External bursaries awarded	3	4	<b>Achieved</b> 5		1 extra was awarded due to the Institution not having awarded 4 bursaries as per the 2017/18 planned. It was evident to award an extra bursary	None
	Jobs created	Number of internships	16	11	<b>Achieved</b> 14		IT 2 X interns, Risk & Compliance X1	None
		Number of indirect jobs created (contracts)	13	20	<b>Not Achieved</b> 9		Demand driven	None
	Employee health and Wellness	Number of employee wellness activities coordinated	2	2	<b>Achieved</b> 2		None	None





# ANNUAL FINANCIAL STATEMENTS

Statements 2018/19 Financial Year



# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Index

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The reports and statements set out below comprise the annual financial statements presented to the parliament:

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# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Statement of Responsibility for the Annual Financial Statements

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The Accounting Authority is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and are 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 Authority to ensure that the annual financial statements fairly present the state of affairs of the agency 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 was 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 Authority acknowledge that they are ultimately responsible for the system of internal financial control established by the agency and place considerable importance on maintaining a strong control environment. To enable the Accounting Authority to meet these responsibilities, Accounting Authority 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 agency and all employees are required to maintain the highest ethical standards in ensuring the agency's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the agency is on identifying, assessing, managing and monitoring all known forms of risk across the agency. While operating risk cannot be fully eliminated, the agency endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

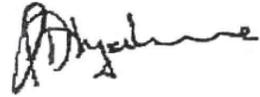
The Accounting Authority have reviewed the Agency's Annual Performance Plan forecasts for the year to 31 March 2020 and, in the light of this review and the current financial position, they are satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The Agency is partly dependent on the Water Trading Entity of the Department of Water and Sanitation (DWS) for continued augmentation in the funding of operations over and above own revenue collection from water users. The annual financial statements are prepared on the basis that the Agency is a going concern and that the Minister of Water and Sanitation, the Executive Authority via the budget of DWS has neither the intention nor the need to liquidate the agency or curtail the materially the augmentation funding to the Agency.

Although the Accounting authority is primarily responsible for the financial affairs of the agency, they are audited by the agency's external auditors.

The external auditors are responsible for independently reviewing and reporting on the agency's annual financial statements. The annual financial statements have been examined by the agency's external auditors and their report is presented on page 5.

The annual financial statements set out on pages 11 to 34, which have been prepared on the going concern basis, were approved by the accounting authority on 31 May 2019 and were signed on its behalf by:



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**Ms TP Nyakane-Maluka (Chairperson)**  
Chairperson



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**Dr TK Gyedu-Ababio (Ex-Officio)**  
Chief Executive Officer

**Place of signature: Mbombela**  
**Wednesday, July 31, 2019**

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Audit Committee Report

---

We are pleased to present our report for the financial year ended 31 March 2019.

### Audit committee members and attendance

The audit committee consists of the members listed hereunder and should meet at least four (4) times per annum as per its approved Audit Committee Charter. During the current year seven (7) meetings were held.

Name of member	Number of meetings attended
Mr M Secker (Chairperson)	7
Ms V Maholovela	7
Mr N Govender	7
Mr PA Tshabangu	6
Dr PE Molokwane	6

### Audit committee responsibility

The audit committee reports that it has complied with its responsibilities arising from section 51(1)(a)(i) of the PFMA and Treasury Regulation 27.1.8.

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 agency over financial and risk management is effective, efficient and transparent. In line with the PFMA and the King IV 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 External Auditors, 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 IUCMA has submitted quarterly reports to the Executive Authority in terms of the PFMA.

### 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 External Auditors and the Accounting Authority;
- reviewed the External Auditor's management report and management's response;
- reviewed the entities compliance with legal and regulatory provisions.

### **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 agency and its audits. However during the year the services of the outsourced internal audit services were terminated on mutual agreement.

The following Internal Audit work was completed but not limited to the below:

- Reviewed the Internal Audit Plan
- Report on IT Review
- Audit Readiness Assessment and Human Resource Audits
- Performance Information Review Audits

Areas of concern in the financial year under review are the following:

#### **Recoverability of Debtors:**

There has been significant doubt on the recoverability of debtors on the balances transferred from the Department of Water and Sanitation (DWS) Water Trading Entity (WTE) during the handover of the billing and revenue function of water resources management charges on 1 November 2017 with debtors amounting to R199 million at the time of hand over, however significant work has been undertaken to verify and correct this balance in line with GRAP 105 which include the development of the debt recovery plan which is in continued consultation with National Treasury..

#### **Annual Performance Indicators:**

There are also certain performance indicators that were not achieved in the current year due to challenges detailed in the annual performance tables themselves as a result of demand driven activities. The concern over the impact of withdrawn delegations of authority from the IUCMA by the former Minister of Water and Sanitation still remains a challenge and will continue to be escalated to the Minister of Water and Sanitation through the Governing Board.

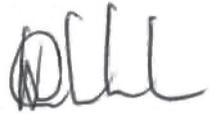
**Internal Audit performance:**

Due to the closure of the KPMG regional Nelspruit office, as outsourced internal auditors of the IUCMA, the contract was terminated based on mutual agreement at the end of the third quarter and an internal audit specialist internal resource was also appointed in the last quarter of the financial year to mitigate the risk of not having internal audit outsourced services. New internal audit outsourced services have also been appointed for the 2019/20 financial year onwards.

**External Auditor**

The audit committee has met with the External Auditors to ensure that there are no unresolved issues.

The audit committee concur with and accept the External Auditors's report on 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 External Auditor.



**Ms V Maholovela Acting Chairperson of the Audit Committee**

Date: 31 July 2019





## Independent auditor's report to Parliament and the Shareholder on Inkomati-Usuthu Catchment Management Agency

### Report on the audit of the financial statements

#### Opinion

We have audited the financial statements of the Inkomati-Usuthu Catchment Management Agency set out on pages 11 to 34, which comprise the statement of financial position as at 31 March 2019, the statement of financial performance, statement of changes in net assets, cash flow statement and the statement of comparison of budget and actual information for the year then ended, as well as the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Inkomati-Usuthu Catchment Management Agency as at 31 March 2019, and its financial performance and cash flows for the year then ended in accordance with South African Standards of Generally Recognised Accounting Standards (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA).

## Basis for opinion

We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of this auditor's report.

We are independent of the agency in accordance with section 290 and 291 of the Independent Regulatory Board for Auditors' Code of professional conduct for Registered Auditors (Revised January 2018), parts 1 and 3 of the Independent Regulatory Board for Auditors' Code of Professional Conduct for Registered Auditors (Revised November 2018) (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) respectively.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.





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

The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with South African Standards of Generally Recognised Accounting Standards (SA Standards of GRAP) and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the accounting authority is responsible for assessing the agency'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 agency or to cease operations, or has no realistic alternative but to do so.

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

Our 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 our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is included in the annexure to this auditor's report.

## Report on the audit of the annual performance report

### Introduction and scope

In accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the general notice issued in terms thereof, we have a responsibility to report material findings on the reported performance information against predetermined objectives for selected programmes presented in the annual performance report. We performed procedures to identify findings but not to gather evidence to express assurance.

Our procedures address the reported performance information, which must be based on the approved performance planning documents of the agency. We have not evaluated the completeness and appropriateness of the performance indicators included in the planning documents. Our procedures also did not extend to any disclosures or assertions relating to planned performance strategies and information in respect of future periods that may be included as part of the reported performance information. Accordingly, our findings do not extend to these matters.

We evaluated the usefulness and reliability of the reported performance information in accordance with the criteria developed from the performance management and reporting framework, as defined in the general notice, for the following selected programmes presented in the annual performance report of the agency for the year ended 31 March 2019:

Programmes	Pages in the annual performance report
Programme 3 – Office of the Executive: Water Resource Management	63 - 69

We performed procedures to determine whether the reported performance information was properly presented and whether performance was consistent with the approved performance planning documents. We performed further procedures to determine whether the indicators and related targets were measurable and relevant, and assessed the reliability of the reported performance information to determine whether it was valid, accurate and complete.

We did not raise any material findings on the usefulness and reliability of the reported performance information for this programme:

- Programme 3 – Office of the Executive: Water Resource Management

### **Other matters**

We draw attention to the matters below. Our opinions are not modified in respect of these matters.

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

Refer to the annual performance report on pages 59 to 71 for information on the achievement of planned targets for the year and explanations provided for the under/ over achievement of a number of targets.

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

We identified material misstatements in the annual performance report submitted for auditing. These material misstatements were on the reported performance information of Programme 3 – Office of the Executive: Water Resource Management. As management subsequently corrected the misstatements, we did not raise any material findings on the usefulness and reliability of the reported performance information.

## Report on the audit of compliance with legislation

### Introduction and scope

In accordance with the PAA and the general notice issued in terms thereof, we have a responsibility to report material findings on the compliance of the agency with specific matters in key legislation. We performed procedures to identify findings but not to gather evidence to express assurance.

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

### Annual financial statements

The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework, as required by section 55(1) (b) of the PFMA. Material misstatements of revenue from exchange transactions, operating expenses, receivables from exchange transactions and disclosure identified by the auditors in the submitted financial statement were corrected, resulting in the financial statements receiving an unqualified audit opinion.

### Other information

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

Our opinion on the financial statements and findings on the reported performance information and compliance with legislation do not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements and the selected programmes presented in the annual performance report, or our knowledge obtained in the audit, or otherwise appears to be materially misstated.





We did not receive the other information prior to the date of this auditor's report. When we do receive and read this information, if we conclude that there is a material misstatement therein, we are 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, we 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**

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

### **Financial and performance management**

Although management reviewed the financial statements and annual performance report for completeness and accuracy prior to its submission for audit purposes, certain misstatements and non-compliance issues were identified.

### **Other reports**

We draw attention to the following engagements conducted by various parties that had, or could have, an impact on the matters reported in the agency's financial statements, reported performance information, compliance with applicable legislation and other related matters. These reports did not form part of our opinion on the financial statements or our findings on the reported performance information or compliance with legislation.

## Investigations

The Public Protector is investigating an allegation of irregularities in the management of the affairs of the agency, which covered the period 2013 to 2019. The investigation was still in progress at the date of this auditor's report.

### Auditor tenure

In terms of the IRBA rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Nexia SAB&T has been the auditor of Inkomati-Usuthu Catchment Management Agency for 3 years.

*Nexia SAB&T*

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#### **Nexia SAB&T**

Per. C. Chigora  
Engagement Director  
Registered Auditor  
31 July 2019

28 van Rensburg Street,  
Suite 18/19 Liza's Court  
Nelspruit  
1200



## Annexure – Auditor’s responsibility for the audit

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

### Financial statements

2. In addition to our responsibility for the audit of the financial statements as described in this auditor’s report, we 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 our 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 agency’s internal control
  - evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the accounting authority
  - conclude on the appropriateness of the accounting authority’s use of the going concern basis of accounting in the preparation of the financial statements. We also conclude, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Inkomati-Usuthu Catchment Management Agency ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify the opinion on the financial statements. Our conclusions are based on the information available to us at the date of this auditor’s report. However, future events or conditions may cause an agency to cease continuing as a going concern

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

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

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



# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Authority's Report

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The members submit their report for the year ended 31 March 2019.

### 1. Review of activities

#### Main business and operations

The Inkomati-Usuthu Catchment Management Agency (IUCMA) is a Schedule 3A Public Entity domiciled on the 8th Floor, Suite 801, The Maxsa Building, 13 Streak Street, Mbombela 1200, responsible for the integrated management of the water resource in the Inkomati-Usuthu Water Management Area.

Net surplus of the Agency was R 3,270 688 (2018: surplus R 699,313). The Agency has deferred income of R95, 368,447 (2018:R52, 276,758) of the funded Water Resource Management Charges and Government grants & subsidies to the next financial year to cover expenditure budgeted for the current financial year but only to be incurred in the next financial year where there is no provision made in that year's budget for such carried over expenditure. The impact is also mainly due to the delay in budget transfers experienced during the financial year with a transfer of R 68 million in 3 March 2019 of the outstanding 2018/19 financial year budget thereby impacting on cash flow and timing of procurement activities.

During the year under review, the IUCMA fully processed the billing and invoicing function transferred from the Department of Water and Sanitation Water Trading Entity on 1 November 2017. This followed the successful go live on the SAP System ISU (Revenue modules of SAP) which are fully funded by DWS i.e licensing of the software and related IT infrastructure of SAP. There were challenges encountered during the transition such as not sending out customer statements and invoices timeously, together with continuous reconciliation of customer accounts.

The transferor (DWS WTE) of the debtor's book transferred did not provide for any impairments on the balance as at date of transfer to the Acquirer (IUCMA). In terms of GRAP 105, additional assets or liabilities will be recognised during the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities. The measurement period (which shall not exceed two years) ends as soon as the acquirer (IUCMA) receives the information it was seeking, the measurement period will end on 31 October 2019. The IUCMA has adopted this approach, in this 2018/19 financial year, some material changes have been identified and as a result prior year billings amounting to R24 Million have been accounted for during this transitional period, these adjustments have since been processed on the provisional debtors balance amounts that were inherited.

The IUCMA is however confident that as the financial year progresses, there will be improved customer management and debtor collection processes.

## 2. Subsequent events

Post the current financial year under review, the election of the 6th administration since the advent of the democracy in South Africa occurred on 8 May 2019. As a result of the outcome of the election, a new Minister of Human Settlements, Water and Sanitation was sworn into office. .

## 3. Accounting Authority

The Minister appointed a new Governing Board effective 1 April 2019 of which consist of 5 new members and 3 old members retained. Members Dr PA Molkwane, Mr PJ Venter, Mr JM Mathebula and Mr N Govender consequently resigned as at 31 March 2019 and at the date of this report Governing Board members were as follows:

Ms TP Nyakane-Maluka (Chairperson)	Appointed Monday, April 1, 2019
Mr MS Mthembu (Deputy Chairperson)	Appointed Monday, April 1, 2019
Dr TK Gyedu-Ababio (Ex-Officio)	Appointed Monday, April 1, 2019
Mr PA Tshabangu	Appointed Monday, April 1, 2019
Mr Mashudu Gangazhe	Appointed Monday, April 1, 2019
Adv Bernard Shabangu	Appointed Monday, April 1, 2019
Ms Carol Zulu	Appointed Monday, April 1, 2019
Ms Miranda Sikhakhane	Appointed Monday, April 1, 2019
Dr Thava Kelly	Appointed Monday, April 1, 2019

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Statement of Financial Position as at 31 March 2019

	Note(s)	2019	2018
<b>Assets</b>			
<b>Current Assets</b>			
Receivables from exchange transactions	5	21 160 366	17 641 322
Cash and cash equivalents	6	98 399 231	53 128 297
		<b>119 559 597</b>	<b>70 769 619</b>
<b>Non-Current Assets</b>			
Property, plant and equipment	3	4 100 721	5 603 478
Prepayments	4	252 811	252 811
		<b>4 353 532</b>	<b>5 856 289</b>
<b>Total Assets</b>		<b>123 913 129</b>	<b>76 625 908</b>
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Finance lease obligation	7	247 146	270 641
Payables from exchange transactions	10	6 783 161	5 670 411
Provisions	9	1 871 056	1 788 320
Deferred Income	8	95 368 447	52 276 758
		<b>104 269 810</b>	<b>60 006 130</b>
<b>Non-Current Liabilities</b>			
Finance lease obligation	7	40 863	288 010
<b>Total Liabilities</b>		<b>104 310 673</b>	<b>60 294 140</b>
<b>Net Assets</b>		<b>19 602 456</b>	<b>16 331 768</b>
Accumulated surplus		19 602 456	16 331 768

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Statement of Financial Performance

	Note(s)	2019	2018
Revenue	11	108 515 711	115 973 884
Other income	12	136 477	27 684
Operating expenses		(108 611 438)	(118 067 213)
<b>Operating surplus (deficit)</b>		<b>40 750</b>	<b>(2 065 645)</b>
Investment revenue	13	3 270 687	2 864 563
Finance costs	16	(40 749)	(99 605)
<b>Surplus for the year</b>		<b>3 270 688</b>	<b>699 313</b>

## Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

### Statement of Changes in Net Assets

	Accumulated surplus	Total net assets
<b>Balance at 01 April 2017</b>	<b>15 632 455</b>	<b>15 632 455</b>
Changes in net assets		
Surplus for the year	699 313	699 313
Total changes	699 313	699 313
<b>Balance at 01 April 2018</b>	<b>16 331 768</b>	<b>16 331 768</b>
Changes in net assets		
Surplus for the year	3 270 688	3 270 688
Total changes	3 270 688	3 270 688
<b>Balance at 31 March 2019</b>	<b>19 602 456</b>	<b>19 602 456</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Cash Flow Statement

	Note(s)	2019	2018
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Water Resources Management Charges Invoiced		35 501 688	24 868 318
Grants and WTE invoiced WRMC		140 394 913	126 447 273
Interest income		3 270 687	2 864 563
		179 167 288	154 180 154
<b>Payments</b>			
Employee costs		(68 700 503)	(59 090 657)
Suppliers		(107 365 020)	(106 484 987)
		(176 065 523)	(165 575 644)
<b>Net cash flows from operating activities</b>	19	<b>3 101 765</b>	<b>(11 395 490)</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	3	(632 754)	(2 098 131)
Proceeds from sale of property, plant and equipment	3	21 625	-
<b>Net cash flows from investing activities</b>		<b>(611 129)</b>	<b>(2 098 131)</b>
<b>Cash flows from financing activities</b>			
Finance lease payments		(311 391)	105 226
<b>Net increase in cash and cash equivalents</b>		<b>45 270 934</b>	<b>21 603 139</b>
Cash and cash equivalents at the beginning of the year		53 128 297	31 525 158
<b>Cash and cash equivalents at the end of the year</b>	6	<b>98 399 231</b>	<b>53 128 297</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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### Statement of Financial Performance

#### Revenue

##### Revenue from exchange transactions

WRMC Invoiced	-	-	-	35 501 688	<b>35 501 688</b>	Note 30
Other Income	-	-	-	136 477	<b>136 477</b>	Note 30
Interest received - investment	-	-	-	3 270 687	<b>3 270 687</b>	Note 30

<b>Total revenue from exchange transactions</b>	-	-	-	<b>38 908 852</b>	<b>38 908 852</b>	
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##### Revenue from non-exchange transactions

##### Transfer revenue

Government grants & subsidies	123 496 434	52 276 758	<b>175 773 192</b>	73 014 023	<b>(102 759 169)</b>	Note 30
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<b>Total revenue</b>	<b>123 496 434</b>	<b>52 276 758</b>	<b>175 773 192</b>	<b>111 922 875</b>	<b>(63 850 317)</b>	
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#### Expenditure

Personnel	(73 829 820)	(188 264)	<b>(74 018 084)</b>	(69 138 547)	<b>4 879 537</b>	Note 30
Depreciation and amortisation	-	-	-	(2 113 886)	<b>(2 113 886)</b>	Note 30
Finance costs	(102 500)	(19 996)	<b>(122 496)</b>	(40 749)	<b>81 747</b>	
Lease rentals on operating lease	(4 331 520)	(754 000)	<b>(5 085 520)</b>	(5 058 472)	<b>27 048</b>	
General Expenses	(44 167 754)	(35 784 271)	<b>(79 952 025)</b>	(32 300 533)	<b>47 651 492</b>	Note 30

<b>Total expenditure</b>	<b>(122 431 594)</b>	<b>(36 746 531)</b>	<b>(159 178 125)</b>	<b>(108 652 187)</b>	<b>50 525 938</b>	
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<b>Surplus before taxation</b>	<b>1 064 840</b>	<b>15 530 227</b>	<b>16 595 067</b>	<b>3 270 688</b>	<b>(13 324 379)</b>	
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<b>Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement</b>	<b>1 064 840</b>	<b>15 530 227</b>	<b>16 595 067</b>	<b>3 270 688</b>	<b>(13 324 379)</b>	
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# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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### 1. Presentation of Annual Financial Statements

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with Section 91(1) of the Public Finance Management Act (Act 1 of 1999).

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.

A summary of the significant accounting policies, which have been consistently applied in the preparation of these annual financial statements, are disclosed below.

#### 1.1 Property, plant and equipment

Property, plant and equipment are tangible non-current 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.

Property, plant and equipment is initially measured at cost.

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

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.

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.

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

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

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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

Item	Depreciation method	Average useful life
Buildings	Straight line	20 years
Furniture and fixtures	Straight line	5 years
Motor vehicles	Straight line	5 years
Office equipment	Straight line	5 years
Computer equipment	Straight line	3 years

The depreciable amount of an asset is allocated on a systematic basis over its useful life. The building is owner occupied and therefore accordingly recognised at cost less accumulated depreciation.

### 1.1 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 entity assesses at each reporting date whether there is any indication that the entity 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 entity 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.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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### 1.2 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.

Financial instruments recognised in the Statement of Financial Position include cash and cash equivalents, trade receivables from exchange transactions and payables from exchange transactions. Fair value adjustments to the annual financial statements are recognised in the Statement of Financial Performance in the period in which they occurred.

#### Financial assets

Financial assets are recognised when the entity becomes a party to the contractual provisions of the financial asset. Such assets consist of cash and cash equivalents, a contractual right to receive cash or another financial asset, or a contractual right to exchange financial instruments with another entity on potentially favourable terms.

#### Cash and cash equivalents

Cash and cash equivalents comprise cash balances and are recognised at fair value. Fair value adjustments are recognised in surplus and deficit. Cash includes cash on hand and cash with banks.

Cash equivalents are short-term highly-liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to insignificant risk of change in value.

#### Financial liabilities

Financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instrument. Financial liabilities consist of obligations to delivery of cash or another financial asset or to exchange financial instruments with another entity on potentially-unfavourable terms. Financial liabilities, other than derivative instrument instruments, are measured at amortised cost. Trade and other payables are stated at their nominal value.



# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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### 1.2 Financial instruments (continued)

#### Initial recognition

#### Subsequent measurement of financial assets and financial liabilities

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

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

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

#### Fair value measurement considerations

#### Impairment of Financial Assets

Impairment losses are recognised on loans and receivables when there is objective evidence of impairment. An impairment loss is recognised in surplus and deficit when the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate of the instrument

Debtors handed over from the historical book debt from the Department of Water and Sanitation (DWS) will be assessed for impairment and a debtors provision will be raised as assessed.

### 1.3 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.

#### Finance leases - lessee

Finance leases are recognised as assets and liabilities in the statement of financial position at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of on the remaining balance of the liability.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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### Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

### 1.4 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

#### Short-term employee benefits

Short term employee benefits are recognised during the period in which the related service is rendered. Accruals for employee entitlements to salaries, performance incentives and annual leave represent the amounts which the entity has a present obligation to pay as a result of employee services provided at the reporting date. The accruals have been calculated at undiscounted amounts based on current salary rates. The expected cost of incentive is recognised as a liability when there is a legal or constructive obligation to make such a payment as a result of past performance.

Short-term employee benefits are employee benefits (other than termination benefits) that are due to be settled within twelve months after the end of the period in which the employees render the related service



# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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### 1.5 Provisions and contingencies

Provisions are recognised when:

- the entity 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.

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.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 22.

### 1.6 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

Water Resources Management Charges are statutory charges determined in terms of section 57 of the NWA and these charges are payable to the IUCMA as the relevant water management institution within the Inkomati-Usuthu Water Management Area. These charges are statutory charges which are billed to water users in line with the water pricing strategy set tariffs based on the allocation of the amount or volume of raw water as it appears on the user's water license.

### Interest

Interest is recognised, in surplus or deficit, using the effective interest method.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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### 1.7 Revenue from non-exchange transactions

Revenue comprises gross inflows of economic benefits or service potential received and receivable by an entity, which represents an increase in net assets, other than increases relating to contributions from owners. An annual transfer of revenue as per the approved Annual Performance Plan is received from the Department of Water and Sanitation-Water Trading Entity.

Control of an asset arises when the entity can use or otherwise benefit from the asset in pursuit of its objectives and can exclude or otherwise regulate the access of others to that benefit.

Transfers are inflows of future economic benefits or service potential from non-exchange transactions, other than taxes.

#### Transfers

Apart from Services in kind, which are not recognised, the entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

The entity recognises an asset in respect of transfers when the transferred resources meet the definition of an asset and satisfy the criteria for recognition as an asset.

Transferred assets are measured at their fair value as at the date of transfer.

### 1.8 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred.



# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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### 1.9 Translation of foreign currencies

#### Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rands, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous annual financial statements are recognised in surplus or deficit in the period in which they arise.

### 1.10 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. There was no fruitless and wasteful expenditure identified in the current year.

### 1.11 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than unauthorised expenditure, incurred in contravention of or that is not in accordance with a requirement of any applicable legislation, including -

- (a) this Act; or
- (b) the State Tender Board Act, 1968 (Act No. 86 of 1968), or any regulations made in terms of the Act; or
- (c) any provincial legislation providing for procurement procedures in that provincial government.

National Treasury practice note no. 4 of 2008/2009 which was issued in terms of sections 76(1) to 76(4) of the PFMA requires the following (effective from 1 April 2008):

Irregular expenditure that was incurred and identified during the current financial and which was condoned before year end and/or before finalisation of the financial statements must also be recorded appropriately in the irregular expenditure register. In such an instance, no further action is also required with the exception of updating the note to the financial statements.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Accounting Policies

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Irregular expenditure that was incurred and identified during the current financial year and for which condonement is being awaited at year end must be recorded in the irregular expenditure register. No further action is required with the exception of updating the note to the financial statements.

Where irregular expenditure was incurred in the previous financial year and is only condoned in the following financial year, the register and the disclosure note to the financial statements must be updated with the amount condoned.

Irregular expenditure that was incurred and identified during the current financial year and which was not condoned by the National Treasury or the relevant authority must be recorded appropriately in the irregular expenditure register. If liability for the irregular expenditure can be attributed to a person, a debt account must be created if such a person is liable in law. Immediate steps must thereafter be taken to recover the amount from the person concerned. If recovery is not possible, the accounting officer or accounting authority may write off the amount as debt impairment and disclose such in the relevant note to the financial statements. The irregular expenditure register must also be updated accordingly. If the irregular expenditure has not been condoned and no person is liable in law, the expenditure related thereto must remain against the relevant programme/expenditure item, be disclosed as such in the note to the financial statements and updated accordingly in the irregular expenditure register.

### 1.12 Related parties

The entity operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the national sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the entity.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.



# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

2019 2018

### 2. New standards and interpretations

#### 2.1 Standards and interpretations effective and adopted in the current year

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

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 16 (as amended 2016): Investment Property</li></ul>	01 April 2018	The impact of the Standard is not material.
<ul style="list-style-type: none"><li>GRAP 17 (as amended 2016): Property, Plant and Equipment</li></ul>	01 April 2018	The impact of the standard is not material.

#### 2.2 Standards and Interpretations early adopted

The entity has chosen not to early adopt any new standards and interpretations.

#### 2.3 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2019 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
<ul style="list-style-type: none"><li>GRAP 20: Related parties</li></ul>	01 April 2019	Unlikely there will be a material impact
<ul style="list-style-type: none"><li>GRAP 1: Presentation of Financial Statements</li></ul>	April 1, 2019	Unlikely there will be material impact

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019			2018		
	Cost	Accumulated depreciation and accumulated impairment	Carrying value	Cost	Accumulated depreciation and accumulated impairment	Carrying value
<b>3. Property, plant and equipment</b>						
Buildings	1 351 252	(165 297)	1 185 955	1 351 252	(97 734)	1 253 518
Furniture and fixtures	3 424 198	(2 621 268)	802 930	3 372 036	(2 212 118)	1 159 918
Motor vehicles	1 352 497	(1 149 251)	203 246	1 352 497	(924 875)	427 622
Office equipment	2 583 476	(1 836 136)	747 340	2 578 678	(1 354 048)	1 224 630
Computer equipment	6 702 777	(5 541 527)	1 161 250	6 172 644	(4 634 854)	1 537 790
<b>Total</b>	<b>15 414 200</b>	<b>(11 313 479)</b>	<b>4 100 721</b>	<b>14 827 107</b>	<b>(9 223 629)</b>	<b>5 603 478</b>

### Reconciliation of property, plant and equipment - 2019

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	1 253 518	-	-	(67 563)	1 185 955
Furniture and fixtures	1 159 918	52 163	-	(409 151)	802 930
Motor vehicles	427 622	-	-	(224 376)	203 246
Office equipment	1 224 630	4 798	-	(482 088)	747 340
Computer equipment	1 537 790	575 793	(21 625)	(930 708)	1 161 250
	<b>5 603 478</b>	<b>632 754</b>	<b>(21 625)</b>	<b>(2 113 886)</b>	<b>4 100 721</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

2019 2018

### Reconciliation of property, plant and equipment - 2018

	Opening balance	Additions	Depreciation	Total
Buildings	1 321 080	-	(67 562)	1 253 518
Furniture and fixtures	972 295	597 427	(409 804)	1 159 918
Motor vehicles	654 888	-	(227 266)	427 622
Office equipment	1 102 465	591 122	(468 957)	1 224 630
Computer equipment	1 542 611	909 582	(914 403)	1 537 790
	<b>5 593 339</b>	<b>2 098 131</b>	<b>(2 087 992)</b>	<b>5 603 478</b>

2019 2018

### Assets subject to finance lease (Net carrying amount)

Office equipment	269 539	541 817
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### Details of properties

#### Owned Building

Building is situated on Portion 1 of Erf 32 Piet Retief (Mkhondo)  
- Purchase price: 1 December 2008

1 351 252 1 351 252

#### 4. Prepayments

Prepayment related to the rental deposits paid in advance, balance remained unchanged R252 811 (2018: R252 811).

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018
<b>5. Receivables from exchange transactions</b>		
Trade debtors	182 912 873	208 751 255
Prepayments	12 888	-
Sundry debtors	1 589 144	7 584 954
Provision for Bad debts on historical debtors transferred from DWS	(163 354 539)	(198 694 887)
	<b>21 160 366</b>	<b>17 641 322</b>

### Debtors transferred in terms of Grap 105 Transfer of billing function from DWS WTE to IUCMA

Trade and other receivables balance of R199million was transferred from DWS (WTE) to the IUCMA in November 2017. A corresponding provision for doubtful debts on the historic debt has been raised in line with approach adopted below.

The transferor DWS (WTE) of the debtor's book transferred did not provide for any impairments on the balance as at date of transfer to the Acquirer (IUCMA). In terms of GRAP 105, additional assets or liabilities will be recognised during the measurement period, if new information is obtained about facts and circumstances that existed as of the acquisition date and, if known, would have resulted in the recognition of those assets and liabilities. The measurement period (which shall not exceed two years) ends as soon as the acquirer (IUCMA) receives the information it was seeking. The IUCMA has adopted this approach and should there be any material changes during this transitional period, such adjustments will be processed on the provisional debtors balance amounts received in November 2017.

### 6. Cash and cash equivalents

Cash and cash equivalents consist of:

Petty cash float	272	498
Bank balances	8 993 344	3 836 216
Corporation for Public Deposits	89 405 615	49 291 583
<b>Cash and cash equivalents</b>	<b>98 399 231</b>	<b>53 128 297</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018
<b>7. Finance lease obligation</b>		
<b>Minimum lease payments due</b>		
- within one year	247 147	305 382
- in second to fifth year inclusive	40 863	301 722
	288 010	607 104
less: future finance charges	13 712	(48 453)
<b>Present value of minimum lease payments</b>	<b>301 722</b>	<b>558 651</b>
<b>Present value of minimum lease payments due</b>		
- within one year	247 146	270 641
- in second to fifth year inclusive	40 863	288 010
	<b>288 009</b>	<b>558 651</b>
Non-current liabilities	40 863	288 010
Current liabilities	247 146	270 641
	<b>288 009</b>	<b>558 651</b>

It is entity policy to lease certain office equipment under finance leases.

The average lease term was 3 years and the average effective borrowing rate was 8% to 10% (2018: 8% to 10%).

Interest rates are fixed at the contract date. All leases have fixed repayments and no arrangements have been entered into for contingent rent.

The entity's obligations under finance leases are secured by the lessor's charge over the leased assets. Refer note 3.

## 8. Deferred Income

Current year budget transfers were once again received late in the last quarter of the financial year (6 March 2019), this resulted in the excess budget of R95 368 447 to be deferred and expended in the next financial year, only the unbudgeted investment income received is recognised as a surplus in the current year. The annual budget also did not factor the unbudgeted revenue to be raised through the hand over of the billing and revenue function to the IUCMA which contributes to an amount of R40 million of the deferred revenue.

Delayed budget transfers also occurred in the 2017/18 Financial year resulting also resulting in income of R52 276 758 to be deferred into the 2018/19 financial year.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018
<b>Movement during the year</b>		
Balance at the beginning of the year	52 276 758	17 285 224
Additions during the year	121 153 836	128 840 867
Income recognition during the year	(78 062 147)	(93 849 333)
<b>Deferred Income</b>	<b>95 368 447</b>	<b>52 276 758</b>

### 9. Provisions

#### Reconciliation of provisions - 2019

	Opening Balance	Additions	Utilised during the year	Reversed during the year	Total
Leave pay provision	1 788 320	82 736	-	-	1 871 056

#### Reconciliation of provisions - 2018

	Opening Balance	Additions	Total
Leave pay provision	1 432 414	355 906	1 788 320

### 10. Payables from exchange transactions

Trade payables	3 219 805	1 987 448
Sundry Payables	3 089 296	3 105 954
Accruals	474 060	577 009
	<b>6 783 161</b>	<b>5 670 411</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018
<b>11. Revenue</b>		
Water Resources Management Charges Invoiced	35 501 688	41 803 369
Transferred Government grants & Water Resource Management Charges (WTE)	73 014 023	74 170 515
	<b>108 515 711</b>	<b>115 973 884</b>
<b>The amount included in revenue arising from exchanges of goods or services are as follows:</b>		
Water Resources Management Charges Invoiced since November 2017	35 501 688	41 803 369
<b>12. Other income</b>		
Fees for tender documents and cost recoveries from DWS	136 477	27 684
<b>13. Investment revenue</b>		
<b>Interest revenue</b>		
Bank interest and Interest on receivables	3 270 687	2 864 563
<b>14. Government grants and subsidies</b>		
<b>Operating grants</b>		
Government grant	73 014 023	74 170 515
<b>15. Employee related costs</b>		
Basic	52 164 009	43 963 633
WCA	70 460	82 789
Leave pay provision charge	438 044	929 687
Company Contributions	8 978 086	7 810 904
Overtime payments	2 909	3 302
Car allowance	7 485 039	7 230 029
	<b>69 138 547</b>	<b>60 020 344</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018
<b>16. Finance costs</b>		
Finance leases	40 749	99 605
<b>17. General expenses</b>		
Advertising and Marketing	428 813	690 950
External Auditors remuneration	253 512	217 290
Computer expenses	266 400	475 195
Consulting and professional fees	15 422 686	11 325 288
Consumables	164 385	124 967
Rental expense	5 018 682	4 851 733
Insurance	175 873	137 315
Motor vehicle expenses	387 566	285 044
Printing and stationery	270 558	259 635
Repairs and maintenance	418 725	621 005
Subscriptions and membership fees	180 022	340 973
Telephone and fax	1 464 747	1 594 883
Training	2 517 947	1 693 926
Travel - local	5 761 606	5 079 175
Travel - overseas	656 557	150 819
Electricity	807 570	702 639
Laboratory testing	1 954 484	1 649 824
Relocation expenses	61 975	269 235
Venue expenses	837 703	1 002 780
The above significant expenses form part of general expenses as presented on the Statement of Financial Performance		
<b>18. Auditor's remuneration</b>		
Fees	253 512	217 290

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018
<b>19. Cash generated from (used in) operations</b>		
Surplus for the year	3 270 688	699 313
<b>Adjustments for:</b>		
Depreciation and amortisation	2 113 886	2 087 993
Finance costs - Finance leases	40 749	99 605
Movements in provisions	82 736	355 906
<b>Changes in working capital:</b>		
Receivables from exchange transactions	(3 519 044)	(17 606 022)
Consumer debtors	-	-
Prepayments	-	(56 911)
Payables from exchange transactions	1 112 750	3 024 626
	<b>3 101 765</b>	<b>(11 395 490)</b>

## 20. Financial instruments disclosure

### Categories of financial instruments

#### 2019

#### Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	21 160 366	21 160 366
Cash and cash equivalents	98 399 230	-	98 399 230
	<b>98 399 230</b>	<b>21 160 366</b>	<b>119 559 596</b>

#### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	6 783 160	6 783 160
Finance Lease Liability	288 009	288 009
	<b>7 071 169</b>	<b>7 071 169</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018	
<b>2018</b>			
<b>Financial assets</b>			
	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	19 806 572	19 806 572
Cash and cash equivalents	53 128 297	-	53 128 297
	<b>53 128 297</b>	<b>19 806 572</b>	<b>72 934 869</b>
<b>Financial liabilities</b>			
		At amortised cost	Total
Trade and other payables from exchange transactions		5 299 017	5 299 017
Finance Lease liability		558 651	558 651
		<b>5 857 668</b>	<b>5 857 668</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018
<b>21. Commitments</b>		
<b>Authorised operational expenditure</b>		
<b>Already contracted for but not provided for</b>		
• Security Services Contract	909 445	-
<b>Total operational commitments</b>		
Already contracted for but not provided for	909 445	-

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses and generated revenue from water resource management charges.

### Operating leases - as lessee (expense)

<b>Minimum lease payments due</b>		
- within one year	3 330 469	4 873 151
- in second to fifth year inclusive	81 701	3 412 169
	<b>3 412 170</b>	<b>8 285 320</b>

Operating lease payments represent rentals payable by the entity for certain of its office properties. Leases are negotiated for an average term of five years and rentals are fixed. No contingent rent is payable.

### 22. Contingencies

There were three CCMA cases in 2018 that were finalised and applicants have escalated to Labour Court, these cases are currently pending Labour cases of which are in progress, the anticipated legal costs have been factored into the 2019/20 financial year budget. The one finalised CCMA case applicant has escalated the matter to the High Court of which costs have also been factored into the 2019/20 budget and the case is pending.

Estimated maximum awards should the actions in the Labour Court be successful, are estimated to be R50 000 for one case and R150 000 for the second case. Estimated maximum award related to the high court case should the actions be successful, are estimated to be R300 000. Legal costs related to all three cases are sufficiently covered in the current year budget.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

2019 2018

### 23. Related parties

Relationships

Shareholder with significant influence Minister of Water and Sanitation

There were no related party transactions during the current financial year. The Minister of Water and Sanitation is the only shareholder and custodian of Water resources in the Republic of South Africa

### 24. Members' and prescribed officer's emoluments

#### Governing Board

#### 2019

	Committees fees	Total
Ms TP Nyakane-Maluka (Chairperson)	217 209	217 209
Mr MS Mthembu (Deputy Chairperson)	68 399	68 399
Dr PE Molokwane	26 175	26 175
Ms SD Wiggins	47 330	47 330
Mr PA Tshabangu	46 186	46 186
Mr PJ Venter	83 842	83 842
Mr JM Mathebula	61 353	61 353
Mr N Governder	48 785	48 785

#### 2018

	Committees fees	Total
Ms TP Nyakane-Maluka (Chairperson)	134 012	134 012
Mr MS Mthembu (Deputy Chairperson)	111 449	111 449
Dr PE Molokwane	30 872	30 872
SD Wiggins	44 800	44 800
Mr PA Tshabangu	40 468	40 468
Mr PJ Venter	91 687	91 687
Mr JM Mathebula	67 608	67 608
Mr N Govender	42 260	42 260
	<b>563 156</b>	<b>563 156</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

2019 2018

### Audit Committee

2019

	Committees fees	Total
Mr M Secker (Chairperson)	59 136	59 136
Ms V Maholovela	33 728	33 728
Mr PA Tshabangu	25 347	25 347
Dr PE Molokwane	17 312	17 312
Mr N Governder	34 328	34 328
	<b>169 851</b>	<b>169 851</b>

### 24. Members' and prescribed officer's emoluments (continued)

2018

	Committees fees	Total
Mr M Secker (Chairperson)	46 592	46 592
Ms V Maholovela	27 200	27 200
Mr PA Tshabangu	18 332	18 332
Dr PE Molokwane	24 156	24 156
Mr N Govender	33 116	33 116
	<b>149 396</b>	<b>149 396</b>

### Management

2019

	Emoluments	Other benefits*	Performance Bonus	Total
Chief Executive Officer	1 651 077	154 884	163 666	1 969 627
Executive Corporate Services (Chief Financial Officer)	1 385 502	154 884	125 258	1 665 644
Executive Water Resources Management	1 297 385	154 884	120 145	1 572 414
	<b>4 333 964</b>	<b>464 652</b>	<b>409 069</b>	<b>5 207 685</b>

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

	2019	2018		
<b>2018</b>				
	Emoluments	Other benefits*	Performance Bonus	Total
Chief Executive Officer	1 636 658	154 884	152 816	1 944 358
Executive Corporate Services (Chief Financial Officer)	1 391 758	154 884	103 960	1 650 602
Executive Water Resources Management	1 313 909	154 884	-	1 468 793
	<b>4 342 325</b>	<b>464 652</b>	<b>256 776</b>	<b>5 063 753</b>

\* Other benefits comprise travel allowance.

### 25. Comparative figures

There has been an adjustment to comparative figures as a result of information relating to prior period billing of R 24 289 800.92 discovered in the current year impacting on the provision for bad debts which has an impact on the debtors balance inherited from DWS as we continue to process adjustments relating to GRAP 105.

### 26. Risk management

#### Liquidity risk

The entity's risk to liquidity is a result of the funds available to cover future commitments. The entity manages liquidity risk through an ongoing review of future commitments and credit facilities.

#### Credit risk

Credit risk consists mainly of cash deposits, cash equivalents and trade debtors. The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

2019 2018

### 26. Risk management (continued)

#### Market risk

##### Interest rate risk

As the entity has no significant interest-bearing assets, the risks comprises of the interest rate risk arising from the disclosed finance lease obligations. As the entity has no significant interest-bearing assets, the entity's income and operating cash flows are substantially independent of changes in market interest rates

### 27. 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 (Grants/Augmentation and Water Resource Management Charges) 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.

### 28. Events after the reporting date

The Minister of Water and Sanitation has since tabled the 2019/20 budget speech in light of the fact that there was a Ministerial change within the 6th Parliamentary administration and there is a new Ministry of Human Settlement, Water and Sanitation. A new Governing Board was also appointed from 1 April 2019. The IUCMA is in the process of analyzing the impact of the risks facing the Department of Water and Sanitation and the potential impact of risks identified on the IUCMA with particular focus on future funding pressures and policy directions that may impact the work done at a local level.

### 29. Irregular expenditure

Opening balance	401 073	217 018
Add: Irregular Expenditure - current year	-	401 073
Less: Amounts not recoverable (not condoned)	-	(217 018)
	<b>401 073</b>	<b>401 073</b>

#### Details of irregular expenditure not recoverable (not condoned)

Investigation report has been finalised and condonement process is underway.	217 018
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# Inkomati-Usuthu Catchment Management Agency

Annual Financial Statements for the year ended 31 March 2019

## Notes to the Annual Financial Statements

2019 2018

### 30. Budget differences

#### Material differences between budget and actual amounts

The budget was based on assumptions that the full budget allocation would be transferred at the beginning of the financial year thereby allowing sufficient time for cash flows to occur as planned and interest to be accumulated accordingly. Following the introduction of the Department of Water and Sanitation implementing a half yearly invoice system during the previous financial year.

Funds were yet again transferred late in the fourth quarter of the financial year (March 2019) resulting in delays and unearned planned interest income. This therefore created timing differences mainly due to delays in recruitment of staff as per the organogram and the implementation of major projects.

Current year budget transfers were received late in the last quarter of the financial year ( 6 March 2019) , this resulted in the excess budget classified as water resource management charges to be deferred and expended in the next financial year, only the unbudgeted investment income received is recognised as a surplus in the current year.

There were no other material differences between the final budget and the actual amounts.

#### Changes from the approved budget to the final budget

The changes between the approved and final budget are a consequence of reallocations within the approved budget parameters.

These changes were approved by the Accounting Authority, Changes are summarised as follows:

The adjustments on Other Income (R136 477) and Investment Interest received (R3 270 687) are items not budgeted for due to the uncertainty of cash flows and are accounted for once actual cash flows are determined

Government grants and subsidies budget was adjusted by R 52 276 758 to cater for the deferred Revenue from the 2017/18 financial year to defray expenditure related to that budget in the current year, this adjustment was approved by the Accounting Authority and submitted to DWS.

Depreciation of R2 113 886 is an unbudgeted non cash item

The adjustments on General Expenses form part of the expenditure on projects that had to be delayed for implementation in 2017/18 due late cash flow transfers from DWS. These adjustments comprise of purchasing of land and Building for head office, Office equipment, Remediation of pollution project amongst other projects deferred for implementation in the 2017/18 Financial year. There was also underspending on personnel expenditure to be fastracked in the next financial year.



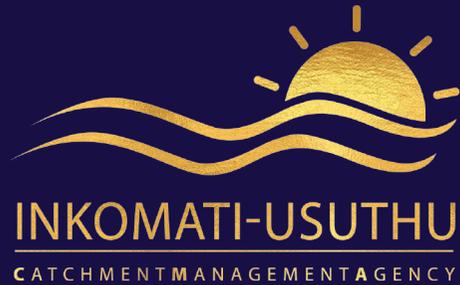


# **SLOGAN:**

***“IUCMA, YOUR PARTNER IN  
WATER MANAGEMENT”***







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